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Ingenico Inc. v. IOENGINE, LLC: Federal Circuit Resolves the IPR Estoppel Split

The Patent Playbook on **May 8, 2025**

In what is certain to become a landmark decision, the Federal Circuit has resolved a long-standing question that divided patent litigators and judges alike: does IPR estoppel apply to physical systems ("system art") described in patents or printed publications? The Court answered with a resounding "no." See *Ingenico Inc. v. IOENGINE* ("Op."). While such systems may qualify as prior art under 35 U.S.C. §§ 102 or 103, the Court reaffirmed that "Congress excluded [them] in IPR proceedings." Id. at 13.

Background: *Ingenico v. IOENGINE*

IOENGINE sued PayPal for patent infringement involving certain USB-based systems. Ingenico, a supplier of the accused products, responded with a declaratory judgment action and filed IPR petitions. The PTAB found most of the challenged claims unpatentable, but litigation continued in district court.

At trial, IOENGINE sought to exclude evidence related to the DiskOnKey, a USB device with bundled software, including a "Firmware Upgrader." This combination, referred to as the DiskOnKey System, formed the basis of Ingenico's invalidity defense. The district court ruled that Ingenico was estopped from relying on software documentation unless it was part of a "substantively different combination of references" that could not reasonably have been raised in the IPR.

Ingenico argued that the DiskOnKey System invalidated IOENGINE's claims because it had been in public use or on sale before the critical date—prior art grounds not available in IPRs. The jury agreed. On appeal, the question was whether IPR estoppel should have barred Ingenico from using system-related software at trial, particularly because a related user manual ("Readme" file) had been available online and could have been raised in the IPR. IOENGINE did not dispute that the system would invalidate the claims if it were considered prior art.

What Is IPR Estoppel?

IPR was designed to be a streamlined and cost-effective mechanism to challenge patent validity—but it was never meant to be the sole forum. Under 35 U.S.C. § 315(e)(2), once the PTAB issues a final written decision, a petitioner "may not assert… that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review." The problem? System art—physical products and devices—is not eligible for inclusion in IPR because only patents and printed publications are permissible sources of prior art under § 311(b).

This tension created a national split. Some courts held that system art was estopped if its features were coextensive with printed publications. Others took the view that IPR estoppel applies only to printed publications and not to the physical systems themselves, even if they were materially identical.

The Conflicting Views

In Contour IP Holding, LLC v. GoPro, Inc., No. 3:17-cv-04738-WHO, 2022 WL 658553 (N.D. Cal. Mar. 4, 2022), Judge Orrick applied estoppel to physical cameras (Sony, Canon, Nikon) because their features were disclosed in manuals that could have been raised in the IPR. He warned that to rule otherwise "would allow for a mammoth loophole: an IPR petitioner would always add a physical device that is identical to patents or printed publications in the subsequent civil case just to evade estoppel." Id. at *4.

By contrast, the District of Delaware was split internally. Then-Chief Judge Stark (now on the Federal Circuit) followed the broad estoppel view in *Wasica Finance GmbH v. Schrader Int'l, Inc.* ("Estoppel should not be so easily evaded by swapping the name of the reference."), but current Judges Andrews, Noreika, and Williams applied a narrower interpretation. Following the Clearlamp model from the Northern District of Illinois, they viewed physical systems as "evidence," not "grounds," and thus outside the scope of estoppel. As Judge Noreika noted in *Chemours Co. FC, LLC v. Daikin Indus., Ltd.*, "Congress could have dictated that estoppel applies to products covered by the paper art underlying the IPR where the paper art discloses the same claim limitations as the product. But Congress did not do so."

Federal Circuit Brings Clarity

The Federal Circuit panel (that notably did not include Judge Stark) sided with the narrow view. It held that product systems are not "grounds" that could reasonably have been raised in an IPR because they are not patents or printed publications. Op. at 14.

The Court focused on the meaning of "ground" in § 315(e)(2), noting that Congress left the term undefined. Citing familiar interpretive principles, the Court harmonized § 315 with § 311(b), which expressly limits IPRs to challenges "only on the basis of prior art consisting of patents or printed publications." Id. at 12.

The Court emphasized that Congress drew this line intentionally, aiming to streamline IPRs by excluding complex evidentiary questions surrounding system art. See *Qualcomm Inc. v. Apple Inc.*.

Importantly, the Court clarified that "a ground is not the prior art asserted during an IPR," but rather the legal theory under §§ 102 or 103 for why a claim is invalid. Op. at 14–15. As a result, IPR estoppel applies only to printed publications and patents that were or could have been used to argue that a claim is anticipated or obvious under those sections. Petitioners may still rely on the same printed material as evidence post-IPR—but only if asserting a different legal ground, such as that the invention was in public use, on sale, or known by others.

315 U.S.C. § 312(a)(3) provides further support for the holding that prior art is evidence of—not¬¬ coextensive with—a ground. Rather, grounds are the legal theories of invalidity used to challenge a claim. Op. at 15. Under § 312(a)(3), evidence that supports the grounds for the IPR includes "copies of patents and printed publications that the petitioner relies upon." As does 35 U.S.C. §311(b) and a recent Federal Circuit ruling. See *Qualcomm Inc. v. Apple Inc.*, at *8 (holding §311(b) to "mean[] that 'the basis' of an IPR ground asserting unpatentability can 'only' include 'prior art consisting of patents or printed publications.'").

The Impact on *Ingenico v. IOENGINE*

Because Ingenico did not assert the DiskOnKey materials in the IPR to argue that IOENGINE's claims were anticipated or obvious, estoppel did not apply. Instead, Ingenico raised public use and on-sale grounds at trial, which are distinct and unavailable in the IPR context. The Federal Circuit affirmed that IPR estoppel did not preclude these arguments.

What Now for IPR Estoppel?

This decision sharply narrows the reach of IPR estoppel. Grounds are now limited to the specific §§ 102 and 103 challenges based on patents or printed publications raised in an IPR. Patent challengers are free to present the same evidence in district court to assert alternate statutory invalidity grounds such as public use or sale, including by using system art that is materially identical to the prior art used in IPR.

Litigants should note the distinction the Court preserved between "grounds" (legal theories) and "evidence" (the materials used to support them). Under § 312(a)(3), printed publications are treated as evidentiary support—not the ground itself. The Federal Circuit reinforced this point in a recent companion case, *Qualcomm Inc. v. Apple Inc.*, at *8.

Practical Takeaways

This decision reshapes the estoppel landscape. With the split resolved, venue no longer dictates whether system art can be asserted post-IPR. The ruling makes clear that very little will be barred by estoppel: only legal theories of anticipation or obviousness based solely on patents or printed publications.

With shifting guidance at the USPTO regarding how it initiates IPR proceedings, perhaps the likelihood of IPR institution will not be as likely as it once was. Without a split, the typically impactful Sotera and Sand Revolution stipulation considerations are nullified—now parties are certain what will constitute prior art and will be estopped from being asserted: very little. Patent owners must now defend challenges at the PTAB based on written prior art, only to later face the same invalidity theories—based on system—in district court. The decision may also shift IPR filing strategies. For patentees, this ruling may also tilt early strategy toward litigation. The traditional preference for good-faith license discussions could backfire if it delays a suit and opens the door to broader invalidity arguments. Early filing may become more appealing.

If you have questions about how this decision affects your patent portfolio or litigation strategy, we're here to help.

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