Chicago-Kent Journal of Intellectual Property

Volume 17
Issue 3 *PTAB Bar Association*

Article 5

4-30-2018

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ARE THERE REALLY TWO SIDES OF THE CLAIM CONSTRUCTION COIN? THE APPLICATION OF THE BROADEST REASONABLE INTERPRETATION AT THE PTAB

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Abstract

The USPTO has applied the broadest reasonable interpretation (BRI) claim construction standard during prosecution, reexamination, and other office proceedings for decades. The Supreme Court affirmed in Cuozzo Speed Technologies Inc. *that BRI is also the appropriate standard for unexpired claims in post-grant proceedings at the Patent Trial and Appeal Board (PTAB). Leading up to* Cuozzo, *many parties speculated that the PTAB's application of BRI might create confusion and result in inconsistent outcomes at the district court level. Notably, nothing in the America Invents Act establishes a standard of deference between PTAB and district court decisions. But so far, there has been minimal confusion.*

This Article explores the application of the BRI at the PTAB level and evaluates if there really is any difference in applying the BRI standard compared with the Phillips standard. This Article also discusses whether other distinctions, such as different evidentiary standards, or just plain different evidence being presented, had a greater effect than claim construction standards in the few cases where a district court and the PTAB have construed the same claim language differently.

The Supreme Court recently affirmed the constitutionality of post-grant proceedings at the PTAB in Oil States Energy Services, LLC. v. Greene's Energy Group, LLC. *However, questions of "takings," "retroactive application," and "due process" remain on the judicial horizon*.

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INTRODUCTION

The United States Patent and Trademark Office (USPTO) has applied a broadest reasonable interpretation (BRI) claim construction standard for decades. By contrast, district courts apply a deferential presumption of validity—the claim construction standard set out in *Phillips v. AWH Corp*.[1] These two standards have occasionally led to divergent outcomes when the validity and patentability of the same patent has been considered under the *Phillips* standard as well as under the BRI by the USPTO's Patent Trial and Appeal Board (PTAB), respectively.[2] The Leahy–Smith America Invents Act of 2011[3] (AIA) created new proceedings for the PTAB to evaluate the patentability of issued claims, and such proceedings have become popular alternatives to district court litigation, further highlighting the differences in the two venues.[4] The AIA establishes no deference between PTAB and district court decisions, and, moreover, does not even state if the PTAB would be bound by a district court order, or vice versa.[5]

Under the *Phillips* standard, claims are construed according to the "ordinary and customary meaning of a claim term."[6] To determine the meaning of a claim term, "the court looks to 'those sources available to the public that show what a person of ordinary skill in the art would have

1. Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

2. For example, in *PPC Broadband*, the Federal Circuit found the claim construction standard was outcome determinative. *Compare* PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC, 815 F.3d 734, 742 (Fed. Cir. 2016) (finding the construction of the term "continuity member" under the *Phillips* standard requires "consistent or continuous contact with the coupler/nut and the post to establish an electrical connection"), *with id.* at 743 (finding the construction under the BRI had no requirement of consistent or continuous contact, and thus the Board's construction was broader than the construction under *Phillips*).

3. Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284 (2011).

4. Alana Canfield Mannige, *The Standard of Review for Claim Construction in Inter Partes Review*, 8 HASTINGS SCI. & TECH. L.J. 157, 159 (2016); William Hannah, *Major Change, New Chapter: How Inter Partes Review and Post Grant Review Proceedings Created by the America Invents Act Will Shape Litigation Strategies*, 17 INTELL. PROP. L. BULL. 27, 39–44 (2012).

5. *See In re* Cuozzo Speed Techs., LLC, 793 F.3d 1297, 1299 (Fed. Cir. 2015).

