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Spotlight on Claim Construction before PTAB

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SPOTLIGHT ON CLAIM CONSTRUCTION BEFORE PTAB

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I. INTRODUCTION

The new America Invents Act (AIA) post-grant proceedings, *inter partes* review (IPR) and post-grant review (PGR), provide an opportunity for third parties to challenge issued patent claims in the United States Patent & Trademark Office (USPTO).¹ A third party requests an IPR or PGR via a petition, which is reviewed by a panel of three Patent Trial and Appeal Board (PTAB) judges against the threshold of “a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition” for an IPR² and “more likely than not that at least 1 of the claims challenged in the petition is unpatentable” for a PGR.³ If PTAB concludes that the threshold is met with respect to at least one challenged claim on at least one asserted ground, it then grants the petition and institutes an IPR or PGR.⁴ Ultimately, PTAB determines if the petitioner has shown by a preponderance of the evidence whether any challenged claims are unpatentable.⁵ There is no presumption of validity of the issued claims.

Claim construction plays a key role both in the institution decision⁶ and in the ultimate final written decision (FWD).⁷ PTAB

¹ 35 U.S.C. §§ 311, 321 (2012).

² 35 U.S.C. § 314(a).

³ 35 U.S.C. § 324(a).

⁴ *In re Schott Gemtron Corp.*, –F.3d– (Fed. Cir. Aug. 11, 2015), *aff’d sub nom.* *Schott Gemtron Corp. v. SSW Holding Comp., Inc.* (August 11, 2015), http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/15-1073.Rule_36_Judgment.8-10-2015.1.PDF [<http://perma.cc/KXH4-WH5R>] (stating that the Federal Circuit decided that it was acceptable for PTAB to institute on fewer than all challenged claims and/or fewer than all asserted grounds).

⁵ 35 U.S.C. §§ 318(a), 328(a); 37 C.F.R. § 42.1(d) (2015).

⁶ *adidas AG v. NIKE, Inc.*, No. IPR2013-00067, Paper 18, at 10 (P.T.A.B. May 17, 2014) (“As a first step in our analysis for determining whether to institute a trial,

has to construe the claims to review the patentability of a challenged claim against the grounds of unpatentability asserted in the petition. It may also have to construe the claims to assess entitlement to a priority date.⁸ In PGRs, where asserted grounds of unpatentability may include § 112 issues,⁹ the claims may have to be construed to assess compliance with § 112.

Both the petitioner and the patent owner may propose claim constructions prior to PTAB's institution decision. The petitioner must do so in the petition,¹⁰ and the patent owner may do so in the (optional) Patent Owner Preliminary Response (POPR).¹¹

For practitioners, therefore, the new AIA post-grant proceedings mean that PTAB is a whole new audience that must be taken into account when drafting patent applications. This article will discuss the role of claim construction in AIA post-grant proceedings, specifically analyzing PTAB's claim construction decisions in IPRs to date.¹² The article concludes with suggestions for patent drafting and prosecution based on the lessons learned from PTAB claim construction decisions so far.

II. CLAIM CONSTRUCTION STANDARDS USED BY PTAB

A. The “Broadest Reasonable Interpretation” (BRI) and Phillips¹³ Standards

PTAB determines the scope of unexpired claims according to their “broadest reasonable construction in light of the specification of the patent in which it appears.”¹⁴ According to the USPTO Rules

we construe the claims.”); *Corning Inc. v. DSM IP Assets B.V.*, No. IPR2013-00043, Paper 14, at 4 (P.T.A.B. May 13, 2013) (“As a step in our analysis for determining whether to institute a trial, we determine the meaning of the claims.”).

⁷ See, e.g., *adidas AG v. NIKE, Inc.*, No. IPR2013-00067, Paper 60, at 11-23 (P.T.A.B. Apr. 28, 2014); *Corning Inc. v. DSM IP Assets B.V.*, No. IPR2013-00043, Paper 95, at 8 (P.T.A.B. May 1, 2014). See Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research (July 1, 2015), <http://www.aiablog.com/claim-and-case-disposition/> [<http://perma.cc/N9Q8-RARZ>] (with thanks to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner).

⁸ See, e.g., *Butamax™ Advanced Biofuels LLC v. Gevo, Inc.*, No. IPR2013-00539, Paper 33 (P.T.A.B. Mar. 3, 2015).

⁹ 35 U.S.C. §321 (b).

¹⁰ 37 C.F.R. §§ 42.104(b)(3), 42.204(b)(3).

¹¹ 37 C.F.R. §§ 42.107, 42.207.

¹² As of Aug. 25, 2015, only 13 PGR petitions have been filed. Three have been instituted. Two settled prior to an institution decision.

¹³ *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), cert. denied, 126 S. Ct. 1332 (2006).

¹⁴ 37 C.F.R. § 42.100(b).

Commentary, this standard is consistent with the statute, case law, and Congressional intent:

This rule is consistent with the provisions of 35 U.S.C. 316, as amended.... This rule is also consistent with longstanding established principles of claim construction before the Office.¹⁵

For nearly thirty years, the United States Court of Appeals for the Federal Circuit has continued to require the Office to give patent claims their broadest reasonable construction consistent with the specification in patentability determination proceedings....The “broadest reasonable interpretation” standard has been well established for nearly thirty years in the judicial precedent for construing patent claims in patentability determination proceedings before the Office.¹⁶

The provisions of the Leahy-Smith America Invents Act indicate that the typical standard applicable to USPTO proceedings should apply as well to these trial proceedings.¹⁷

The Office and courts have been applying these standards for nearly thirty years when construing patent claims. Congress recognized the “broadest reasonable interpretation” standard in the legislative history of the AIA, and did not set forth a different standard or mandate the Office to apply the district court’s standard.¹⁸

In the first appeal of a PTAB FWD, *In re Cuozzo*, 793 F.3d 1268 (Fed. Cir. 2015), the Federal Circuit explicitly discussed the

¹⁵ Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012) (to be codified at 37 CFR Part 42); see *id.* at 48,690 for corresponding comment about post-grant reviews.

¹⁶ 77 Fed. Reg. 48,680, 48,697 (Aug. 14, 2012).

¹⁷ 77 Fed. Reg. 48,680, 48,697.

¹⁸ 77 Fed. Reg. 48,680, 48,698-99 48,688; see *id.* at 48, 690 for corresponding comment about post-grant reviews; see also Office Patent Trial Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) (to be codified at 37 CFR pt. 42) (“The Office has for decades employed the broadest reasonable interpretation standard to construe claims before the Office, and it will continue to do so in IPR, PGR, and CBM proceedings for construing challenged claims as well as any amended or new claims.”).

appropriateness of PTAB using a BRI standard in IPRs, and approved it. Cuozzo argued that the “broadest reasonable interpretation standard is inappropriate in an adjudicatory IPR proceeding.”¹⁹ The PTO argued that “the broadest reasonable interpretation is appropriately applied in the IPR context.”²⁰

The Federal Circuit upheld PTAB’s use of BRI:

This court has approved of the broadest reasonable interpretation standard in ...every PTO proceeding involving unexpired patents. ...There is no indication that the AIA was designed to change the claim construction standard that the PTO has applied for more than 100 years. ...Congress in enacting the AIA was well aware that the broadest reasonable interpretation standard was the prevailing rule. ...It can therefore be inferred that Congress impliedly adopted the existing rule of adopting the broadest reasonable construction....We conclude that Congress implicitly adopted the broadest reasonable interpretation standard in enacting the AIA.²¹

The Federal Circuit noted that regardless of the support from the past precedent, the USPTO’s AIA-implementing rule requiring application of BRI [37 C.F.R. §42.100(b)] was within the USPTO’s authority to make:

The broadest reasonable interpretation standard affects both the PTO’s determination of whether to institute IPR proceedings and the proceedings after institution and is within the PTO’s authority under the statute.... Even if the broadest reasonable interpretation standard were not incorporated into the IPR provisions of the statute, the standard was properly adopted by PTO regulation.²²

By contrast, a district court in litigation applies the *Phillips v. AWH Corp.*²³ standard, which is considered potentially narrower than BRI and should conform to the claim terms’ ordinary and customary

¹⁹ *In re Cuozzo*, 793 F.3d 1268, 1276 (Fed. Cir. 2015).

