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Federal Circuit Report

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***SynQor, Inc. v. Vicor Corp.:* Federal Circuit Applies Collateral Estoppel to Related Inter Partes Reexamination Proceedings**

On February 22, 2021, the Federal Circuit addressed for the first time whether collateral estoppel (i.e., issue preclusion) was applicable in inter partes reexamination proceedings. The case is *SynQor, Inc. v. Vicor Corp.*, Appeal No. 2019-1704 (Fed. Cir. Feb. 22, 2021). Relevant here, the Court held (over the dissent of Judge Dyk) that common law collateral estoppel could arise from a factual determination made in an inter partes reexamination proceeding and lead to issue preclusion in a subsequent inter partes reexamination.

By way of background, the Patent Trial and Appeal Board had held original claims 1-19, 28, and 31 and newly presented claims 34-38 of SynQor's patent, U.S. Patent No. 7,072,190 (the '190 patent) unpatentable as obvious. Slip op. at 2. The Federal Circuit vacated those findings. First, the Court concluded that the Board's obviousness

determination with respect to the original claims was precluded by decisions in previous reexamination proceedings. *Id.* Second, the Court vacated the Board's decision as to the newly presented claims, holding that the expiration of the '190 patent rendered any appeal of the Board's decision regarding those claims moot.¹ *Id.*

The '190 patent is a member of a large family of patents, including two that had been previously litigated before the Federal Circuit (U.S. Patent Nos. 7,564,702 (the '702 patent) and 8,023,290 (the '290 patent)). *Id.* The technology concerns DC-DC power converters and telecommunication and data communication equipment. The relevant litigation history for the '190 patent is recited below:

- In 2011, SynQor asserts, *inter alia*, '190, '702, and '290 patents against Vicor. Slip op. at 3 (citing *SynQor, Inc. v. Cisco Sys., Inc.*, No. 2:11CV54, 2014 WL 1338712 (E.D. Tex. Jan. 2, 2014)).
- Vicor petitioned for inter partes reexamination of the '190, '702, and '290 patents in view of "Steigerwald" and "Cobos" references. SynQor opposed, arguing that a person skilled in the art would not have combined Steigerwald and Cobos because they "taught circuits that operated at incompatible frequencies." Slip op. at 3.

- On appeals from the reexaminations of the '702 and '290 patents, the Board affirmed that all challenged claims were not unpatentable based on the incompatibilities of Steigerwald and Cobos. Slip op. at 3 (citing *Vicor Corp. v. SynQor, Inc.*, No. APPEAL 2014-007362, 2015 WL 1871498, at *12 (P.T.A.B. Apr. 20, 2015)).
- The Federal Circuit affirmed the findings with respect to both the '290 and '702 patents. For the '290 patent, the Court held that "substantial evidence supported the Board's finding that an artisan would not combine Steigerwald and Cobos because of their frequency incompatibility." *Id.* at 4. The Court was not asked to review the incompatibility finding with respect to the '702 patent. *Id.* (citing *Vicor Corp. v. SynQor, Inc.*, 706 F. App'x 673 (Fed. Cir. 2017)).
- During the reexamination proceedings, Board reached a different conclusion as to the '190 patent and found that Steigerwald and Cobos were not incompatible. The Board found claim 34 unpatentable and SynQor reopened prosecution of that claim. *Id.* at 4.
- In 2019, the Board reaffirmed its conclusion that claim 34 of the '190 patent was unpatentable on the basis that Steigerwald and Cobos were *not* incompatible. SynQor timely appealed.

On appeal to the Federal Circuit, the panel was faced with the question of whether "common law issue preclusion arising from the '702 and '290 patent reexaminations should have collaterally estopped the Board from finding that an artisan would be motivated to combine Steigerwald and Cobos." Slip op. at 5. Therefore, as a threshold inquiry, the Court addressed whether issue

preclusion should apply to inter partes reexamination proceedings. *Id.* at 7.

Whether issue preclusion should apply to administrative ex parte reexamination proceedings is guided by two questions: first, “whether there is an evident reason why Congress would not want inter partes reexamination decisions to receive preclusive effect, even in those cases in which the ordinary elements of issue preclusion are met”; and second, “whether there is a categorical reason why inter partes reexamination decisions can never meet the ordinary elements of issue preclusion.” *Id.* (quotations and brackets omitted).

