

KOSS CORPORATION v. BOSE CORPORATION, Appeals Nos. 2022-2090, 2023-1173, 2023-1179, 2023-1180, 2023-1191 (Fed. Cir. July 19, 2024). Before Hughes, Stoll, and Cunningham. Appealed from PTAB.

Background:

Koss sued Bose for infringement of its three patents directed to a wireless earphone technology. Koss also sued Plantronics alleging infringement of the same three patents. Bose petitioned for inter partes review (IPR) before the PTAB, and Bose also filed an action in the District of Massachusetts for declaratory judgment of non-infringement. Koss counterclaimed, and the district court stayed the declaratory judgment case pending the IPR decisions.

In the meantime, the Northern District of California granted Plantronics' motion to dismiss Koss' claim of infringement. In particular, in that case the district court found that all three of Koss' patents were invalid under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Upon issuing an order of invalidity, the district court granted Koss leave to amend, and in the amended complaint, Koss reasserted only certain claims of two of the previously asserted patents.

Plantronics moved to dismiss the amended complaint on grounds of patent ineligibility, and Koss voluntarily stipulated to dismiss the action with prejudice. Koss did not request that the district court vacate its earlier invalidation order, and Koss did not appeal.

In the present case, Koss appeals the PTAB's IPR decisions to cancel certain claims of its patents, and Bose argues that this case should be dismissed due to issue preclusion.

Issues/Holdings:

Did the district court's holding invalidating the claims in the patents at issue render Koss' appeals of the PTAB's decisions moot? Yes. Dismissed.

Discussion:

The Federal Circuit held that because all the claims in the patents at issue were invalidated in a prior district court litigation, even though there was a different defendant, the appeals of the IPRs were moot. The Federal Circuit based its decision on the doctrine of issue preclusion, which provides that a final judgment on the merits of an issue precludes relitigation of that issue in a subsequent case. The policy of this doctrine is to provide judicial efficiency by avoiding inconsistent judgments, and by avoiding the need for alleged infringers to relitigate issues that have already been adjudicated.

Here, Koss argued that its amended complaint in the Plantronics case superseded its prior complaint, which was associated with the district court's order of invalidity. Thus, Koss argued that its agreement to dismiss the case nullified the district court's invalidity ruling by rendering the district court's order non-final. However, the Federal Circuit did not agree, noting that Koss neither requested that the district court's invalidity order be vacated nor appealed the invalidity decision. Accordingly, the Federal Circuit found in favor of Bose and dismissed the appeals.