6. *Phillips*, 415 F.3d at 1313.

understood disputed claim language to mean.'"[7] Those sources include "the words of the claim themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art."[8] BRI also construes claims according to the ordinary and customary meaning as understood by one of ordinary skill in the art at the time of the invention.[9] BRI also looks to the specification and gives claim terms the broadest reasonable construction, given the specification.[10] The Federal Circuit has stated, "[t]he broadest reasonable interpretation of a claim term may be the same as, or broader than, the construction of a term under the *Phillips* standard. But it cannot be narrower."[11] One reason given by the USPTO for using BRI is that the applicant can amend the claims during prosecution. Examining a claim according to its BRI reduces the possibility that the claim will later be interpreted more broadly than is justified.[12] The PTAB generally determines patentability based on whether it is more likely than not that a patent claim is unpatentable—a preponderance of the evidence standard.[13] In contrast, patents reviewed by district courts have a presumption of validity, and clear and convincing evidence must be used to overcome the presumption.[14] If a district court, after using the claim construction tools available under the *Phillips* standard, finds a claim is ambiguous, cases hold that a court generally should construe the claim to

7. *Id.* at 1314 (quoting Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc., 381 F.3d 1111, 1116 (Fed. Cir. 2004)).

8. *Id.*

9. *See, e.g.*, Adidas AG v. Nike, Inc., IPR2013-00067, Paper 18, at 10 (P.T.A.B. May 17, 2013); *In re* Translogic Tech., Inc., 504 F.3d 1249, 1257 (Fed. Cir. 2007); *see also Phillips*, 415 F.3d at 1313.

10. MANUAL OF PATENT EXAMINING PROCEDURE § 2111 (Rev. 9, 2018) ("The broadest reasonable interpretation does not mean the broadest possible interpretation. Rather, the meaning given to a claim term must be consistent with the ordinary and customary meaning of the term (unless the term has been given a special definition in the specification), and must be consistent with the use of the claim term in the specification and drawings. Further, the broadest reasonable interpretation of the claims must be consistent with the interpretation that those skilled in the art would reach."); *see also In re* Smith Int'l, Inc., 871 F.3d 1375, 1378 (Fed. Cir. 2017) ("The correct inquiry in giving a claim term its broadest reasonable interpretation in light of the specification is not whether the specification proscribes or precludes some broad reading of the claim term adopted by the examiner. And it is not simply an interpretation that is not inconsistent with the specification. It is an interpretation that corresponds with what and how the inventor describes his invention in the specification, i.e., an interpretation that is 'consistent with the specification.'").

11. Facebook, Inc. v. Pragmatus AV, LLC, 582 F. App'x 864, 869 (Fed. Cir. 2014).

12. MANUAL OF PATENT EXAMINING PROCEDURE § 2111 (Rev. 9, 2018) (citing *In re* Yamamoto, 740 F.2d 1569, 1571 (Fed. Cir. 1984); *see also In re* Zletz, 893 F.2d 319, 321 (Fed. Cir. 1989); *In re* Prater, 415 F.2d 1393, 1404–05 (C.C.P.A. 1969)).

13. *See* 35 U.S.C. § 316(e) (2014).

14. *See* 35 U.S.C. § 282(a) (2011).

preserve its validity.[15] The PTAB does not apply this doctrine, but instead applies the broadest of otherwise equally acceptable constructions.[16]

I. SIMILARITIES AND DIFFERENCES IN CLAIM CONSTRUCTION

In 2016, the Supreme Court affirmed the PTAB's use of the BRI standard in *Cuozzo Speed Technologies, LLC v. Lee*.[17] Before *Cuozzo*, parties noted that the PTAB's application of BRI had the potential for producing results inconsistent with district court litigation outcomes.[18] Among others, several large corporations filed a joint amicus brief challenging the PTAB's application of BRI in post-grant proceedings, arguing that "[u]sing different standards to construe the claims of issued patents creates uncertainty as well as opportunities for gamesmanship."[19] Also before *Cuozzo* was decided, bills were introduced in both the House and Senate to change the PTAB's claim construction standard to align with the district court's deferential standard,[20] and several law review articles advocated for unifying the standards.[21] Other corporations, scholars, and amici supported the difference, noting that no presumption of validity exists when the agency reviews its own granted patents.[22] *Cuozzo* generally