²⁰ *Id.*

²¹ *Id.* at 1276-1278.

²² *Id.* at 1278-1279.

²³ *Phillips*, 415 F.3d at 1303.

meaning²⁴, unless the patent applicant has acted as its own lexicographer or there is “clear disavowal.”²⁵ The Federal Circuit in *Phillips* echoed its opinion in *Markman v. Westview Instruments, Inc.*,²⁶ that the sources for determining how one of ordinary skill in the art would understand the claims are intrinsic evidence and extrinsic evidence.²⁷ Intrinsic sources are the claims, specification, and prosecution history.²⁸ Extrinsic evidence is everything beyond the patent and prosecution history, such as dictionaries and expert testimony. When the intrinsic evidence is unambiguous, a court should give no weight to extrinsic evidence.²⁹

There are three points that practitioners should realize about the difference in claim construction standards applied by PTAB and district courts. First, PTAB will not defer to a district court’s claim construction, if, for example, the patent is/was involved in preceding or contemporaneous litigation.³⁰ PTAB does not consider the district court’s claim construction “dispositive given the differences in claim interpretation standards[.]”³¹ This is true even if a party advocated for a claim construction in litigation different from the one proposed to

²⁴ *International Rectifier Corp. v. IXYS Corp.*, 361 F.3d 1363, 1370 (Fed. Cir. 2004) (finding that the ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention).

²⁵ *Id.* at 1370 (Fed. Cir. 2004) (“The presumption [of ordinary and customary meaning] will be overcome where the patentee, acting as his own lexicographer, has set forth a definition for the term different from its ordinary and customary meaning or where the patentee has disavowed or disclaimed scope of coverage, by using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.”).

²⁶ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979-81 (Fed. Cir. 1995) (en banc), *aff’d*, 517 U.S. 370 (1996).

²⁷ *See also Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996) (“Intrinsic evidence is the most significant source of the legally operative meaning of disputed claim language”).

²⁸ *Pfizer, Inc. v. Teva Pharmaceuticals USA, Inc.*, 429 F.3d 1364, 1373 (Fed. Cir. 2005) (quoting *Phillips*, 415 F.3d at 1313); *see also MBO Laboratories, Inc. v. Becton, Dickinson & Co.*, 474 F.3d 1323, 1330 (Fed. Cir. 2007); *Ortho-McNeil Pharmaceutical, Inc. v. Caraco Pharmaceutical Laboratories*, 476 F.3d 1321, 1326 (Fed. Cir. 2007) (“A person of ordinary skill in the art is deemed to have read the claim term in the context of the entire patent, including the other claims, the specification and the prosecution history.”).

²⁹ *Playtex Products, Inc. v. Procter & Gamble Co.*, 400 F.3d 901, 907 (Fed. Cir. 2005).

³⁰ *Google, Inc. v. Whitserve LLC*, No. IPR2013-00249, Paper 32, at 21-22 (P.T.A.B. Sept. 9, 2014).

³¹ *Chi Mei Innolux Corp. v. Semiconductor Energy Lab. Co., Ltd.*, No. IPR2013-00028, Paper 14, at 14 (P.T.A.B. Mar. 21, 2013).

PTAB in an IPR.³² PTAB has, however, upon independent review, occasionally arrived at the same construction as a district court.³³

Second, if the claims at issue in an IPR have expired, PTAB will apply a *Phillips* standard of claim construction.³⁴ The rationale for this is that BRI should not apply when the patent owner no longer has an opportunity to amend the claims.³⁵ If the claims will expire between institution and a final written decision, PTAB suggests the parties “address the differences, if any, between the broadest reasonable construction and the construction applied by a district court so that we can address them when we render a final written decision.”³⁶ PTAB has also noted that even if it is applying the *Phillips* standard, the other aspects of district court claim construction do not apply: “there still would be no presumption of validity in this proceeding and Petitioner’s burden of proof is still by a preponderance of the evidence. Also, we will not be applying a rule of construction with an aim to preserve the validity of claims.”³⁷

Finally, unlike district courts, PTAB so far has been relatively open to extrinsic evidence in claim construction in IPRs, including dictionaries, expert testimony, and technical standards.³⁸

³² *Research In Motion Corp. v. WI-LAN USA Inc.*, No. IPR2013-00126, Paper 10, at 13 (P.T.A.B. Jun. 20, 2013) (“[T]he Board may itself interpret a claim term as a matter of law notwithstanding what is or is not argued by a party. . . . The Board’s conclusion is not subject to any restriction based on a party’s contentions in another proceeding or even this proceeding.”).

³³ *SDI Techs., Inc. v. Bose Corp.*, No. IPR2013-00350, Paper 36, at 14-15 (P.T.A.B. Nov. 7, 2014) (“We recognize the differences in the claim construction framework employed by district courts, but nevertheless are persuaded that the district court’s construction is the broadest reasonable interpretation.”); *McClinton Energy Grp., LLC v. Magnum Oil Tools Int’l, Ltd.*, No. IPR2013-00231, Paper 31, at 10 (P.T.A.B. Sept. 21, 2014); *Purdue Pharma L.P. v. Depomed, Inc.*, No. IPR2014-00377, Paper 9, at 7 (P.T.A.B. Jul. 10, 2014); *Innolux Corp. v. Semiconductor Energy Lab. Co., Ltd.*, No. IPR2013-00064, Paper 11, at 10-11 (P.T.A.B. Apr. 30, 2013).

³⁴ *Cisco Sys., Inc. v. AIP Acquisition, LLC*, No. IPR2014-00247, Paper 17, at 3 (P.T.A.B. Jun. 26, 2014); *Innolux*, No. IPR2013-00064, Paper 11, at 10 (P.T.A.B. Apr. 30, 2013). See also, *Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board*, 80 Fed. Reg. 50,720 (Aug. 20, 2015) (in the Proposed Rules announced by the USPTO on Aug. 20, 2015, a change to Rule § 42.100(b) would codify that BRI applies to any claim that will not expire before an FWD: “(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”).

³⁵ *In re Yamamoto*, 740 F.2d 1569, 1572 (Fed Cir. 1984).

³⁶ *Samsung Elecs. Co., Ltd. v. Straight Path IP Grp., Inc.*, No. IPR2014-01366, Paper 12, at 6 (P.T.A.B. Mar. 6, 2015).

³⁷ *Cisco Sys., Inc. v. AIP Acquisition, LLC*, No. IPR2014-00247, Paper 17, at 3-4 (P.T.A.B. Jun. 26, 2014); *W. L. Gore & Assocs, Inc. v. Lifeport Scis. LLC*, No. IPR2014-01320, Paper 7, at 8 (P.T.A.B. Feb. 25, 2015).

³⁸ *St. Jude Med., Cardiology Div., Inc. v. Bd. of Regents of the Univ. of Mich.*,

B. Impact of *Teva*

In *Teva Pharms. USA, Inc. v. Sandoz Inc.*, 135 S. Ct. 831 (2015), the Supreme Court granted certiorari to consider the standard of review for claim construction on appeal.³⁹ The Supreme Court held that when the Federal Circuit reviews a district court's subsidiary factual determinations made in the course of claim construction, it must apply a "clear error" standard of review. For evidence intrinsic to the patent (the patent claims, specification, and prosecution history), however, this is solely a determination of law and will be reviewed on appeal *de novo*.