First, the Federal Circuit found no evidence that Congress intended to foreclose common law estoppel from inter partes reexamination. The Court examined the legislative history of the proceedings, finding relevant that “Congress enacted statutory estoppel provisions considerably more muscular than common law collateral estoppel.” *Id.* at 7–8. For example, the Court looked to 35 U.S.C. §§ 315(c), 317(b) (2006), which prevent a party from later asserting the invalidity of any claim for which a final determination of validity had been resolved in either an earlier district court proceeding or an inter partes reexamination.

Second, the Federal Circuit held that inter partes reexamination does not “fail to meet the ordinary elements of issue preclusion.” Slip op. at 9–10. The Restatement (Second) of Judgments guided the panel’s evaluation as to whether an administrative tribunal’s decision meets the “essential elements of adjudication.” *Id.* at 10. Specifically, the Court evaluated five non-exclusive factors:

[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 argument by opposing parties;

[3] A formulation of issues of law and fact 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; [and finally, a catch-all,]

[5] Such other procedural 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 question, the urgency with which the matter must be resolved, and the opportunity of the parties to obtain evidence and formulate legal contentions.

Id. at 10 (quoting Restatement (Second) of Judgments § 83(2) (1982)). The panel summarily held that “[i]nter partes reexamination indisputably meets factors one, three, and four.” *Id.* at 11.

Turning to factor two, the Court rejected the contention that the “fundamental nature” of inter partes reexamination does not afford third party requesters to “present evidence and legal argument” in support of their contentions and “fair opportunity to rebut” a patent owner’s evidence. *Id.* By contrast, the Court emphasized that inter partes reexamination proceedings provided a requester the ability to “fully participate.” *Id.* For example, (i) the requester is afforded the opportunity to

file written comments addressing a patent owner’s response to an action on the merits from the PTO; (ii) the requester receives all papers filed in the action; (iii) the patent owner is prohibited from engaging in ex parte discussions on the merits with the examiner; and (iv) the requester can appeal to the Board of Patent Appeals and Interferences (now known as the Patent Trial and Appeal Board) in the event of a final adverse decision. *Id.* at 11–12. The Court also observed that inter partes reexamination proceedings permit the parties to present and rebut evidence, including expert testimony. Collectively, the process “provides adequate adversarial participation for both the patent owner and requester, facilitating a reasoned judgment on the issue before a neutral factfinder.” *Id.* at 12.

Additionally, sharply breaking with Judge Dyk’s dissenting opinion, the majority found that the inability to cross-examine a patent owner’s experts did not deprive the parties of a “full and fair opportunity to litigate.” *Id.* at 15. Although Judge Dyk criticized the majority for disregarding the importance of cross-examination in determining that collateral estoppel may apply, the panel disagreed, concluding that the ability of the Board—comprised of Board members having technical expertise—to weigh competing evidence “serves a similar purpose” to cross-examination. *Id.* at 16.

Having found that common law collateral estoppel applies to inter partes reexamination proceedings, the Court concluded that the facts at issue supported issue preclusion. Specifically, the Court reasoned that the four requirements of *In re Freeman*, 30 F.3d 1459, 1465 (Fed. Cir. 1994) for application of issue preclusion were met. Briefly, the Court agreed that: (1) the issue of

whether the Steigerwald and Cobos references were compatible was identical to the earlier actions (Slip op. at 18–19); (2) the issue was actually litigated in both the '290 and '702 patent reexaminations (Slip op. at 19); (3) the Board's findings that Steigerwald and Cobos were incompatible were essential to the judgments of non-obviousness of the '290 and '702 patents (*id.*); and (4) Vicor had a full and fair opportunity to litigate the issue (*id.*).

Although *SynQor* involves inter partes reexamination proceedings—which, as of September 16, 2012, can no longer be requested—the case elucidates the fact-intensive inquiry that courts face in determining whether collateral estoppel

will apply to an administrative proceeding. As the Supreme Court is currently evaluating the constitutionality of popular inter partes review proceedings (which replaced the inter partes reexamination procedure), *SynQor* may provide useful guidance in evaluating any new or modified framework that may result.

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1. This article focuses on the first, rather than the second, holding. Briefly, with respect to the second holding, the Board concluded that it lacked jurisdiction to consider the Board's

decisions on the newly presented claims because the '190 patent had expired by the time of the appeal. However, because *SynQor* was deprived of the opportunity to seek review of

the holding, the Court agreed that vacatur was appropriate to “prevent[] an unreviewable decision ‘from spawning any legal consequences.’” Slip op. at 22 (quotations omitted).

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