15. Phillips v. AWH Corp., 415 F.3d 1303, 1327 (Fed. Cir. 2005) (en banc). The applicability of this preservation-of-validity doctrine "depends on the strength of the inference that the PTO would have recognized that one claim interpretation would render the claim invalid, and that the PTO would not have issued the patent assuming that to be the proper construction of the term." *Id.* As relevant background, a patent claim that is ambiguous may also be invalid for indefiniteness. 35 U.S.C. § 112 (2011). The indefiniteness analysis considers the claim as a whole, not just each claim term. MANUAL OF PATENT EXAMINING PROCEDURE § 2173 (Rev. 9, 2018) (citing Solomon v. Kimberly-Clark Corp., 216 F.3d 1372, 1379 (Fed. Cir. 2000); *In re* Larsen, 10 F. App'x 890 (Fed. Cir. 2001)).

16. SAP Am. v. Versata Dev. Grp., Inc., CBM2012-00001, Paper 70, at 17 (P.T.A.B. June 11, 2013) (the Office explained the requirement "as requiring the use of the broadest reasonable interpretation, as opposed to the district court standard of construing to preserve validity."); RF Controls, LLC v. A-1 Packaging Sols., Inc., IPR2015-00119, Paper 10, at 8–9 (P.T.A.B. Apr. 29, 2015) ("In an *inter partes* proceeding there is no presumption of validity, therefore, we will not be applying a rule of construction with an aim to preserve the validity of claims.").

17. 136 S. Ct. 2131 (2016).

18. *See, e.g.*, *id*. at 2146 (Cuozzo argued "that the use of the broadest reasonable construction standard in inter partes review, together with use of an ordinary meaning standard in district court, may produce inconsistent results and cause added confusion.").

19. Brief for Neither Party as Amici Curiae at 6, Versata Dev. Grp., Inc. v. SAP Am., Inc., 793 F.3d 1306 (Fed. Cir. 2015) (No. 2014-1194).

20. H.R. 5360, 113th Cong. § 3308 (2014); S. 1720, 113th Cong. § 7 (2013).

21. *See, e.g.*, Mannige, *supra* note 4, at 178–79; *see also* Julian Pymento, *Let's Be Reasonable! The Broadest Reasonable Interpretation in the PTAB*, 5 NYU J. INTELL. PROP. & ENT. L. 406, 406, 435–36 (2016).

22. *See, e.g.*, Brief of Dell Inc. et al. as Amici Curiae in Support of Respondent at 19, 21, Cuozzo Speed Techs., LLC v. Lee, 136 S. Ct. 2131 (2016) (No. 15-446), 2016 WL 1319652, at *19, *21; Brief of Amicus Curiae Unified Patents Inc. in Support of Respondent at 4, Cuozzo Speed Techs., LLC v. Lee, 136 S. Ct. 2131 (2016) (No. 15-446), 2016 WL 1298289, at *4.

muted these disputes by affirming that the PTAB and the courts could continue to apply different standards.[23]

Though the potential for inconsistent results was broadly discussed, the reality has been that the PTAB and district courts have largely produced uniform results on validity and patentability using the different claim construction standards.[24] The PTAB has clarified that it is not bound by district court constructions, citing the different claim construction standards applicable.[25] The PTAB has also acknowledged prior district court constructions without addressing the claim construction standards.[26] Yet, the PTAB has often considered a district court construction as persuasively authoritative. At times, the PTAB has even adopted the exact same construction after determining it was consistent with BRI.[27]

In *Cisco Systems Inc. v. AIP Acquisition LLC*,[28] a PTAB panel evaluated a patent under both standards. The PTAB instituted review of the claims prior to the patent's expiration and provided a preliminary claim construction for three terms based on BRI.[29] The PTAB and the parties then discussed that the patent was likely to expire before the final written decision.[30] The PTAB determined that based on the record, the claim construction of the three terms would be the same under "the rule of construction similar to that applied by the district courts."[31]

There have been rare instances when the PTAB adopted a standard that diverged from a previous district court construction.[32] For example, in

23. Cuozzo Speed Techs., LLC v. Lee, 136 S. Ct. 2131, 2146 (2016).

24. *See, e.g.*, Joshua Landau, *Letter to House Judiciary Subcommittee on Courts, Intellectual Property and the Internet*, COMPUT. & COMMC'NS INDUS. ASS'N (Nov. 13, 2017), http://www.ccianet.org/wp-content/uploads/2017/12/Subcommittee-Letter-Re-Malone-Data.pdf ("PTAB only rarely disagrees with the federal courts when both review the validity of the same patent.").