The Federal Circuit in *Cuozzo* indicated that *Teva* applied to PTAB claim construction decisions:

We review the Board's claim construction according to the Supreme Court's decision in *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, — U.S. —, 135 S.Ct. 831, 841, — L.Ed.2d — (2015). We review underlying factual determinations concerning extrinsic evidence for substantial evidence and the ultimate construction of the claim *de novo* Because there is no issue here as to extrinsic evidence, we review the claim construction *de novo*.⁴⁰

However, in *Oracle v. Google*, 606 Fed. Appx. 990 (Fed. Cir. March 20, 2015) (non-precedential), the Federal Circuit panel indicated that whether *Teva* applied to PTAB claim construction decisions remained an open question:

...the Supreme Court decided *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S.Ct. 831 (Jan. 20, 2015), which changed our standard of review of a district court's factual determinations in construing a claim. Because the Board did not base its construction in this case on any findings of fact, and instead only considered intrinsic evidence, we need not consider whether *Teva* also changes our standard of review on appeals from the Board. (*emphasis added*)⁴¹

No. IPR2013-00041, Paper 12, at 5-7 (P.T.A.B. May 2, 2013); *adidas AG v. NIKE, Inc.*, No. IPR2013-00067, Paper 18, at 12, 14 (P.T.A.B. May 17, 2014).

³⁹ *Teva Pharms. USA, Inc. v. Sandoz Inc.*, 135 S. Ct. 831, 836 (2015).

⁴⁰ *In re Cuozzo*, 793 F.3d at 1279 (Fed. Cir. 2015).

⁴¹ *Oracle Am., Inc. v. Google, Inc.*, 606 F. App'x 990, 993 n.1 (Fed. Cir. 2015).

In *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292 (Fed. Cir. 2015), the Federal Circuit opinion authored by Judge Prost reiterated the position set forth in *Cuozzo* that PTAB claim construction decisions are reviewed under the Teva standard:

As a general matter, we review the Board's conclusions of law de novo and its findings of fact for substantial evidence. See *In re Gartside*, 203 F.3d 1305, 1316 (Fed.Cir.2000). In *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, — U.S. —, 135 S.Ct. 831, — L.Ed.2d — – (2015), the Supreme Court clarified the standards of review for claim construction. Pursuant to Teva's framework and our review of Board determinations, we review the Board's ultimate claim constructions de novo and its underlying factual determinations involving extrinsic evidence for substantial evidence. See *Teva*, 135 S.Ct. at 841–42. In this case, because the intrinsic record fully determines the proper construction, we review the Board's claim constructions de novo. *Teva*, 135 S.Ct. at 840–42. To the extent the Board considered extrinsic evidence when construing the claims, we need not consider the Board's findings on that evidence because the intrinsic record is clear. See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1318 (Fed.Cir.2005) (en banc).⁴²

III. WHEN IS CLAIM CONSTRUCTION ADDRESSED DURING IPR?

Claim construction plays a central role throughout an IPR proceeding, from the filing of the petition until PTAB renders its FWD. In the petition, a petitioner may propose claim constructions favorable to securing institution and cancelation of the challenged claims. In the Patent Owner Preliminary Response (POPR), the Patent Owner may dispute Petitioner's proposed constructions and/or make its own proposed claim constructions, hoping to avoid the asserted prior art and persuade PTAB to deny the petition as a threshold matter.

In deciding whether to institute, PTAB considers both parties' proposed constructions, but ultimately does not have to adopt either and may construe claims independently.⁴³ If PTAB grants the IPR

⁴² *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1297 (Fed. Cir. 2015).

⁴³ *Research In Motion Corp. v. WI-LAN USA Inc.*, No. IPR2013-00126, Paper 10, at 13 (P.T.A.B. Jun. 20, 2013) (“[T]he Board may itself interpret a *Research In Motion Corp. v. WI-LAN USA Inc.*, No. IPR2013 claim term as a matter of law

petition, the trial will proceed based upon PTAB's construction adopted in the institution decision. The Patent Owner may challenge PTAB's institution decision constructions in its Patent Owner Response (POR) and in the oral hearing (if there is one). Likewise, Petitioner may raise claim constructions in its Reply to Patent Owner's Response and in the oral hearing (if there is one). Finally, in the FWD, PTAB adopts final claim constructions which may or may not be the same as in the institution decision.⁴⁴

A. *Petition*

The rules require an IPR petition to explain “[h]ow the challenged claim is to be construed,” as well as “[h]ow the construed claim is unpatentable.”⁴⁵ Thus, nearly all petitions address claim construction, at least superficially.⁴⁶

While not all claim terms require construction, the “failure to offer a construction of a term critical to understanding the scope of [challenged] claims” will likely doom a petition or the affected asserted ground.⁴⁷ Even if a petitioner proposes that a claim term be given its plain and customary meaning, PTAB may deny the petition or asserted ground if Petitioner does not adequately explain or cite sufficient evidence showing why that construction is appropriate.⁴⁸ The broad “plain meaning” approach with a proposed construction of an important term must be balanced against the risk that PTAB will consider the proposed construction broader than the claim's proper

notwithstanding what is or is not argued by a party.”).

⁴⁴ See, e.g., *Facebook, Inc. v. Rembrandt Soc. Media, LP*, IPR2014-00415, Paper 33, at 8 (P.T.A.B. Jun. 22, 2015) (“Having reviewed the parties’ arguments and evidence, we are persuaded that our initial construction of “privacy level information” is incorrect.”); see also *Biomarin Pharm. Inc. v. Duke University*, No. IPR2013-00535, Paper 86, at 7 (P.T.A.B. Feb. 23, 2015) (“In our Decision to Institute, we interpreted this phrase to refer to administering an immunosuppressant before the first administration of any hGAA within a particular administration interval. . . After considering the entire record before us now, the Specification of the ‘712 patent, and Patent Owner’s contentions in its Response, we reevaluate that claim construction.”).

⁴⁵ 37 C.F.R. § 42.104(b)(3)-(4) (2012).

⁴⁶ See, e.g., *Zetec, Inc. v. Westinghouse Elec. Co., LLC*, No. IPR2014-00384, Paper 10, at 6-7 (P.T.A.B. Jan. 28, 2014); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012) (“[I]t may be sufficient for a party to provide a simple statement that the claim terms are to be given their broadest reasonable interpretation, as understood by one of ordinary skill in the art and consistent with the disclosure.”).

⁴⁷ *Jiawei Tech. Ltd. v. Simon Nicholas Richmond*, No. IPR2014-00937, Paper 22, at 7-8 (P.T.A.B. Dec. 16, 2014); *Jiawei Tech. Ltd. v. Simon Nicholas Richmond*, No. IPR2014-00938, Paper 20, at 16-17.

⁴⁸ *Jiawei Tech. Ltd. v. Simon Nicholas Richmond*, No. IPR2014-00384, Paper 10, at 6-7 (P.T.A.B. Jul. 23, 2014).

scope.⁴⁹

For claims containing means-plus-function limitations, there is an added requirement that “the construction of the claim must identify the specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function.”⁵⁰ This requirement parallels the corresponding statutory provision for construing means-plus-function limitations.⁵¹ According to PTAB, the burden of construing means-plus-function limitations lies with Petitioner as part of showing that the challenged claims are unpatentable.⁵² PTAB will deny a petition rather than take up this burden and “speculate on the specific disclosure” that corresponds to the means-plus-function limitations.⁵³

PTAB has taken a strict approach to means-plus-function claims, denying petitions when Petitioner has provided no analysis or provided a partial or incomplete analysis. For example, in *Panel Claw, Inc. v. SunPower Corp.*, No. IPR2014-00388, Petitioner proposed only constructions of two means-plus-function terms.⁵⁴ According to the panel, this “purely functional construction” was insufficient because “[35 U.S.C. 112, 6th para.] requires a narrower construction . . . covering the corresponding structure, material, or acts described in the specification and equivalents thereof.”⁵⁵ Thus, in the petition, petitioners should have proposed claim constructions of any means-plus-function limitations in the challenged claims, providing a complete analysis that addresses both the functional aspects and the “corresponding structure, material, or acts described in the specification and equivalents thereof.” In the context of means-plus-function claims, therefore, § 112 arises, even though § 112 is not a basis for unpatentability in an IPR.⁵⁶

⁴⁹ See *Bear Archery, Inc. v. AMS, LLC*, No. IPR2014-00700, Paper 9, at 6-7 (P.T.A.B. Aug. 15, 2014).

