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LITIGATION NOTE: Crowell & Moring Wins First-Ever Bench Trial on IPR Estoppel

New York – May 8, 2020: A trial team led by [Brian Paul Gearing, Ph.D.](#) won a first-ever bench trial on whether estoppel based on an earlier *inter partes* review before the USPTO’s Patent Trial and Appeal Board (“IPR estoppel”) applies to new prior art references asserted in a district court litigation. Chief Judge Saylor of the U.S. District Court for the District of Massachusetts held in favor of Crowell & Moring’s client MRSI Systems, LLC that IPR estoppel does not preclude the two new prior art references not asserted in the earlier *inter partes* review proceeding.

Chief Judge Saylor’s 32-page [decision](#) was the culmination of a prolonged and extensive discovery fight between the parties over complicated issues of attorney-client privilege and work-product immunity involving prior art searches before and after the *inter partes* review proceeding. Chief Judge Saylor’s opinion addressed issues of first impression that came about after the U.S. Supreme Court’s decision in *SAS Inst. Inc. v. Iancu*, 138 S.Ct. 1348 (2018), which changed the scope of IPR estoppel. Shortly after, Plaintiff Palomar Technologies, Inc. moved for summary judgment by invoking the new IPR-estoppel standard. Chief Judge Saylor held that summary judgment could not be granted based on the two references at issue and instead ordered a bench trial on whether MRSI actually knew of the references (*i.e.*, subjective prong), and whether a skilled searcher reasonably could have discovered the references through a diligent search (*i.e.*, objective prong).

The Crowell & Moring team successfully litigated this issue through a three-day bench trial followed by post-trial briefing. Chief Judge Saylor found in MRSI’s favor on both the subjective and objective prongs. He first found there was no doubt that MRSI did not know of the references. The Chief Judge next found that a skilled searcher reasonably could not have been expected to discover the references after conducting a diligent search.

As revealed throughout the trial, Palomar’s expert used search strings crafted with “terms that do not appear in the specification, or barely at all.” Palomar’s expert also “created different search strings” based on terms that appeared only in one of the references. Palomar’s expert “was able to use those search terms to mark out a clear path to the disputed references” because “he knew where he wanted to end up.” Chief Judge Saylor found the testimony and analysis of Palomar’s expert “highly problematic, and in particular the fact that he obviously employed a hindsight approach.” Rejecting this hindsight approach, the Chief Judge held that “courts should be particularly cautious about accepting a hindsight analysis” in the IPR estoppel context.

MRSI is represented by partner [Brian Paul Gearing, Ph.D.](#), counsels [Ali Tehrani](#) and [Zach Ruby](#), and associate [Michelle Chipetine](#) of Crowell & Moring LLP, and partners Robert R. Lucic, Peter A. Nieves, and James P. Harris, and associate Bryanna K. Devonshire of Sheehan Phinney Bass & Green PA.

The case is *Palomar Technologies Inc. v. MRSI Systems LLC*, case number 1:18-cv-10236, in the U.S. District Court for the District of Massachusetts.

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