25. *See* Endo Pharm. Inc. v. Depomed, Inc., IPR2014-00654, Paper 69, at 9 (P.T.A.B. Sept. 21, 2015) ("Given our different claim construction standard, however, we are not bound by the prior district court constructions or any alleged agreements between the parties made in district court.").

26. *See, e.g.*, Oil States Energy Servs., LLC v. Green's Energy Grp., LLC, No. 16-712, slip op. at 5, 584 U.S. __ (2018) ("The Board acknowledged the District Court's contrary decision [on claim construction], but nonetheless concluded that the claims were anticipated by the prior art.").

27. *See, e.g.*, Oracle Corp. v. Crossroads Sys., Inc., IPR2014–01207, Paper 78, at 9 (P.T.A.B. Jan. 29, 2016); Cisco Sys., Inc. v. Crossroads Sys., Inc., IPR2014-01544, Paper 50, at 8–9 (P.T.A.B. Jan. 29, 2016); Google Inc., v. Simpleair Inc., CBM2014-00054, Paper 19, at 11 (P.T.A.B. May 13, 2014); Kyocera Corp. v. Softview, LLC, IPR2013-00004, Paper 53, at 7–8 (P.T.A.B. Mar. 27, 2014).

28. IPR2014-00247, Paper 14, at 12–18 (P.T.A.B. May 27, 2014).

29. *Id.*

30. Cisco Sys. Inc. v. AIP Acquisition LLC, IPR2014-00247, Paper 17, at 3 (P.T.A.B. June 26, 2014).

31. IPR2014-00247, Paper 20, at 3 (P.T.A.B. July 10, 2014).

32. *See, e.g.*, Vibrant Media Inc. v. Gen. Elec., Co., IPR2013-00170, Paper 14 (P.T.A.B. July 29, 2013).

Rackspace Hosting v. Rotatable Technologies, a district court had determined, based on the specification, that the claim language "computer display window" would include a graphical user interface (GUI).[33] However, the PTAB found this was not explicit in the specification, and instead looked to a technical dictionary definition to determine that the claimed phrase should be construed as "a division of a display screen in which a set of information is displayed."[34] As the PTAB's construction required no GUI, additional prior art applied in the PTAB's review that did not apply in the district court.[35] This difference did not necessarily stem from a difference in the two standards, but could be seen as having stemmed from different readings of the specification. Both the PTAB and the district court looked to the same specification to define "computer display window," but the PTAB concluded that the specification provided no definition for that term. The difference could also have come from neither party advocating for a construction that included a GUI in the *inter partes* review (IPR) proceeding, while both parties at the district court level included a GUI in their proposed constructions.[36]

In *Apple Inc. v. Virnetx Inc.*, the patent owner proposed a construction of the phrase "secure domain name service" that included recognizing that a message is requesting secure computer access, while the petitioner proposed a construction without that requirement.[37] The patent owner argued that it had disclaimed embodiments without the "recognizing" requirement during prosecution, and those disclaimers should limit claim construction.[38] However, the PTAB found there had not been an

33. Rotatable Techs. LLC v. Nokia, Inc., No. 2:12-CV-265-JRG, 2013 WL 3992930, at *9 (E.D. Tex. Aug. 2, 2013) (applying the construction "a GUI displayable on a monitor or a screen"). Rotatable Technologies had advocated no construction was needed and in the alternative asked that "computer display window" be construed as "a graphical user interface window." *Id.* Nokia had proposed the construction "[a] GUI that is displayed on the display monitor or screen where the GUI may be sized to display all or only a portion of total information made available for viewing by a program." *Id.*

34. Rackspace Hosting, Inc. v. Rotatable Techs., LLC, IPR2013-00248, Paper 10, at 8–9 (P.T.A.B. Oct. 1, 2013).

35. *Pymento*, *supra* note 21, at 417.