⁵⁰ 37 C.F.R. § 42.104(b)(3) (2012).

⁵¹ 35 U.S.C. § 112(f).

⁵² *AToptech, Inc. v. Synopsys, Inc.*, No. IPR2014-01160, Paper 9, at 9 (P.T.A.B. Jan. 21, 2013).

⁵³ *AToptech, Inc. v. Synopsys, Inc.*, No. IPR2014-01160, Paper 9, at 17 (P.T.A.B. Jan. 21, 2013); see also *Ericsson Inc. v. Intellectual Ventures I LLC*, No. IPR2014-01331, Paper 9, at 6-7 (P.T.A.B. Feb. 24, 2015).

⁵⁴ *Panel Claw, Inc. v. SunPower Corp.*, No. IPR2014-00388, Paper 14, at 6-7 (P.T.A.B. Aug. 4, 2014).

⁵⁵ *Panel Claw, Inc. v. SunPower Corp.*, No. IPR2014-00388, Paper 14, at 7 (P.T.A.B. Aug. 4, 2014).

⁵⁶ See, e.g., *Space Exploration Technologies Corp. v. Blue Origin LLC*, No. IPR2014-01378, Paper 6 at 8 (P.T.A.B. March 3, 2015); *Ericsson Inc. v. Intellectual Ventures II LLC*, No. IPR2014-01170, Paper 9 at 7-8 (P.T.A.B. Feb. 17, 2015); *Research In Motion Corp. v. Multimedia Ideas LLC*, No. IPR2013-00036, Paper 65 at

. In order to properly propose a construction of a means-plus-function claim, petitioners need to first correctly identify the claims as such. In *Pride Solutions, LLC v. NOT DEAD YET Mfg., Inc.*, No. IPR2013-00627,⁵⁷ Petitioner did not treat the claims as means-plus-function claims in their proposed claim constructions, which meant it did not provide any evidence of how the prior art references should be applied to a means-plus-function claim, and the petition was denied.

B. Patent Owner's Preliminary Response

The POPR is optional for the Patent Owner. If filed, it is due within three months of the filing date accorded the petition, "setting forth the reasons why no *inter partes* review should be instituted."⁵⁸ The POPR allows the Patent Owner an opportunity to tell PTAB why it should not grant the petition. Patent Owners typically use the POPR to raise potentially dispositive threshold issues, such as time bars, real party-in-interest/privity issues, or defects in the petition. The POPR also provides an opportunity for the Patent Owner to attack the Petitioner's proposed claim constructions and/or provide its own proposed claim constructions.

Some Patent Owners choose not to file a POPR for strategic reasons, such as to allow institution and potentially gain estoppel against the petitioner or related parties,⁵⁹ to buy additional time to develop positions, to conserve costs and resources, or to retain the element of surprise for the post-institution phase. Given high institution and claim cancellation rates to date, however, the risk of not addressing claim construction in the POPR is very high.

If the Patent Owner does not address claim construction or dispute Petitioner's proposed constructions in its POPR, PTAB may simply adopt Petitioner's proposed constructions, as long as the

9 (P.T.A.B. March 7, 2014) and *Panel Claw, Inc. v. SunPower Corp.*, No. IPR2014-00388, Paper 14 at 7 (P.T.A.B. Aug. 4, 2014) (stating that although § 112 is not a ground of unpatentability that can be asserted in an IPR, PTAB denied petitions/terminated proceedings where PTAB considered the claims indefinite and therefore not amenable to construction. Without a claim construction, PTAB could not determine whether the claims were unpatentable on the asserted grounds. So far, these cases have involved means-plus-function claims.).

⁵⁷ *Pride Solutions, LLC v. NOT DEAD YET Mfg., Inc.*, No. IPR2013-00627, Paper 14 at 6, 11 (P.T.A.B. Mar. 17, 2014).

⁵⁸ 37 C.F.R. § 42.107 (2014).

⁵⁹ 35 U.S.C. § 315(e)(1) (2006) (find that if eventually there is a final written decision, petitioner "may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review."); 35 U.S.C. § 315(e)(2) (2006) (the estoppel applies to district court and ITC litigation).

constructions “do not appear unreasonable at this [preliminary] stage of the proceeding.”⁶⁰ If this happens, and trial is instituted based on the Petitioner’s proposed constructions, not only is Patent Owner faced with an instituted trial, but now possibly has to disabuse PTAB of Petitioner’s unfavorable constructions crafted to achieve cancelation of the claims. This can be quite an uphill battle, as PTAB to date has usually retained its institution constructions through trial and in the Final Written Decision.

It is also possible for PTAB to independently construe the claims in an unfavorable way to Patent Owner. This is possible whether or not the Patent Owner proposes claim constructions in the POPR, but not proposing claim constructions means PTAB does not have the benefit of Patent Owner’s arguments supporting its proposed claim constructions.

If the Patent Owner files a POPR, it has the opportunity to deploy an offensive claim construction weapon. A Petitioner may overlook or avoid construing a problematic claim term, leaving an opening for the Patent Owner to propose a construction for the key term that avoids the prior art. For example, in *BioDelivery Scis. Int’l, Inc. v. MonoSol Rx, LLC*, No. IPR2014-00794, the challenged claims recited the phrase “polymer matrix during film casting is a shear-thinning pseudoplastic fluid when exposed to shear rates of $10\text{-}10^5 \text{ sec}^{-1}$.”⁶¹ Petitioner proposed no construction for the term, but the Patent Owner in the POPR did.⁶² PTAB adopted Patent Owner’s proposed construction that the claimed polymer matrix must exhibit the claimed property throughout the entire range of $10\text{-}10^5 \text{ sec}^{-1}$, found that Petitioner did not identify any prior art disclosure that satisfied this requirement, and denied the petition for failing to demonstrate a reasonable likelihood of prevailing.⁶³

⁶⁰ See also *ButamaxTM Advanced Biofuels LLC v. Gevo, Inc.*, No. IPR2013-00539, Paper 9 at 8-12 (P.T.A.B. Mar. 4, 2014) (largely adopting Petitioner’s proposed constructions where Patent Owner did not file a POPR).

⁶¹ *BioDelivery Scis. Int’l, Inc. v. MonoSol Rx, LLC*, No. IPR2014-00794, Paper 7, at 5 (P.T.A.B. Nov. 5, 2014).

⁶² *BioDelivery Scis. Int’l, Inc. v. MonoSol Rx, LLC*, No. IPR2014-00794, Paper 7, at 5-6 (P.T.A.B. Nov. 5, 2014).

⁶³ *BioDelivery Scis. Int’l, Inc. v. MonoSol Rx, LLC*, No. IPR2014-00794, Paper 7, at 5-6 (P.T.A.B. Nov. 5, 2014).

C. Institution Decision

1. Claim Construction is an Essential Step in Determining Whether to Institute Trial

Claim construction has been an essential step in determining whether to institute an IPR.⁶⁴ In its institution decision, PTAB construes the meaning of claim terms it considers necessary to its detailed analysis of whether there is a reasonable likelihood that at least one of the challenged claims is unpatentable. Decisions to institute take into consideration Petitioner's proposed constructions, any attacks or proposed claim constructions made by the Patent Owner in the POPR, or any additional constructions proposed by Patent Owner. PTAB may also construe claim terms not addressed by either party.

2. Claim Construction May Serve as a Basis for Denial of Petition

PTAB has denied institution of IPR based on claim construction. In *Stryker Corp. v. Karl Storz Endoscopy-America, Inc.*, PTAB concluded that "under a broadest reasonable construction in light of the Specification, the recited term 'camera head' means an endoscopic video camera, which is a video camera that includes or is adapted to be connected to an endoscope."⁶⁵ Turning to the asserted references, PTAB found that the claim limitation, as construed, was not present in one of the references.⁶⁶ Furthermore, although another reference was found to disclose the limitation, PTAB held that Petitioner did not provide any reason to combine the references, and denied the petition.⁶⁷

In *Lenroc Co. v. Enviro Tech. Chemical Services, Inc.*, No. IPR2014-00382, for example, PTAB denied institution based on claim

⁶⁴ *Corning Inc. v. DSM IP Assets B.V.*, No. IPR2013-00043, Paper 14, at 4 (P.T.A.B. May 13, 2013).

