

PAPST LICENSING GMBH & CO. KG v. SAMSUNG ELECTRONICS AMERICA, INC.,
Appeal No. 2018-1777 (Fed. Cir. May 23, 2019). Before Taranto, Dyk, and Chen. Appealed
from the PTAB.

Background:

Papst held three patents directed to interface devices for communication between data devices and host computers. Each of the patents shared an identical Specification and similar claims. Samsung filed separate IPR proceedings for each patent, arguing that the claims were obvious.

At issue in the IPR proceedings was the interpretation of certain key features common to the claims of all three patents. In each proceeding, the PTAB ruled against Papst's proposed interpretation of these key features. Instead, the PTAB found some of the claims of each patent obvious under its preferred claim interpretation, and thus ruled in favor of Samsung in each case.

Papst separately appealed all three PTAB rulings to the Federal Circuit. However, after the cases were fully briefed and shortly before oral argument, Papst voluntarily dismissed two of the three appeals. In the sole remaining appeal, Papst argued that the PTAB had misconstrued the features of the claims and was thus incorrect in ruling that the claims were obvious.

Issue/Holding:

Did the PTAB err in holding that the claims were obvious. No, affirmed.

Discussion:

The Federal Circuit upheld the PTAB's decision, ruling that Papst was barred by issue preclusion from arguing against the PTAB's interpretation of the key features. The Federal Circuit cited the Supreme Court's decision in *B&B Hardware v. Hargis Indus.*, 135 S. Ct. 1293 (2015): "subject to certain well-known exceptions, the general rule is that '[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.'" The Federal Circuit stated that rulings in IPR proceedings constitute "valid and final judgment[s]," as contemplated in *B&B Hardware*, once these rulings become final. Here, dropping the two appeals finalized the rulings of the PTAB, giving rise to the issue preclusion in the remaining appeal.

The Federal Circuit further stated that, although there are some exceptions to issue preclusion, Papst had not made any argument directed to these exceptions. For instance, Papst presented no evidence showing "legally significant disparities" in the incentives between the dismissed appeals and the remaining appeal, e.g., relative costs or difficulty of litigation. Furthermore, Papst had litigated the entire IPR process and maintained the appeals "all the way up to the eve of oral argument" for each dropped case. The Federal Circuit stated that "[s]uch pursuit through nearly all of the available process undermines any assertion of relevantly low incentives in the IPRs involving [the dropped appeals]." The Federal Circuit thus affirmed the PTAB's decision.