36. *Compare Rackspace Hosting*, IPR2013-00248, Paper 2, at 9–10 (P.T.A.B. Apr. 12, 2013) (Petitioner advocated to construe "computer display window" as "a window generated by an operating system or an application program"), *with* IPR2013-00248, Paper 9, at 6 (P.T.A.B. July 18, 2013) (Patent Owner advocated that there was no need to further define "computer display window" the term beyond its plain and ordinary meaning, and did not provide a construction). Patent owner Rotatable Technologies consistently advocated that no construction of the term was needed, but before the district court had argued in the alternative that if a construction was provided, that it included a GUI. *See* Rotatable Techs. LLC v. Nokia, Inc., No. 2:12-CV-265-JRG, 2013 WL 3992930, at *9 (E.D. Tex. Aug. 2, 2013). The opposing party in the district court, Nokia, had also included a GUI in their proposed construction. *Id.*

37. IPR2014-00481, Paper 35, at 14–15 (P.T.A.B. Aug. 24, 2015).

38. *Id.* at 20–21, 25.

unequivocal disclaimer requiring incorporation of the "recognize" function.[39] The PTAB also reviewed the claim, the specification,[40] and the record before the district court.[41] The district court had construed that phrase with the "recognizing" requirement, though the patent owner had argued before the district court for a construction without that requirement—the opposite of what it later argued before the Board.[42] The PTAB adopted the petitioner's proposed construction, a broader construction than the district court had adopted.[43] The PTAB noted that the record before it was distinct from the district court's, the construction followed the patent owner's earlier arguments, and the construction followed the specification.[44] The patent owner's inadequate and inconsistent arguments affected the PTAB's construction. The Federal Circuit affirmed the PTAB's claim constructions on appeal.[45]

A review of case citations in IPR proceedings applying the BRI between February 2015 and February 2016 found that the BRI cases were still "largely citing legal authority that originates from the *Phillips* regime," over 90% of the PTAB's final written decisions applied legal standards derived exclusively, or partially, from the *Phillips* regime.[46] The author of the review concludes that the two claim construction standards appear to have converged in practice "due to the inherent ambiguities in interpretation or litigant behavior rather than a difference between the legal standards."[47]

39. *Id.* at 19.
40. *Id.* at 15–16.
41. *Id.* at 24–25.
42. *Id.*
43. *Id.* at 26.
44. *Id.* at 25.
45. Virnetx Inc. v. Apple Inc., 671 F. App'x 786, 787 (Fed. Cir. 2016).
46. Laura E. Dolbow, *A Distinction Without a Difference: Convergence in Claim Construction Standards*, 70 VANDERBILT L. REV. 1071, 1084, 1088 (2017) ("Overall, 36% of final written decisions cited only district court authority; 56% of final written decisions cited a mix of district court authority and pure PTO authority; 2% cited only pure PTO authority; and 6% contained only conclusory citations. Thus, over 90% of the decisions applied legal principles that derived exclusively or partially from the district court realm, yet only six decisions applied legal principles that derived purely from the PTO. Overall, data suggest that in IPR proceedings, the BRI standard functions as a circular standard that appears to be distinct from *Phillips*, yet returns to district court-originated jurisprudence for most of its substantive guidance.").
47. *Accord id.* at 1089.

