

# Federal Circuit Panel Holds that Collateral Estoppel Applies to *Inter Partes* Reexaminations

*SynQor, Inc. v. Vicor Corporation*  
decided February 22, 2021



# Introduction

- In this decision, Fed. Cir. panel held that issue preclusion applies to *inter partes* reexaminations
- The *inter partes* reexamination procedure ended with passage of America Invents Act (and was replaced with *inter partes* review)
- Specific holding in *SynQor v. Vicor* is necessarily limited to remaining *inter partes* reexams
  - Only 8 appeals and 2 req's for rehearing pending before PTAB at time of decision
- Decision provides good analysis of the factors used in determining whether an administrative decision should receive preclusive effect
- Based on this decision, could issue preclusion apply to other PTO proceedings (in addition to IPRs)?

# Introduction

- Definition of “Issue Preclusion” at [https://www.law.cornell.edu/wex/issue\\_preclusion](https://www.law.cornell.edu/wex/issue_preclusion)

Issue preclusion, also called collateral estoppel, means that a valid and final judgment binds the plaintiff, defendant, and their privies in subsequent actions on different causes of action between them (or their privies) as to same issues actually litigated and essential to the judgment in the first action. The four essential elements to decide if issue preclusion applies are: 1) the former judgment must be valid and final; 2) the same issue is being brought; 3) the issue is essential to the judgement; 4) the issue was actually litigated.

# Background

- In 2011, SynQor asserted the '702 patent, the '290 patent, and the '190 patent (same family) against Vicor
- Patents relate to DC-DC power converters for large computer systems, and telecommunication and data communication equipment
- Patents claim an “Intermediate Bus Architecture” that separates isolation and regulation functionality of DC-DC converters into 2 steps, and uses a single isolation stage to drive multiple regulation stages

# Background

- Vicor petitioned for reexamination of these patents
  - Re '190 patent, Vicor argued claims were unpatentable over 2 references: Steigerwald '090 (US Pat.) and Cobos (conf. paper)
  - Re '702 and '290 patents, Vicor argued claims were unpatentable over Steigerwald '090 and Cobos in combination with other references
  - Different examiners in reexams
- SynQor argued that artisan wouldn't have combined Steigerwald '090 and Cobos because they taught circuits operating at incompatible frequencies
  - Filed declarations by inventor (Schlecht) as evidence of incompatibility
- Vicor's proposed rejections were initially adopted in all 3 reexams

# Background

- '702 pat. reexam: Examiner maintained rejection in Right of Appeal Notice (RAN) of March 11, 2013
- '290 pat. reexam: Examiner withdrew rejection and confirmed the claims in RAN of Dec. 19, 2013
  - Initially, rejection was “adopted for reasons set forth in the request for reexamination”
  - Withdrew rejection “for reasons explained by the Board in its decision” in an appeal for a related *inter partes* reexam (same Exr, different requester)
  - Vicor presented **deposition of Dr. Steigerwald (from dist. court case)** on Nov. 12, 2013 as evidence that the operating frequencies were **not incompatible**
  - Steigerwald testified that his patented system had no frequency limits, and he had no trouble switching in a frequency within Cobos’ disclosed range

# Background

- '190 pat. reexam: Examiner maintained rejection in RAN of Nov. 26, 2012
  - Provided detailed reasoning as to why Steigerwald '090 and Cobos are **not** incompatible
  - Deposition of Steigerwald was also presented as evidence in this case

# Background

- On appeals from reexams of '702 and '290 patents, same panel of Board\* found challenged claims not unpatentable
  - '702 pat. reexam (decided April 20, 2015): “there are incompatibilities in frequency between [Cobos and Steigerwald '090]” and it was unclear “how one of ordinary skill in the art would have dealt with these incompatibilities sufficiently”
  - '290 pat. reexam (decided May 2, 2015): “SynQor’s evidence that Steigerwald and Cobos operated at incompatible frequencies more credible than Vicor’s evidence to contrary”
    - Board found Steigerwald dep. less persuasive than Schlecht dec.
    - Board discounted Steigerwald’s testimony as “equivocal” or “in response to a leading question”