⁶⁵ *Stryker Corp. v. Karl Storz Endoscopy-America, Inc.*, No. IPR2015-00673, Paper 9, at 9 (P.T.A.B. Aug. 3, 2015).

⁶⁶ *Stryker Corp. v. Karl Storz Endoscopy-America, Inc.*, No. IPR2015-00673, Paper 9, at 10 (P.T.A.B. Aug. 3, 2015) ("Petitioner does not direct us to any disclosure in Eto that describes the camera 1 or the transmitting/ receiving apparatus 150 as an endoscopic video camera.").

⁶⁷ *Stryker Corp. v. Karl Storz Endoscopy-America, Inc.*, No. IPR2015-00673, Paper 9, at 11 (P.T.A.B. Aug. 3, 2015) ("Petitioner does not provide any rationale for combining Eto and Okada to obtain the recited camera head (i.e., an endoscopic video camera) . . . [a]ccordingly, we are not persuaded that Petitioner has provided adequately articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.")

construction of the claim term “wetcake.”⁶⁸ Petitioner proposed to construe the phrase “cyanuric acid wetcake” as “a composition comprising cyanuric acid and water, where the amount of water in the composition is about 20-40% by weight.” Patent Owner argued Petitioner’s proposed construction fails to acknowledge that a wetcake is a wet solid, which is physically different from a dry solid. After reviewing the patent specification and prior art cited during the prosecution history, PTAB agreed with the Patent Owner, noting that they found the Petitioner’s expert’s testimony “is at odds with the intrinsic evidence.”⁶⁹

In *Toshiba Corporation v. Optical Devices, LLC*, No. IPR2014-01440, PTAB denied institution, adopting the meanings of certain claim terms as construed by a panel in a previous IPR proceeding (No. IPR2014-00302) for the same patent.⁷⁰ Based on these constructions, PTAB found that Petitioner had not established a reasonable likelihood of prevailing in showing unpatentability of any of the challenged claims.⁷¹ In the previous case, No. IPR2014-00302, the Petitioner did not propose specific constructions for any of the terms in the challenged claims, and PTAB adopted the Patent Owner’s proposed constructions.⁷² Thus, the parties’ strategies and PTAB’s rationale for claim construction in one proceeding may impact other related PTAB proceedings.

3. Whose Construction Prevails in the Institution Decision

In applying the BRI standard, PTAB may adopt Petitioner’s

⁶⁸ *Lenroc Co. v. Enviro Tech. Chemical Services, Inc.*, No. IPR2014-00382, Paper 12, at 6-7, 16 (P.T.A.B. Jul. 24, 2014).

⁶⁹ *Lenroc Co. v. Enviro Tech. Chemical Services, Inc.*, No. IPR2014-00382, Paper 12, at 12 (P.T.A.B. Jul. 24, 2014), *see also* *AVX Corp. v. Greatbatch, Inc.*, IPR2015-00710, Paper 9 at 6, 20-22 (P.T.A.B. Aug. 12, 2015) (finding that where PTAB independently construed the claim limitation, “laminar delamination gap” and, under PTAB’s construction, the asserted prior art did not contain the claim limitation, and the petition was denied).

⁷⁰ *Toshiba Corp. v. Optical Devices, LLC*, IPR2014-01440, Paper 7, at 7 (P.T.A.B. Mar. 10, 2015) (“The panel that denied institution in the IPR2014-00302 . . . (“the 302 panel”) construed this term . . . The parties agree that the term “focal plane” should be construed here, as it was construed by the 302 panel . . . We are persuaded that, for purposes of this decision, the 302 panel’s construction is the broadest reasonable construction consistent with the ordinary and customary meaning of the term and with the Specification of the ‘913 patent and adopt it.”).

⁷¹ *Toshiba Corp. v. Optical Devices, LLC*, IPR2014-01440, Paper 7, at 16 (P.T.A.B. Mar. 10, 2015).

⁷² *Panasonic Corp. v. Optical Devices, LLC*, IPR2014-00302, Paper 9, at 7-9 (P.T.A.B. Jul. 11, 2014).

proposed constructions or Patent Owner's proposed constructions.⁷³ PTAB also may independently construe the claims.

a. Petitioner's Construction

While both parties may propose claim constructions before PTAB's institution decision, Petitioners are allowed submit expert declarations or other extrinsic evidence with their petitions to support their proposed constructions. In contrast, to date, patent owners in their POPRs are not allowed to submit newly-generated expert declarations to support their own proposed constructions.⁷⁴

b. PTAB's Construction

As noted above, PTAB may construe claim terms independently of the parties' proposed constructions. Often, PTAB may find a need to set forth its own interpretation of claims to provide more precisely the ordinary and customary meaning in the art under the BRI standard. In *Oracle Corporation v. Clouding IP, LLC*, No. IPR2013-00088, the challenged independent claims each recited "references to the determined data manipulation operations."⁷⁵ Oracle contended that "references to the determined data manipulation operations" should be construed as "an identifier, such as a URL link, that provides a way of locating and accessing the determined data manipulation operations." Patent Owner argued that "references to the determined data manipulation operations" should be construed as "an identifier corresponding to an available data manipulation operation." Construing the limitation independently, PTAB noted that it "is essentially the same as those proffered by Oracle and by Clouding IP, only stated more precisely."⁷⁶

c. Application of the Phillips Standard to Expired Patent Claims

For claims of an expired patent, PTAB will apply a *Phillips*

⁷³ 37 C.F.R. §§ 42.100, 42.200 (2014).

⁷⁴ 37 C.F.R. § 42.107(c) (2014); Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50,720 (Aug. 20, 2015) (on August 20, 2015, the USPTO released proposed Amendments to the Rules of Practice for Trials before PTAB that would allow patent owners to include expert declarations and other testimonial evidence generated for the IPR in their response to a petition).

⁷⁵ *Oracle Corp. v. Clouding IP, LLC*, No. IPR2013-00088, Paper 7 (P.T.A.B. May 14, 2013).

⁷⁶ *Oracle Corp. v. Clouding IP, LLC*, No. IPR2013-00088, Paper 7 at 9-10 (P.T.A.B. May 14, 2013).

standard similar to that of a district court's review.⁷⁷ Since Patent Owner can no longer amend the claims, the BRI standard is not appropriate.⁷⁸

D. Motions to Amend

In motions to amend, Patent Owners may propose cancellation of originally-challenged claims or propose substitute claims.⁷⁹ To date, PTAB, however, has denied nearly all motions to amend proposing substitute claims. Sometimes the denial is based on a Patent Owner's failure to propose a reasonable claim construction for new claim terms in proposed substitute claims.⁸⁰

In a motion to amend, “[a] patent owner should identify specifically the feature or features added to each substitute claim, . . . including construction of new claim terms[.]”⁸¹ In *JDS Uniphase Corp. v. Fiber, LLC*, No. IPR2013-00318, Patent Owner introduced two new claim terms—“communications” and “fiber”—in its proposed substitute claims.⁸² The Motion to Amend, however, did not suggest a claim construction.⁸³ Without a reasonable construction of the new claim terms, PTAB concluded, “Patent Owner’s Motion does not provide adequate information for us to determine whether its proposed substitute claims are patentable over the prior art

⁷⁷ *Innolux Corp. v. Semiconductor Energy Laboratory Co., Ltd.*, No. IPR2013-00064, Paper 11, at 10-11 (Apr. 30, 2013) (citing *In re Rambus, Inc.*, 694 F.3d 42, 46 (Fed. Cir. 2012)).

