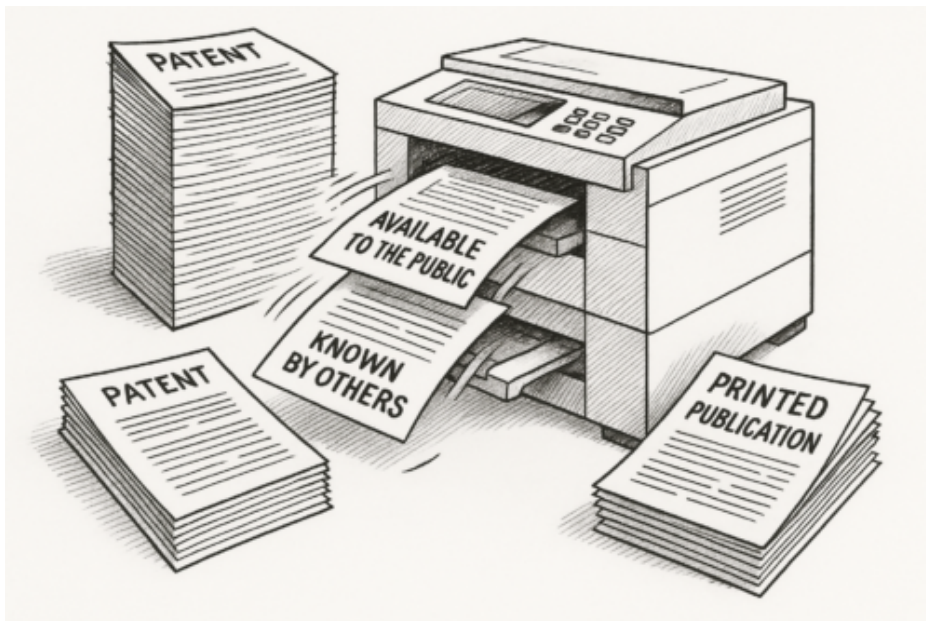


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Reference Recycling and the Case for Sua Sponte Rehearing in Ingenico

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by Dennis Crouch



This is a follow-up on my recent discussion of *Ingenico v. IOENGINE*, a potentially groundbreaking decision that appears to have unintentionally upended fundamental principles of IPR estoppel. The Federal Circuit's ruling threatens to undermine Congressional intent and, as a consequence, dramatically shift the AIA balance in favor of IPR challengers and against patent owners. Yet the opinion shows no signs that the panel recognized the far-reaching implications of their interpretation. Given the sweeping nature of this change to settled patent law practice and the apparent lack of conscious intent to revolutionize IPR estoppel doctrine, this case presents compelling grounds for *sua sponte* panel or *en banc* rehearing before the precedent takes root.

See, Dennis Crouch, Estoppel Guttled: A Pelican's Guide to Patent Litigation, Patently-O (May 8, 2025), <https://patentlyo.com/patent/2025/05/estoppel-pelicans-litigation.html>.

As I examine the case, and underlying materials, I'm becoming convinced that the appellate panel did not intend the far-reaching potential consequences of the decision. Certainly, the court's opinion did not expressly recognize or contend with the sweeping change it was making. This approach reflects a particular judicial philosophy that prioritizes strict textual interpretation. The opinion follows a formalist approach that focuses on narrow statutory interpretation without fully engaging with the broader policy implications or contextual factors that might inform the analysis. This interpretive style,

while internally consistent, can lead to impractical outcomes that may not align with underlying legislative goals or intent.

The crux here: Without briefing on an expansive interpretation of “ground” in 35 U.S.C. § 315(e)(2), the panel produced an opinion that extends dramatically beyond both Judge Bryson’s carefully calibrated district court ruling and the limited relief Ingenico requested on appeal.

I discuss the background of the case in my prior post and so will not repeat it here, but a basic question before the district court was whether printed publications that could-have been used as a “ground” in a prior IPR could be reasserted in litigation despite § 315(e)(2), which prohibits later assertion that a patent claim “is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.”

Federal Circuit Judge William Bryson took senior status more than a decade ago, but continues to sit on Federal Circuit panels as well as by-designation in the district courts (typically handling patent infringement cases). Here, Judge Bryson was sitting by designation in this Delaware declaratory judgment, filed by Ingenico as an alternative approach to invalidating the patent.

In the district court, Ingenico presented a prior art device (DiskOnKey) that had been on sale before the patent’s critical date, along with several publications (such as the README) to help show that the device disclosed all of the limitations of the claimed invention. The patentee argued reliance on those publications should be barred under 315(e) estoppel.