\* different than panel whose reasoning was incorporated in '290 pat. reexam



# Background

- On appeal from the '190 pat. reexam, same panel changed their mind and **affirmed the rejection**
  - This time, Steigerwald's testimony was more persuasive to the Board in regard to the issue of combinability of Steigerwald '090 and Cobos
  - Apparently, Board found examiner's reasoning + Steigerwald declaration more persuasive than Steigerwald declaration alone ('290 pat. reexam)

## Background

- '702 and '290 pat. reexam decisions were appealed to Fed. Cir., which affirmed patentability
  - Re '702 reexam, Fed. Cir. not asked to review Board's finding regarding incompatibility between Steigerwald '090 and Cobos
  - Re '290 reexam, Fed. Cir. held that substantial evidence supported Board's finding that artisan wouldn't combine Steigerwald '090 and Cobos because of their frequency incompatibility
- Re '190 patent reexam, SynQor also appealed the Board's decision to the Fed. Cir.

# Appeal to Federal Circuit

- SynQor argues that common law issue preclusion arising from '702 and '290 pat. reexams should have collaterally estopped Board from finding that an artisan would be motivated to combine Steigerwald '090 and Cobos
- Before Judges Dyk, Clevenger, and Hughes
- Majority decided in favor of SynQor, holding that issue preclusion compelled a finding that an artisan would not combine Steigerwald '090 and Cobos
- Dissent by Judge Dyk

# Majority Opinion

- By J. Hughes
- “It is well established that collateral estoppel, also known as issue preclusion, applies in the administrative context.” *MaxLinear, Inc. v. CF CRESPE LLC*, 880 F.3d 1373, 1376 (Fed. Cir. 2018)
- “[I]n those situations where Congress has authorized agencies to resolve disputes, ‘courts may take it as given that Congress has legislated with the expectation that the principle [of issue preclusion] will apply ‘except when a statutory purpose to the contrary is evident.’” *B&B Hardware, Inc. v. Hargis Indus. Inc.*, 575 U.S. 138, 148 (2015)

# Majority Opinion

- Administrative decisions have preclusive effect “[w]hen an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate.” *B&B Hardware*, 575 U.S. at 148-49
- Administrative estoppel is favored as matter of general policy, but its suitability may vary based on context of the rights at stake, the power of the agency, and the relative adequacy of agency procedures. See *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 109-10
- Fed. Cir. has already held that issue preclusion applies to *inter partes* review
  - *Papst Licensing GmbH & Co. KG v. Samsung Elecs. Am., Inc.*, 924 F.3d 1243, 1250-51 (Fed. Cir. 2019)

# Majority Opinion

- **1<sup>st</sup> Question:** Is there any evidence Congress intended to foreclose common law estoppel in *inter partes* reexamination?
- Majority: **No**, the statutory scheme governing *inter partes* reexamination shows no intent to foreclose common law estoppel

# Majority Opinion

- To the contrary, Congress enacted statutory estoppel provisions in 2006 considerably stronger than common law collateral estoppel to prevent abusive reexamination requests
  - 35 USC 315(c) prevents 3<sup>rd</sup> parties that successfully requested *inter partes* reexam, when sued for patent infringement under 28 USC 1338, from asserting invalidity on any ground raised or could have been raised during the reexam
  - 35 USC 317(b) estops further validity challenges using *inter partes* reexam to claims whose validity were previously resolved against the requester in district court or in prior *inter partes* reexam

# Majority Opinion

- Also, the 1999 session law enacting *inter partes* reexams provides for even more sweeping issue preclusion\*
  - Estops any party who requests an *inter partes* reexam from “challenging, **in any civil action**, any fact determined during the process of such reexamination, except with respect to a fact determination later proved to be erroneous based on information unavailable at the time of the *inter partes* reexamination”
  - On its face, this provision doesn’t apply to future *inter partes* reexams
  - But it’s unlikely that a Congress would federal courts from considering factual questions traditionally submitted to a jury, but object to those same conclusions binding the administrative agency that resolved the factual questions

