

Fed. Circ. In Feb.: Lessons On Cases With Many Patent Claims

By **Sean Murray and Jeremiah Helm** (March 25, 2025)

This article is part of a monthly column that highlights an important patent appeal from the previous month. In this installment, we examine the Federal Circuit's ruling in Kroy IP Holdings LLC v. Groupon Inc.

In February, the U.S. Court of Appeals for the Federal Circuit **issued a decision** that will make life harder for defendants accused of infringing patents containing numerous claims.

In Kroy IP Holdings LLC v. Groupon Inc.,^[1] the Federal Circuit considered a defendant's use of the doctrine of collateral estoppel to challenge the validity of patent claims in the U.S. District Court for the District of Delaware, based on the Patent Trial and Appeal Board's earlier invalidation of other claims in the same lengthy patent.

The Federal Circuit ruled that collateral estoppel was inapplicable because, while the board found unpatentability by a preponderance of the evidence during inter partes review of Kroy's patent, the district court was required to establish invalidity by clear and convincing evidence.

The dispute began when Kroy sued Groupon in the District of Delaware for infringing U.S. Patent No. 6,061,660, a patent directed to providing incentive programs over a computer network. Kroy IP Holdings appears to be a nonpracticing entity whose business is acquiring and asserting IP rights.

Kroy's '660 patent spanned 56 pages and contained 115 claims. Kroy's initial complaint alleged that Groupon infringed 13 exemplary claims. Under the notice-pleading system of the Federal Rules of Civil Procedure, Kroy was not required to identify in its complaint each claim of the '660 patent that it intended to assert in the district court case. Groupon therefore could not have known which of the patent's 115 claims it would ultimately face in the litigation.

Groupon selected 21 claims to challenge in two petitions for inter partes review of the '660 patent. The board granted the petitions and found all 21 challenged claims unpatentable in two final written decisions. Kroy appealed to the Federal Circuit, which affirmed the board's decisions.

After the Federal Circuit's affirmance, Kroy filed an amended complaint in the district court. The amended complaint alleged infringement of 14 claims of the '660 patent that Groupon had not challenged in the IPR proceedings.

Groupon moved to dismiss the amended complaint under Rule 12(b)(6) of the Federal Rules of Civil Procedure, arguing that the 14 new claims were immaterially different from the 21 invalidated claims and that the board's IPR rulings collaterally estopped Kroy from asserting the new claims. The district court granted the motion and dismissed the case.



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On appeal, the Federal Circuit reversed the district court's dismissal.

The appellate court did not disagree with the collateral estoppel standard applied by the district court. Collateral estoppel — also known as issue preclusion — applies in a later proceeding if (1) the identical issue was litigated in an earlier proceeding; (2) the issue was actually litigated; (3) the previous determination of the issue was necessary to the decision in the earlier proceeding; and (4) the party being precluded from relitigating the issue was fully represented in the earlier proceeding.

In the patent context, validity issues are considered to be identical if the subsequent proceeding involves (1) the same prior art asserted in the earlier proceeding, and (2) patent claims that are immaterially different from claims asserted in the earlier proceeding.

The Federal Circuit did not find fault with the district court's analysis of the four collateral-estoppel factors. But the court noted that the doctrine of collateral estoppel is subject to several exceptions.

One such exception, established in the U.S. Supreme Court's 2015 decision in B&B Hardware Inc. v. Hargis Industries Inc.,^[2] applies when the two proceedings involve different legal standards.

Because the board's unpatentability determinations were made under the preponderance-of-the-evidence standard that applies in IPRs, while the district court was required to establish invalidity under the higher clear-and-convincing-evidence standard, the Federal Circuit ruled that collateral estoppel did not apply. In so ruling, the court relied on its 2024 decision in ParkerVision Inc. v. Qualcomm Inc.,^[3] an appeal involving very similar facts.

Groupon argued that the case should be governed not by ParkerVision, but by the Federal Circuit's 2018 decision in XY LLC v. Trans Ova Genetics LC.^[4]

According to Groupon, the XY decision recognized that a PTAB unpatentability determination can trigger collateral estoppel in a subsequent district court case.

But the Federal Circuit read XY differently. The two proceedings addressed in XY involved the very same claims, not claims that were immaterially different. XY merely stands for the proposition that a patent claim invalidated in an IPR proceeding no longer exists and therefore cannot be asserted in a subsequent district court action.

In reversing the district court's dismissal order, the Federal Circuit did not mention that Kroy's patent contained 115 claims. But this fact lies at the heart of Groupon's dilemma. How could Groupon meaningfully address all 115 claims during inter partes review when IPR petitions are limited to 14,000 words?

Challenging a subset of the patent's claims did not work for Groupon. Though Groupon succeeded in invalidating all 21 of the claims it challenged in the patent office, Kroy was left with almost 100 other claims to assert in the district court litigation.

Patent challengers like Groupon can, of course, attempt to identify the right subset of claims to challenge in IPR proceedings by serving the patentee with an interrogatory asking for a list of the asserted claims.

The local rules of many district courts also require the patentee to identify the asserted claims relatively early in the case. But interrogatory responses can always be amended or

supplemented after IPR deadline, and even court-mandated disclosures often can be amended in view of discovery or after claim construction.

Patent challengers can also opt to file two parallel IPR petitions. However, it is far from certain the board will institute both IPRs. The board's trial practice guide states that parallel petitions challenging the same patent "may place a substantial and unnecessary burden on the Board" and "are not necessary in the vast majority of cases."^[5]

Even when parallel IPRs are instituted, this might not suffice to meaningfully address a patent containing 115 claims. Indeed, Groupon filed two petitions to challenge just 21 of the '660 patent's 115 claims.

For patent owners, the Kroy decision highlights the benefit of seeking patents with many claims. According to the USPTO's current rate schedule, the fee is \$200 for each claim in excess of the first 20 claims. That amounts to almost \$20,000 in additional fees for a patent applicant that wants 115 claims.

Seeking a large number of claims will also likely increase prosecution costs, as more time will be required of the prosecuting attorney. But for a patent that is likely to prove commercially valuable, the litigation benefit might well be worth the extra expense.

Some might view the assertion of patents with numerous or long claims as an attempt to circumvent the inter partes review system that Congress created in enacting the America Invents Act.

Congress enacted the AIA in part to address concerns that certain nonpracticing entities were asserting large numbers of weak patents in federal court. The IPR regime was intended to eliminate questionable patents quickly and efficiently, without recourse to lengthy and costly district court actions. Asserting a patent with too many claims to be effectively addressed in inter partes review could be viewed as a tactic to insulate a weak patent from PTAB scrutiny.

The USPTO could help address these concerns by providing more guidance on how the PTAB should handle patents with numerous or lengthy claims. For example, it could state that parallel IPR proceedings challenging such patents should generally be permitted, or that IPR word limits should generally be relaxed in such cases.

One thing is certain: IPR petitioners will not be able to challenge a subset of a patent's claims in the patent office and then rely on collateral estoppel to invalidate the rest.

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[1] 127 F.4th 1376 (Fed. Cir. 2025).

[2] 575 U.S. 138, 148 (2015).

[3] 116 F.4th 1345, 1349 (Fed. Cir. 2024).

[4] 890 F.3d 1282, 1294 (Fed. Cir. 2018).

[5] Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019), available at www.uspto.gov/sites/default/files/documents/tpgnov.pdf?MURL=TrialPracticeGuideConsolidated.