Judge Bryson issued a careful opinion that with key limitations that was an attempt to respect both the letter and purpose of the estoppel provision. Although he permitted use of the documents, he did so under strict limitations — after first considering whether the proposal was “simply a printed publication theory in disguise.”

Ingenico is not estopped from relying on device art if, as it appears here, that device is not simply a printed publication invalidity theory in disguise. Because a device may not be raised as a ground for invalidity in an IPR, Ingenico may combine the DiskOnKey device ... with other references that it raised or reasonably could have raised in the IPR proceeding, so long as that combination is substantively different from the grounds that were raised or reasonably could have been raised by Ingenico in its petitions for IPR.

IOENGINE, LLC v. PayPal Holdings, Inc., 607 F. Supp. 3d 464, 512-513 (D. Del. 2022) (emphasis added).

Judge Bryson specifically warned against attempts to circumvent IPR estoppel through mere relabeling, establishing a functional test that looked at whether the invalidity theory was truly different in substance, not merely repackaged under a different statutory label.

As part of his opinion, Judge Bryson also barred several references. He precluded Ingenico from asserting the ‘Fuji Guide’ as printed publication prior art, applying collateral estoppel based on the PTAB’s determination that Ingenico had failed to show the guide was publicly available before the

patent's critical date. He also ruled that Ingenico was estopped under IPR estoppel from asserting the 'Tida' printed publication as anticipatory prior art. More broadly, Judge Bryson found Ingenico estopped from relying on any patents or printed publications that it had raised, knew of, or reasonably could have discovered and raised during the IPR proceedings. This included documents Ingenico raised in an IPR for a related patent, documents from its own invalidity contentions not used in the IPRs, documents from PayPal's earlier IPR petitions, documents listed on the face of the patents-in-suit, and documents discussed in an expert report produced to Ingenico before it filed its IPR petitions. The caveat to all of this was that particularized "device art" references might still be permissible if used as part of a "substantively different" invalidity ground not reasonably raisable in the IPR.

In its appeal to the Federal Circuit, Ingenico did not ask for a broad reinterpretation of "ground" beyond Judge Bryson's district court interpretation, nor did it argue for abandoning the functional limitation framework established by the district court. Rather, Ingenico focused specifically on factual assertions regarding the characterization of the DiskOnKey as device art. The brief clarifies Ingenico's position:

IOENGINE's first argument—that because Ingenico's experts did not test those devices, but instead intend simply to rely upon documents describing the devices, those invalidity grounds may not properly be characterized as device art—misunderstands the law. Courts have allowed the functions of prior art devices to be established through the use of documents and testimony.

Appellees' Brief, *Ingenico Inc. v. IOENGINE, LLC* – Entry BL-23. Ingenico further emphasized the point that documentation relied upon in their invalidity arguments was non-public and therefore unavailable during the IPR proceedings. Moreover, Ingenico argued explicitly that unique features of the DiskOnKey physical device were not disclosed in printed publications:

Ingenico presented evidence and argument that certain features of the DiskOnKey device were not disclosed in the printed publications available at the time of the IPR and, as such, represent distinct, device-specific evidence.

Appellees' Brief. In other words, the patent challenger's argument represents an argument about unique features of a physical device, not a broad argument that any printed publications from an IPR can be reused by simply changing the narrow statutory ground. As discussed below, Ingenico's victory on appeal arrived with a far more expansive precedent than it requested.

The Federal Circuit's Sweeping Expansion Through Imprecise Language

The Federal Circuit's opinion, in contrast to both Judge Bryson's careful approach and Ingenico's limited arguments on appeal, announced a categorical rule that fundamentally changes how IPR estoppel works:

IPR estoppel does not preclude a petitioner from relying on the same patents and printed publications as evidence in asserting a ground that could not be raised during the IPR, such as that the claimed invention was known or used by others, on sale, or in public use.

This sweeping statement contains none of Judge Bryson’s qualifiers focusing that require: a “device art” ground that is “substantively different” from what could have been presented to the PTAB and that avoids “disguised” publication theories. This was a pre-AIA patent, but the opinion here seems to apply equally strongly to the new AIA prior art definitions that now also include “available to the public.”

Remarkably, nothing in the opinion suggests the panel recognized it was making such a potentially revolutionary change to IPR estoppel practice—no discussion of how this interpretation might affect the balance Congress struck in creating IPR proceedings, no acknowledgment that this issue wasn’t fully briefed, and no consideration of whether this formalistic approach would defeat the purpose of § 315(e)(2). Rather, the Federal Circuit adopted a highly formalistic interpretation of “ground” to replace Judge Bryson’s more justice-focused analysis:

[A] ground is not the prior art asserted during an IPR. In drafting 35 U.S.C. § 315(e)(2), Congress could have precluded petitioners from asserting in district court that the claim is invalid on any prior art that the petitioner raised or reasonably could have raised during that inter partes review, but Congress chose not to. Instead, Congress precluded petitioners from asserting grounds in district court.