II. OTHER FACTORS MAY HAVE A GREATER IMPACT ON VALIDITY/PATENTABILITY

Claim construction can affect the ultimate outcome on validity/patentability. However, practitioners have suggested that where the PTAB and the district court reach inconsistent conclusions, the difference can be accredited to "additional circumstances, such as new prior art being presented between proceedings, a different burden of proof standard, or a party inadequately advocating for consistent claim constructions."[48] In an exemplary case, the Federal Circuit found that the different evidentiary standard justified the divergent outcomes. The Federal Circuit affirmed the validity of the patents on appeal from the district court,[49] but later affirmed their unpatentability on appeal from the PTAB.[50] The parties provided additional evidence to the PTAB that was not before the district court. Though the Federal Circuit stated it would have been "unsurprising that different records may lead to different findings and conclusions," the court stated that different outcomes could be justified even if the record was the same.[51] Citing *Cuozzo*, the Federal Circuit reiterated that different evidentiary burdens could result in inconsistent validity decisions.[52]

The Federal Circuit stated that its decision was consistent with *In re Baxter International, Inc*., wherein the court described an aspirational model when it stated that the USPTO "ideally should not arrive at a different conclusion" if it faces the same evidence and argument as a district court.[53] *In re Baxter International* involved an *ex parte* reexamination while a district court litigation was pending.[54] The district court held that Baxter's patent claims were valid, and the Federal Circuit affirmed that some claims were valid, vacating and remanding the royalty award.[55] The district court declined to stay the litigation pending the USPTO reexamination.[56] Prior to the district court reaching a final judgment, the USPTO reexamination concluded and affirmed the

48. Miyoung Shin & Peter Lee, *Finding Consistency Among Claim Construction Standards*, LAW360 (July 20, 2016, 11:13 AM EDT), https://www.law360.com/articles/817773/finding-consistency-among-claim-construction-standards.

49. Novartis Pharm. Corp. v. Watson Labs., Inc., 611 F. App'x 988, 990–97 (Fed. Cir. 2015).

50. Novartis AG v. Noven Pharm. Inc., 853 F.3d 1289, 1292–96 (Fed. Cir. 2017).

51. *Id.* at 1294.

52. *Id.* (quoting Cuozzo Speed Techs., LLC v. Lee, 136 S. Ct. 2131, 2146 (2016)).

53. *Id.* (quoting *In re* Baxter Int'l, Inc., 678 F.3d 1357, 1365 (Fed. Cir. 2012)).

54. Fresenius USA, Inc. v. Baxter Int'l, Inc., 721 F.3d 1330, 1332–33 (Fed. Cir. 2013).

55. *Id.* at 1333 (citing Fresenius USA, Inc. v. Baxter Int'l, Inc., 582 F.3d 1288, 1304 (Fed. Cir. 2009)).

56. *Id.* at 1335.

examiner's determination that the patent claims would have been obvious.[57] In affirming the decision of the USPTO reexamination finding unpatentability of the claims, the Federal Circuit observed that the examiner had based the rejections on references that were not at issue at the district court.[58] The Federal Circuit again weighed in to address the inconsistent outcomes, and held that its prior ruling of validity was not sufficiently final to preclude a cancellation of Baxter's patent claims in the USPTO; thus, the pending litigation was moot.[59]

CONCLUSION

Every case has its own facts and circumstances. Despite the rare cases where a particular phrase has been construed differently by a district court and by the PTAB, in practice, the *Phillips* and BRI claim construction standards have largely produced consistent results. Even in those cases, differing constructions can generally be attributed to the arguments of the parties, rather than discord between the standards. When confronted with the possibility of parallel proceedings, consider both standards early in litigation, advancing one consistent construction.

The Supreme Court recently handed down its decision in *Oil States Energy Services, LLC. v. Greene's Energy Group, LLC*, upholding, at least narrowly, the constitutionality of post-grant proceedings at the PTAB.[60] There may still be open issues, however, on questions of "takings," "retroactive application," and "due process" that remain to be resolved.[61] But, at least for now, post-grant proceedings at the PTAB are alive.

57. *Id.* (citing *Ex parte* Baxter Int'l, Inc., Appeal 2009-006493, 2010 WL 1048980, at *17 (B.P.A.I. Mar. 18, 2010)).

58. *Id.* (citing *In re* Baxter, 678 F.3d at 1365–66).

59. *Id.* at 1341, 1347.

60. No. 16-712, slip op. at 16–17, 584 U.S. __ (2018).

61. *Id.* at 17.