

KROY IP HOLDINGS, LLC v. GROUPON, INC., Appeal No. 2023-1359 (Fed. Cir. February 10, 2025). Before Prost, Reyna, and Taranto. Appealed from D. Del. (Judge Noreika).

Background:

Kroy IP Holdings owns a patent related to providing incentive programs over a computer network and sued Groupon for patent infringement. Groupon filed an IPR and the PTAB found all challenged claims unpatentable. After the Federal Circuit affirmed those decisions, Kroy filed an amended complaint asserting 14 different claims that weren't challenged in the IPR. The district court granted Groupon's motion to dismiss, finding that collateral estoppel barred Kroy from asserting the new claims because they were immaterially different from the unpatentable claims.

Issue/Holding:

Did the district court err in applying collateral estoppel to bar assertion of patent claims not previously adjudicated by the PTAB? Yes, reversed and remanded.

Discussion:

The Federal Circuit found that collateral estoppel does not apply when the second action involves a different legal standard. In IPR proceedings, unpatentability must be proven by a preponderance of the evidence, while in district court, invalidity requires clear and convincing evidence. The court referenced its recent *ParkerVision* decision, establishing that this difference in burden of proof prevents applying collateral estoppel from a PTAB decision to a district court.

The court distinguished its *XY* decision, explaining that *XY* established a limited exception where a claim finally held unpatentable no longer exists. The Federal Circuit explained that the "premise invoked for collateral estoppel in *XY* does not rely on the Board's fact findings, but rather the retroactive cancellation of certain claims as a matter of law." The court clarified that another decision, *Ohio Willow Wood* (which allowed estoppel for materially similar claims), applied to a district-court-to-district-court scenario, where burdens of proof are the same.

Ultimately, the Federal Circuit held that "a prior final written decision of the PTAB of unpatentability on separate patent claims reached under a preponderance of the evidence standard cannot collaterally estop a patentee from asserting other, unadjudicated patent claims in district court litigation." The court reasoned that to hold otherwise would deprive patent owners of their property rights without satisfying the statutorily prescribed clear and convincing evidence standard.

The court reversed the district court's dismissal and remanded for further proceedings.

## NON-FEDERAL CIRCUIT HIGHLIGHTS FOR MARCH 12, 2025

### I. Miscellaneous

- A. The First-Time Filer Expedited Examination Pilot Program allows inventors who have never been named on a U.S. nonprovisional patent application and who qualify for micro entity status to receive expedited patent examination at no extra cost. Once granted special status, applications would typically receive a first office action within 28 days, significantly speeding up the patent examination process. The USPTO ended the First-Time Filer Expedited Examination Pilot Program as of March 11, 2025, after processing 393 applications since the program launched in 2023.
- B. In the continued push for federal workers to no longer work remotely, the USPTO announced that effective Friday, March 14, 2025, Patent Trial and Appeal Board (PTAB) judges conducting virtual hearings will appear from a PTAB hearing room at a USPTO office, absent special circumstances. The Patent Office encouraged parties to participate in person when possible but acknowledged that those who have scheduled virtual hearings may continue to appear virtually. In the announcement, the Patent Office encouraged the public to observe hearings in person, while remote public access for virtual hearings remains available upon request.