

NETWORK-1 TECHNOLOGIES, INC. v. HEWLETT-PACKARD COMPANY, Appeal No. 2018-2338 (Fed. Cir. September 24, 2020). Before Prost, Newman and Bryson. Appealed from E.D. Tex. (Judge Schroeder, III).

Background:

Network-1 sued Hewlett-Packard (HP) for infringement of its patent directed to an apparatus and method for providing power to remote equipment over Ethernet. The jury found in favor of HP, finding that the patent was invalid and was not infringed. In response to Network-1's post-trial motions, the district court denied Network-1's request for a new trial on the issue of infringement, but granted its motion for judgment as a matter of law (JMOL) on the issue of validity. In further regards to the issue of validity, the district court found that HP was estopped from asserting certain invalidity challenges in view of an inter partes review (IPR) before the Patent Trial and Appeal Board (PTAB), to which HP was a joining party.

Network-1 appealed the district court's holding of non-infringement, alleging that the district court's claim construction was erroneous. HP cross-appealed the district court's JMOL on validity, asserting that the district court improperly precluded HP from raising invalidity challenges that were not raised in the IPR. HP also cross-appealed on the issue of validity on grounds that the district court's finding that claim 6 had not been improperly broadened during reexamination of the asserted patent was erroneous.

Issues/Holdings:

- (i) Did the district court err in finding that HP was estopped from raising new invalidity challenges other than those instituted in an IPR? Yes, vacated and remanded.
- (ii) Did the district court err in finding that reexamined claim 6 was not broadened? No, affirmed.

Discussion:

First, on the issue of claim construction, the Federal Circuit affirmed the district court's decision, in part, but reversed regarding the construction of "main power source," which the Federal Circuit found to include both AC and DC power sources. Next, the Federal Circuit considered the issues of statutory estoppel and claim broadening.

(i) Statutory Estoppel: The district court granted the JMOL based on its finding that HP was estopped from presenting any challenges to validity that could have been raised during an IPR, where the IPR upheld the validity of the asserted patent. In response to HP's argument that the district court erroneously granted JMOL, the Federal Circuit agreed, finding that as a joining party, HP could not have reasonably raised grounds other than those already instituted by the third party who instituted the IPR. Thus, the Federal Circuit vacated and remanded.

(ii) Claim Broadening: HP argued that Network-1 improperly broadened the scope of independent claim 6 under the provisions of 35 U.S.C. §305. As required by the statute, a claim is broadened if it covers any embodiments not covered by any original claim. During reexamination of the asserted patent, Network-1 added two dependent claims requiring that two power sources of claim 6 be "the same physical device," whereas claim 6 was not amended. The Federal Circuit found that although the new dependent claims would be properly invalidated, the scope of claim 6 did not change. Thus, the Federal Circuit affirmed the district court's decision that the scope of claim 6 remain unchanged, in compliance with §305.