⁷⁸ Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50,720 (Aug. 20, 2015) (in the Proposed Rules announced by the USPTO on Aug. 20, 2015, a change to Rule § 42.100(b) would codify that BRI applies to any claim that will not expire before an FWD: “(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”).

⁷⁹ 35 U.S.C. § 316 (a)(9) (2006).

⁸⁰ See also *infra* Article 6, Stacy Lewis and Tom Irving, *Amending Rather Than Cancelling Claims in Inter Partes Reviews*.

⁸¹ See *Idle Free Sys., Inc. v. Bergstrom, Inc.*, No. IPR2012-00027, Paper 26, at 7 (P.T.A.B. Jun. 11, 2013); see also *Nichia Corp. v. Emcore Corp.*, No. IPR2012-00005, Paper 68 at 49-50 (P.T.A.B. Feb. 11, 2014); *Google Inc. and Apple Inc. v. Jongerius Panoramic Technologies, LLC*, No. IPR2013-00191, Paper 70, at 50 (P.T.A.B. Aug. 12, 2014); *LaRose Indus., LLC v. Capriola Corp.*, No. IPR2013-00120, Paper 37, at 13 (P.T.A.B. Jun. 26, 2014).

⁸² *JDS Uniphase Corp. v. Fiber, LLC*, No. IPR2013-00318, Paper 45, at 47 (P.T.A.B. Dec. 5, 2014).

⁸³ *JDS Uniphase Corp. v. Fiber, LLC*, No. IPR2013-00318, Paper 45, at 47 (P.T.A.B. Dec. 5, 2014); see also *Google Inc. and Apple Inc. v. Jongerius Panoramic Technologies, LLC*, No. IPR2013-00191, Paper 70, at 50 (P.T.A.B. Aug. 12, 2014).

generally.”⁸⁴ Similarly in *CBS Interactive Inc. v. Helferich Patent Lic., LLC*, No. IPR2013-00033,⁸⁵ PTAB found that the Patent Owner did not meet its burden of proof because it did not explain whether the claim construction for a means-plus-function limitation in original claims applied to the new limitation in proposed substitute claims.⁸⁶

Even when a motion to amend includes a proposed claim construction for new claim terms, PTAB may disagree with the proposed construction.⁸⁷ Simply proposing a claim construction in a motion to amend proposing substitute claims does not automatically mean PTAB will adopt it.

PTAB does not analyze the proposed substitute claims in a vacuum, but in the context of all filings in the IPR to date, and motions to amend come after the decision on institution. In one case, in its Motion to Amend, the Patent Owner attempted to re-visit the institution claim construction of the original challenged claims. PTAB found such an attempt improper and maintained the institution claim construction for those claims.⁸⁸ Therefore, in proposing claim constructions in Motions to Amend proposing substitute claims, Patent Owners should take into account, and try to ensure consistency with, PTAB’s institution claim constructions. Or very specifically argue why the institution claim constructions should not apply. After all, proposed substitute claims replace originally challenged claims: “Each proposed claim should be traceable to an original challenged claim as a proposed substitute for that claim.”⁸⁹ PTAB is not likely to adopt a new proposed claim construction that would render the claim construction of the originally challenged claims surplus or contradictory.

⁸⁴ *JDS Uniphase Corp. v. Fiber, LLC*, No. IPR2013-00318, Paper 45, at 48 (P.T.A.B. Dec. 5, 2014).

⁸⁵ *CBS Interactive Inc. v. Helferich Patent Lic., LLC*, No. IPR2013-00033, Paper 122 at 50, 51-52 (P.T.A.B. Mar. 3, 2014), *aff’d*, *Helferich Patent Licensing, LLC v. CBS Interactive, Inc.*, 599 Fed.Appx. 955 (Fed. Cir. April 8, 2015).

⁸⁶ *CBS Interactive Inc. v. Helferich Patent Lic., LLC*, No. IPR2013-00033, Paper 122 at 52 (P.T.A.B. Mar. 3, 2014).

⁸⁷ *Microsoft Corp. v. Surfcast, Inc.*, No. IPR2013-00292, -00293, -00294, and -00295, Paper 93, at 44-45 (P.T.A.B. Oct. 14, 2014) (disapproving of claim construction that improperly imports limitations from the specification into the claims); *see also* *Google Inc. v. Jongerius Panoramic Technologies, LLC*, IPR2013-00191, Paper 70, at 49-50 (P.T.A.B. Aug. 12, 2014); *Spectra Logic Corp. v. Overland Storage Inc.*, No. IPR2013-00357, Paper 26, at 31-32 (P.T.A.B. Nov. 7, 2014); *Tandus Flooring, Inc. v. Interface, Inc.*, No. IPR2013-00333, Paper 67, at 55 (P.T.A.B. Dec. 8, 2014).

⁸⁸ *Google Inc. v. Jongerius Panoramic Technologies*, No. IPR2013-00191, Paper 70, at 50 (P.T.A.B. Aug. 12, 2014).

⁸⁹ *See Nichia Corp. v. Emcore Corp.*, No. IPR2012-00005, Paper 68, at 50 (P.T.A.B. Feb. 11, 2014).

E. Final Written Decision (FWD)

In IPR proceedings as of July 1, 2015, PTAB addressed claim construction in 96% of its FWDs.⁹⁰ Among those decisions, 96% of the FWDs applied the “broadest reasonable interpretation” (BRI) standard for construction of claim terms in an unexpired patent.⁹¹ In the few cases where the challenged claims had expired or expired after institution, PTAB applied the *Phillips* standard.⁹² PTAB reasons that for claims of an expired patent, its interpretation of the claims is similar to that of a district court’s review.⁹³

In *Amkor Technology, Inc. v. Tessera, Inc.*, No. IPR2013-00242, Patent Owner communicated its intent to file a terminal disclaimer in the patent at issue in the IPR, and asked PTAB to apply the *Phillips* standard because, with the terminal disclaimer, the claims would expire before the proceeding would end.⁹⁴ Patent Owner also “requested authorization, if the terminal disclaimer is filed, to file a motion to terminate the proceeding on the basis that the Board applied the broadest reasonable interpretation standard in the decision to institute this *inter partes* review.”⁹⁵

Patent Owner subsequently filed its terminal disclaimer and notified PTAB, six months after the institution decision and four months after the Patent Owner Response. Patent Owner also filed a

⁹⁰ Source: Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research, <http://www.aiablog.com/claim-and-case-disposition/> [<http://perma.cc/N9Q8-RARZ>] (with courtesy extended to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner).

⁹¹ Source: Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research, <http://www.aiablog.com/claim-and-case-disposition/> [<http://perma.cc/N9Q8-RARZ>] (with courtesy extended to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner); see also 37 C.F.R. § 42.100(b).

⁹² *Facebook, Inc. v. Software Rights Archive, LLC*, No. IPR2013-00481, Paper 54, at 5 (P.T.A.B. Jan. 29, 2015) (accepting Patent Owner’s construction consistent with those set forth in the on-going district court litigation); see also *Universal Remote Control, Inc. v. Universal Elecs., Inc.*, IPR2013-00127, Paper 32, at 5 (P.T.A.B. Jun. 30, 2014).

⁹³ *Facebook, Inc. v. Software Rights Archive, LLC*, No. IPR2013-00481, Paper 54 at 5; *In re Rambus, Inc.*, 694 F.3d 42, 46 (Fed. Cir. 2012). Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50,720 (Aug. 20, 2015) (in the Proposed Rules announced by the USPTO on Aug. 20, 2015, a change to Rule § 42.100(b) would codify that BRI applies to any claim that will not expire before an FWD: “(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”).

⁹⁴ *Amkor Technology, Inc. v. Tessera, Inc.*, No. IPR2013-00242, Paper 117 at 2 (P.T.A.B. Apr. 14, 2014).

⁹⁵ *Amkor Technology, Inc. v. Tessera, Inc.*, No. IPR2013-00242, Paper 117 at 2 (P.T.A.B. Apr. 14, 2014).

request for rehearing of the decision to institute, but it did not raise any objection to the BRI standard applied by PTAB in its institution decision.