This interpretation focuses exclusively on a narrow statutory basis for invalidity rather than the substantive technical arguments being made, completely eliminating Judge Bryson’s concern about substantive grounds and disguised theories. What’s particularly troubling is that the opinion reads as if the panel viewed this as a straightforward statutory interpretation requiring little analysis, rather than a significant reinterpretation of a key provision of the AIA.

This “reference recycling” phenomenon deserves deeper analysis because it reveals a fundamental flaw in the Federal Circuit’s formalistic approach. Under the court’s interpretation, a patent challenger can take the exact same printed publications that were used (or could have been used) in an IPR proceeding and simply repackage them under a different statutory label in district court litigation. For instance, a comprehensive user manual that clearly describes all elements of a claimed invention could be presented to the PTAB as evidence that the invention was “described in a printed publication,” and when that challenge fails or is deemed estopped, the same manual can be recycled in district court as evidence that the invention was “known or used by others” or “available to the public.”

Reference recycling transforms IPR estoppel from a meaningful bar against duplicative invalidity challenges into a mere technicality that can be circumvented through artful statutory labeling. The absurdity of this approach becomes clear when one considers that the underlying technical teaching—the meat of the invalidity argument—remains identical in both proceedings, while only the wrapper of statutory language changes. This undermines the entire purpose of IPR estoppel, which was designed to encourage comprehensive invalidity challenges at the PTAB and prevent the exact kind of piecemeal litigation that reference recycling enables. By focusing exclusively on the statutory “ground” while ignoring the substantive evidence being recycled, the Federal Circuit has created a loophole that allows patent challengers to have multiple bites at the apple with the same prior art, effectively gutting the estoppel provision that Congress intended to streamline patent litigation.

The Federal Circuit's simplified framework eliminates the need for courts to determine whether an invalidity theory is "substantively different" or a "disguised" attempt to repackage the same technical arguments. The casual manner in which the court announced this interpretation—without acknowledging its departure from existing practice or its potential impact—suggests either that the panel did not appreciate the significance of its holding or that it deliberately sought to limit IPR estoppel's reach without explicitly saying so. This appears to be a case where the court has made a significant policy decision without the benefit of thorough adversarial briefing on the issue—a problematic approach given the importance of IPR estoppel to the patent litigation system Congress designed in the America Invents Act.

A Path Forward: Panel Rehearing to Restore Balance

The court can course-correct without abandoning its core holding. The solution lies not in overturning the decision, but in incorporating Judge Bryson's more nuanced approach through several alterations to the opinion to add necessary guardrails against estoppel circumvention.

First, the Federal Circuit should explicitly adopt Judge Bryson's requirement that district court invalidity grounds be substantively different from what could have been raised in IPR:

While IPR estoppel does not categorically preclude a petitioner from relying on patents and printed publications as evidence in asserting grounds that could not be raised during IPR (such as on-sale bar or public use), such use is permissible only when the invalidity theory presented is substantively different from grounds that were raised or reasonably could have been raised in the IPR proceeding. The district court properly applied a functional test to determine whether newly raised invalidity theory represents a genuinely distinct challenge or merely repackages the same technical arguments under a different statutory label.

The court should acknowledge and warn against the reference recycling problem:

We recognize that this interpretation could potentially encourage "reference recycling," where the same printed publications are reused under different statutory grounds. To prevent such abuse, district courts must examine whether the evidence being offered genuinely supports a ground that could not have been raised in IPR, or whether it represents an attempt to circumvent IPR estoppel through artful statutory labeling. For example, when patents or printed publications form the core of the invalidity argument, courts should scrutinize whether additional, non-publication evidence or unique physical features substantively distinguish the district court challenge from what could have been presented to the PTAB.

This provision directly addresses the loophole that could gut IPR estoppel's effectiveness.

These amendments could be incorporated into the existing opinion without undermining its core holding that device art combined with printed publications can support grounds unavailable in IPR. The key is adding the necessary qualifications and guardrails that Judge Bryson constructed at the district court level.

The case will likely require a *sua sponte* panel or *en banc* rehearing because neither party has any incentive to request one, even though the court appears to have made a sweeping change to IPR estoppel doctrine. Ingenico already won, and IOENGINE would also lose under Judge Bryson's narrower approach.

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