\* Uncodified § 4607 of the Optional Inter Partes Reexamination Procedure Act



# Majority Opinion

- Vicor argues that Congress evinced its intent to foreclose common law preclusion, citing certain exceptions in the above laws regarding challenges based on newly discovered prior art or information
- Vicor also cites 35 USC 312(a) (pre-AIA), “[t]he existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the [Patent and Trademark] Office or considered by the Office.”
- Vicor argues that common law estoppel would subsume the above exceptions

# Majority Opinion

- Majority's response to Vicor's arguments:
  - Common law estoppel would not apply to newly discovered prior art, since the import of such art necessarily cannot have been “actually litigated”
  - Similarly, preclusion based on prior art previously cited to or considered by PTO would only be appropriate when “actually litigated”

# Majority Opinion

- **2<sup>nd</sup> Question: Do *inter partes* reexams categorically fail to meet the ordinary elements of issue preclusion?**
- Majority: **No**
- Looked to Restatement (Second) of Judgments to answer this question
- Section 83 of Restatement gives 5 non-exclusive factors to evaluate whether an administrative tribunal's decision meets "essential elements of adjudication"
  - 1) Adequate notice to persons who are to be bound by the adjudication...
  - 2) The right on behalf of a party to **present evidence and legal argument** in support of the party's contentions and **fair opportunity to rebut evidence and arguments by opposing parties**

## Majority Opinion

- 3) A formulation of issues of law and facts in terms of the application of rules with respect to specified parties concerning a specific transaction, situation, or status, or a specific series thereof
- 4) A rule of finality, specifying a point in the proceeding when presentations are terminated and a final decision is rendered
- 5) Such other procedure elements as may be necessary to constitute the proceeding a sufficient means of conclusively determining the matter in question, having regard for the magnitude and complexity of the matter in questions, the urgency with which the matter must be resolved, and the opportunity of the parties to obtain evidence and formulate legal contentions

# Majority Opinion

- Vicor argues that *inter partes* reexam cannot satisfy factor 2) because it is an “examinational” or “inquisitorial” proceeding
  - The examiner – not the 3<sup>rd</sup> party requester – frames the challenge and drives the proceeding
  - Parties have no rights to discovery or subpoena power, depriving them of power to depose and cross-examine witnesses (“compulsory process”)
- Majority’s response:
  - 3<sup>rd</sup> party requester is given one opportunity to file written comments addressing issues raised by the office action or the patent owner’s response thereto
  - Patent owner and requester must serve all papers on one another
  - Requester may appeal to the Board or be a party of any appeal to the Board by patent owner

# Majority Opinion

- Majority's response (cont'd):
  - Parties can present and rebut evidence, including expert testimony
  - Even if not formally adversarial in the manner of *inter partes* review, it provides adequate adversarial participation from both parties, facilitating a reasoned judgement from a neutral factfinder
- Lack of compulsory process is hardly dispositive, and other factors may weigh for preclusivity, e.g., right to obtain judicial review (citing to Restatement § 38; *Banner v. United States*, 238 F.3d 1348, 1354 (Fed. Cir. 2001))
- It makes little sense to preclude the application of collateral estoppel based on a lack of procedure in the 1<sup>st</sup> proceeding, if the objecting party won't be entitled to such procedure in the 2<sup>nd</sup> proceeding



## Majority Opinion

- Vicor had same opportunity to introduce its own evidence and contest SynQor's evidence in the '702 and '290 pat. reexams as it did in the '190 pat. reexam
- Vicor also had opportunity in the earlier reexams to seek judicial review of the Board's unfavorable decision regarding the frequency incompatibility question (and did so for the '290 pat. reexam)

# Majority Opinion

- Vicor's fundamental objection to the procedure in *inter partes* reexams appears to be the lack of opportunity to cross-examine SynQor's experts under oath
- An *inter partes* reexam provides other means to attack shaky but admissible evidence from the other party
  - Each party has opportunity to respond directly to the other party's evidence, challenge an expert's credibility or basis for the expert's conclusions, and submit opinions of its own expert
  - These forms of challenging opposing testimony more suitably supplant cross-examination when the matter in question is the scientific opinion of technical experts, and evaluated by factfinders (APJs) with technical expertise themselves