PTAB was not willing to allow the Patent Owner to “change the standard at the last minute[,]” and ordered the terminal disclaimer “held in abeyance” until the IPR was finished.⁹⁶ In the POR, Patent Owner did not raise any objection to PTAB’s institution claim constructions. Instead, “Patent Owner cited and expressly applied the interpretations provided in the Decision on Institution.”⁹⁷ PTAB appeared unhappy with the notion of changing the claim construction standard so late in the proceeding: “had numerous opportunities to challenge our application of the broadest reasonable interpretation standard, or any of our interpretations based on that standard, but waited until the last minute to raise the prospect of filing a terminal disclaimer.”⁹⁸ PTAB agreed with Petitioner that there could be abuse of the proceeding if “[a] patent owner could participate fully in a proceeding, wait and see what arguments are made by the petitioner and how the proceeding develops, and then, at the very last minute, disclaim the remaining term of the patent and disrupt the entire proceeding.”⁹⁹

1. *What Influences Claim Construction in the FWD?*

While PTAB’s BRI of claim terms in most cases is based on the intrinsic evidence (i.e., the claims, specification, and prosecution history), PTAB also refers to extrinsic evidence to support its claim constructions. This extrinsic evidence includes evidence regarding how a person of ordinary skill in the art would interpret claim terms and the disclosure of the specification. If the intrinsic evidence does not provide a definition of a claim term, PTAB really only has extrinsic evidence as a guide.^{100,101} Extrinsic evidence is more

⁹⁶ Amkor Technology, Inc. v. Tessera, Inc., No. IPR2013-00242, Paper 129 at 3 (P.T.A.B. May 22, 2014).

⁹⁷ Amkor Technology, Inc. v. Tessera, Inc., No. IPR2013-00242, Paper 129 at 3 (P.T.A.B. May 22, 2014).

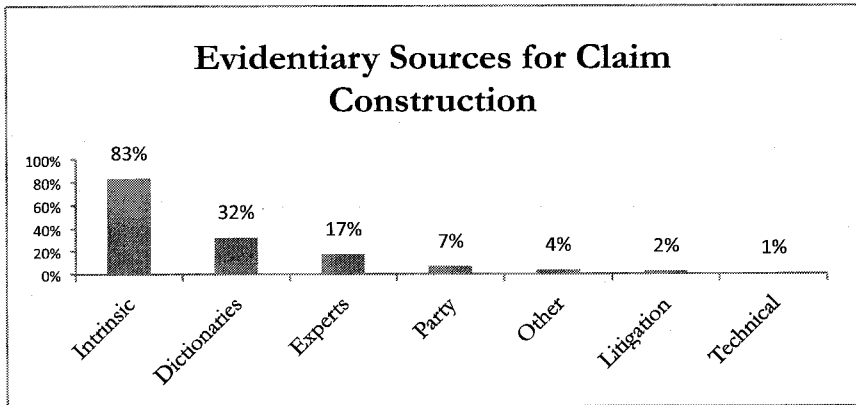
⁹⁸ Amkor Technology, Inc. v. Tessera, Inc., No. IPR2013-00242, Paper 129 at 8 (P.T.A.B. May 22, 2014).

⁹⁹ Amkor Technology, Inc. v. Tessera, Inc., No. IPR2013-00242, Paper 129 at 11-12 (P.T.A.B. May 22, 2014).

¹⁰⁰ See generally *infra* Article 8, Amanda Murphy et al., *Adjusting for the New Normal: Thoughts on Enhancing the Possibilities of Success for the Patent Owner in an AIA Post-Grant Proceeding*.

¹⁰¹ See, e.g., Apple, Inc. v. Achates Ref. Pub., Inc., No. IPR2013-00080, Paper 21 (P.T.A.B. June 3, 2013) Apple, Inc. v. Achates Ref. Pub., Inc., No. IPR2013-00080, Paper 90 (P.T.A.B. June 2, 2014); Veeam Software Corp. v. Symantec Corp., No.

accessible to PTAB under the BRI standard, as opposed to the *Phillips* standard under which intrinsic sources (claims, specification, and prosecution history) are paramount.¹⁰² The following chart illustrates statistical data for PTAB's reliance on the various evidentiary sources for claim construction.^{103,104}



a. Dictionaries

PTAB relies on dictionaries to support the plain meaning of a claim term. For example, in *Berk-Tek v. Belden*, No. IPR2013-00057, PTAB agreed with Petitioner's proposed construction of the term "circumferential," citing a standard dictionary to support that the construction was consistent with the ordinary meaning of the term.¹⁰⁵ Where the specification lacks a definition of a claim term at issue, PTAB has relied on the dictionary definition to support its own construction of a plain meaning of the claim term.¹⁰⁶

IPR2013-00141, Paper 50, at 7 (P.T.A.B. July 29, 2014) (relying on a technical dictionary to define certain claim terms).

¹⁰² *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (*en banc*).

¹⁰³ Source: Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research, (with courtesy extended to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner).

¹⁰⁴ Thomas Irving et al., *Teva's Effect on Review of PTAB Claim Construction Rulings*, LAW360 (May 11, 2015), <http://www.law360.com/articles/650953/teva-s-effect-on-review-of-ptab-claim-construction-rulings> [<http://perma.cc/Y27Z-SPBK>]. (citing Finnegan research, as of April 1, 2015).

¹⁰⁵ *Berk-Tek v. Belden*, No. IPR2013-00057, Paper 46, at 11 (P.T.A.B. Mar. 18, 2014).

¹⁰⁶ *Zodiac Pool Systems, Inc., v. Aqua Products, Inc.*, No. IPR2013-00159, Paper 71, at 12–13 (P.T.A.B. Aug. 22, 2014); see also *St. Jude Med., Inc. v. The Bd. of Regents of The Univ. of Mich.*, No. IPR2013-00041, Paper 12 (P.T.A.B. May 2, 2013) (construing the "plain and ordinary meaning" of "alcohol" to include trihydric alcohols based on a dictionary, while noting that the specification did not indicate

b. Expert Testimony

PTAB has also relied on expert testimony, another form of extrinsic evidence, in support of its claim constructions. Rather than adopting the expert testimony directly, PTAB has considered the expert testimony on how a person of ordinary skill in the art would interpret claim terms or the disclosure of the specification regarding the claim terms.¹⁰⁷ The expert testimony needs to identify underlying facts or data on which the opinion is based.¹⁰⁸ Often, PTAB will not credit the expert testimony when it stands alone without accounting for the specification.¹⁰⁹

In *Game Show Network, LLC v. John H. Stephenson*, No. IPR2013-00289, the claim phrase at issue was “playing a game of skill in a qualifying round between a single player and the host computer.”¹¹⁰ In its Decision on Institution, PTAB interpreted the above-quoted term to mean playing a game of skill in a qualifying round, where the game includes only one human player and is at least administered by a host computer.¹¹¹ Petitioner agreed with PTAB, but the Patent Owner did not. Both parties argued that the specification was consistent with their respective proposed constructions. In the FWD, PTAB reviewed the expert testimony from both sides regarding how a person of ordinary skill in the art would interpret the specification.¹¹² PTAB gave more weight to Petitioner’s expert than Patent Owner’s, finding that the Petitioner’s

departure from the ordinary meaning or disavowal of the full scope of “alcohol”).

¹⁰⁷ See *Carl Zeiss SMT GmbH v. Nikon Corp.*, No. IPR2013-00362, Paper 41 (P.T.A.B. Nov. 4, 2014); *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368, Paper 94 (P.T.A.B. Dec. 9, 2014) (weighing the expert declarations from both parties);

Ariosa Diagnostics v. Isis Innovation, Ltd., No. IPR2012-00022, Paper 166, at 20–26 (P.T.A.B. Sept. 2, 2014) (noting that PTAB’s interpretation for the claim limitation is consistent with the construction used by Isis’s expert at trial).