Birch  
Stewart  
Kolasch  
Birch LLP

## Majority Opinion

- The need for cross-examination is further obviated by the adoption of requirements for candor and disclosure, used to safeguard *ex parte* patent prosecution, for *inter partes* reexam (see 37 CFR 1.933)

# Majority Opinion

- **3<sup>rd</sup> Question: Given that collateral estoppel applies, do the facts here support issue preclusion?**
- Majority: **Yes**
- Issue preclusion is appropriate if
  - 1) The issue is identical to one decided in the 1<sup>st</sup> action
  - 2) The issue was actually litigated in the 1<sup>st</sup> action
  - 3) Resolution of the issue was essential to a final judgment in 1<sup>st</sup> action
  - 4) Plaintiff had a full and fair opportunity to litigate in the 1<sup>st</sup> action  
citing *In re Freeman*, 30 F.3d 1459, 1465 (Fed. Cir. 1994)

# Majority Opinion

- Re factor 1), the *issues* are identical between the '190 pat. reexam and the '702 and '290 pat. reexams
  - Collateral estoppel is not limited to cases where patent claims are identical
  - It's the identity of the *issues* litigated that is determinative
  - Here, the issue is whether Cobos' and Steigerwald's circuits are mutually incompatible because of their switching frequency
- Re factor 2), the issue was litigated and decided in both the '702 and '290 pat. reexams
  - The Board, acting as trier of fact, decided that an artisan wouldn't combine Steigerwald '090 and Cobos because of their frequency incompatibility

# Majority Opinion

- Re factor 3), the Board's finding that an artisan wouldn't combine Steigerwald '090 and Cobos was essential to judgments holding the '702 and '290 patents not obvious
  - In '290 pat reexam, in Vicor's appeal of Board's decision, court found that substantial evidence supported the frequency incompatibilities, and thus affirmed Board's finding that the patent wasn't obvious based on combination of Cobos and Steigerwald '090
- Re factor 4), Vicor had a full and fair opportunity to litigate the issue
  - Vicor was able to present new evidence of Steigerwald deposition in the 2<sup>nd</sup> reexam ('290 pat. reexam)

## Majority Opinion

- It's not clear why Board reached contrary conclusions in '290 and '190 pat. reexams
- Even if new evidence existed in the '190 pat. reexam, collateral estoppel still applies
- Losing party doesn't get another bite at the apple simply because they can find a new, more persuasive witness to present their evidence
- This is precisely type of rematch collateral estoppel is intended to foreclose in interests of repose and finality

**Since Board was precluded from finding that an artisan would combine Steigerwald '090 and Cobos, the Board's decision on the '190 pat. reexam is vacated**

# Dissent

- By J. Dyk
- Majority's holding is incorrect because *inter partes* reexams—
  - are examinational (or inquisitorial) rather than adjudicatory,
  - don't include court-like adjudicatory procedures, and
  - don't satisfy requirements of *B&B Hardware* for application of collateral estoppel
- In *B&B Hardware*, Sup. Court ruled that collateral estoppel applies when administrative agency is acting in judicial capacity and gives parties adequate opportunity to litigate issues of fact to be resolved

# Dissent

- Sup. Court: *inter partes* reexams aren't adjudicatory
  - They “follow[] essentially a more or less inquisitorial course led by the Patent Office” that is only a “slightly more adversarial process” than *ex parte* reexam, which “follow[] essentially the same inquisitorial process between patent owner and examiner as the initial Patent Office examination.” *SAS Ins., Inc. v. Iancu*, 138 S. Ct. 1348, 1353 (2018)
- Fed. Cir.: purpose of replacing *inter partes* reexam with *inter partes* review was to “convert[] *inter partes* reexamination from an examinational to an adjudicative proceeding. *Abbott Labs. v. Cordis Corp.*, 720 F.3d 1318, 1326 (Fed. Cir. 2013)

# Dissent

- Restatement (Second) of Judgments limits collateral estoppel to situations “[w]here an administrative agency is engaged in deciding specific legal claims or issues through a procedure substantially similar to those employed by the courts” ( § 83 cmt. b)
- *Inter partes* reexam procedures aren’t similar to court proceedings:
  - Examiner controls course of proceeding, not requester
  - Exr. decides which claims to reexamine and what grounds
  - Exr. searches for add’l prior art refs.
  - Exr. can formulate new rejections not advanced by requester
  - Exr. can initiate challenges to add’l claims
  - Exr. has no obligation to adopt and proceed on requester’s arguments (only has to explain why those arguments aren’t appropriate)
  - Lack of discovery and difficulty in presenting evidence



# Dissent

- Of critical importance is absence of 3<sup>rd</sup> party requester's ability to **cross-examine witnesses**
- Sup. Court: right of cross-examination is “a right traditionally relied upon expansively to test credibility as well as to seek the truth.” *Pillsbury Co. v. Conboy*, 459 U.S. 248, 259 (1983)
- Other circuits refused to find issue preclusion in admin. proceedings when cross-examination was unavailable (citing cases in D.C. Cir. and 8<sup>th</sup> and 11<sup>th</sup> Cir.)
- Also, Steigerwald deposition (obtained via compulsory process in court proceeding), Board changed its mind regarding Schlecht's testimony and combinability of Steigerwald '090 and Cobos

## Dissent

- Add'l evidence obtained by compulsory process changed the Board's outcome in '290 pat. reexam relative to '702 pat. reexam
  - Evidence obtained by compulsory process in later proceeding changed the outcome on complex technical issue
  - Unavailability of compulsory process and inability to cross-examine Schlecht in the earlier proceeding was clearly prejudicial
  - Deprived Vicor opportunity to develop critical facts

# Dissent

- Majority misses the mark with argument that collateral estoppel still applies even if there's new testimony
  - Steigerwald's testimony is example of potentially significant evidence obtainable by compulsory process and cross-examination that would otherwise be unavailable
  - Absence of compulsory process and cross-examination—and resulting inability to discover relevant evidence—demonstrates inappropriateness of applying collateral estoppel to *inter partes* reexam decisions
- Cross-examination is especially important for technical witnesses
  - Sup. Court: cross-examination is important “in testing [an expert's] honesty, proficiency, and methodology” and can illustrate witness's “lack of proper training or deficiency in judgment” *Melendez-Diaz v. Massachusetts*, 557 U.S. 305, 321 (2009)

# Dissent

- Experience of Cross-examination in *inter partes* review proceedings show its importance
  - In IPR proceedings, Board regularly bases its conclusions on a witness's cross-examination testimony
- In a brief, USPTO urged there should be no preclusive effect stemming from issues previously litigated in *inter partes* reexamination because there's no cross-examination and cross-examination is frequently outcome-derivative (USPTO Brief, 2017 WL 266649, at \*18-19)
- All statutory estoppel provisions pointed out by Majority are **claim** specific and in nature of a **claim preclusion** bar, not issue preclusion
- In sum, *inter partes* reexam proceedings are examinational, not adjudicatory, and thus don't satisfy requirements for collateral estoppel

# Discussion

- Based on this decision, is it possible that court might apply collateral estoppel to other types of PTO proceedings (outside of IPRs)?
- Could we be heading toward this type of scenario?
  - Applicant has related copending applications, and both are rejected based on a same combination of references
  - Applicant goes to appeal on one of the applications, asserting that references are non-combinable (teach away or incompatible) or one of them is non-analogous art
  - If PTAB finds that the references are combinable, could Applicant be collaterally estopped from arguing against their combinability in the other application? Even if it's on appeal in front of a different panel of PTAB?
  - On flip side, if PTAB argues that refs. are non-combinable or non-analogous in 1<sup>st</sup> application, could collateral estoppel help applicant in 2<sup>nd</sup> application?

Any questions?

# The End