¹⁰⁸ See 37 C.F.R. § 42.65(a) (2015) (“Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight.”); *Toyota Motor Corp. v. American Vehicular Scis. L.L.C.*, No. IPR2013-00416, Paper 54, at 10–11 (P.T.A.B. Dec. 5, 2014).

¹⁰⁹ *ZTE Corp. v. ContentGuard Holdings, Inc.*, No. IPR2013-00133, Paper 61, at 21 (P.T.A.B. Jul. 1, 2014); see also *Berk-Tek LLC v. Belden Techs. Inc.*, No. IPR2013-00069, Paper 24, at 13 (P.T.A.B. Apr. 28, 2014).

¹¹⁰ *Game Show Network, L.L.C. v. Stephenson*, No. IPR2013-00289, Paper 8, at 6 (P.T.A.B. Nov. 11, 2013).

¹¹¹ *Game Show Network, L.L.C. v. Stephenson*, No. IPR2013-00289, Paper 8, at 6 (P.T.A.B. Nov. 11, 2013).

¹¹² *Game Show Network, L.L.C. v. Stephenson*, No. IPR2013-00289, Paper 51, at 10–11 (P.T.A.B. Nov. 7, 2013).

testimony “is consistent with the words from the specification.”¹¹³

c. Party Admission

PTAB has relied on party admissions during trial.¹¹⁴ For instance, in *Redline Detection, LLC v. Star EnviroTech, Inc.*, No. IPR2013-00106, PTAB construed several disputed claim terms in its FWD, citing transcripts of the oral hearing as party admissions.¹¹⁵

d. Related PTAB Proceedings

PTAB has adopted the claim construction of another PTAB proceeding for the same terms of related patents. For example, in *SAP America, Inc. v. Lakshmi Arunachalam*, No. IPR2013-00194, PTAB considered the construction it adopted for the claim term “Web application” in CBM2013-00013.¹¹⁶ PTAB also considered the claim construction for the same term adopted in No. IPR2014-00413 for a patent issued from the parent application.¹¹⁷ PTAB found the construction in those related proceedings applicable, and adopted it for this proceeding.¹¹⁸

e. Related District Court Litigation

PTAB has adopted claim constructions set forth in district court litigation.¹¹⁹ In *Kyocera Corp. v. Softview LLC*, No. IPR2013-00007, for instance, PTAB construed the claim terms as they were construed by the district court in co-pending litigation.¹²⁰ Instead of merely

¹¹³ *Game Show Network, L.L.C. v. Stephenson*, No. IPR2013-00289, Paper 51, at 10–11 (P.T.A.B. Nov. 7, 2013).

¹¹⁴ *See ScentAir Techs., Inc. v. Prolitec, Inc.*, No. IPR2013-00179, Paper 60 (P.T.A.B. June 26, 2014).

¹¹⁵ *Redline Detection, L.L.C. v. Star EnviroTech, Inc.*, No. IPR2013-00106, Paper 66, at 9–12 (P.T.A.B. June 30, 2014).

¹¹⁶ *SAP Am., Inc. v. Arunachalam*, No. IPR2013-00194, Paper 67, at 12 (P.T.A.B. Sept. 18, 2014).

¹¹⁷ *SAP Am., Inc. v. Arunachalam*, No. IPR2013-00194, Paper 67, at 12–13 (P.T.A.B. Sept. 18, 2014) (citing *SAP Am., Inc. v. Pi-Net, Int'l*, CBM2013–00013, Paper 13, at 25 (P.T.A.B. June 27, 2013)).

¹¹⁸ *SAP Am., Inc. v. Arunachalam*, No. IPR2013-00194, Paper 67, at 14 (P.T.A.B. Sept. 18, 2014).

¹¹⁹ *McClinton Energy Grp., L.L.C. v. Magnum Oil Tools Int'l, Ltd.*, No. IPR2013-00231, Paper 32 (P.T.A.B. Sept. 2, 2014); *Universal Remote Control, Inc. v. Universal Elecs., Inc.*, No. IPR2013-00127, Paper 32 (P.T.A.B. June 30, 2014); *Intellectual Ventures Mgmt, Inc. v. Xilinx, Inc.*, No. IPR2012-00023, Paper 35 (P.T.A.B. Feb. 11, 2014); *Veeam Software Corp. v. Symantec Corp.*, No. IPR2013-00150, Paper 54 (P.T.A.B. July 29, 2014).

¹²⁰ *Kyocera Corp. v. Softview LLC*, No. IPR2013-00007, No. IPR2013-00256, Paper 53 (P.T.A.B. Mar. 27, 2014).

adopting the district court's construction, however, PTAB carefully showed that the district court construction was consistent with BRI.¹²¹ In contrast, in *Google, Inc. v. Whitserve LLC*, No. IPR2013-00249, PTAB noted it was not obligated to follow a court's claim construction.¹²²

f. Technical Standards

Apart from the use of dictionary definitions discussed above, technical standards in the relevant field have occasionally been relied upon in an FWD in support of PTAB's interpretation of claim terms.¹²³

2. Whether PTAB Changes or Maintains its Institution Constructions

In most cases, PTAB maintains the claim construction adopted in the institution decision in the FWD. Generally, if the parties do not dispute PTAB's institution constructions, or no further dispositive evidence arises, there is no reason to stray from the constructions set forth in the institution decision.¹²⁴ However, there are cases where PTAB reconsidered and changed its institution construction in the FWD, even without a party objecting. For example, in *Harmonic, Inc., v. Avid Technology, Inc.*, No. IPR2013-00252, PTAB stated:

¹²¹ *Kyocera Corp. v. Softview LLC.*, No. IPR2013-00007, No. IPR2013-00256, Paper 20 (P.T.A.B. Mar. 29, 2013).

¹²² *Google, Inc. v. Whitserve L.L.C.*, No. IPR2013-00249, Paper 32, at 18 (P.T.A.B. Sept. 9, 2014).

¹²³ *Synopsys, Inc. v. Mentor Graphics Corp.*, No. IPR2012-00042, Paper 60, at 19–20 (P.T.A.B. Feb. 19, 2014) (agreeing that the definition set forth in IEEE standards cited by the expert is the ordinary and customary meaning of the claim term “instrumentation”).

¹²⁴ *Redline Detection*, No. IPR2013-00106, Paper 66, at 8 (P.T.A.B. June 30, 2014) (“For purposes of our decision to institute *inter partes* review, we set forth initial claim constructions for several disputed claim terms. We now construe those terms under the broadest reasonable interpretation standard for this final written decision. Nevertheless, to the extent that the parties do not dispute our constructions of claim terms or have indicated that the terms need not be construed expressly to support their arguments, we adopt the constructions set forth in the decision to institute.”); *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, No. IPR2013-00132, Paper 43, at 10 (P.T.A.B. Jul. 24, 2014) (“The parties do not dispute these interpretations in their Patent Owner Responses and Replies, and we incorporate our previous analysis for purposes of this decision.”); *LaRose Indus., L.L.C. v. Capriola Corp.*, No. IPR2013-00120, Paper 37, at 13 (P.T.A.B. June 26, 2014) (“Neither Patent Owner nor Petitioner challenges our interpretation in the decision to institute of certain terms of claim 1, 12, 18, and 26 that also appear in substitute claims 28–31. Paper 22, 2–7. Because the interpretations of those terms are not challenged, to the extent that they are necessary for assessing the application of the cited art to the substitute claims, they are adopted for purposes of this final decision.”).

In our Decision on Institution, we adopted Petitioner’s proposed construction for the claim phrase “input switch . . . capable of controlling the video data flow rate” as “controlling the time, duration, and rate at which video data flows into the selected input lines, and includes some level of control beyond simply turning flow on or off.” Dec. on Institution 11; see Pet. 12. Patent Owner does not dispute the claim construction of the aforementioned claim phrase. . . . Upon further review of the ‘291 Patent Specification, the inclusion of “into the selected input lines” is not consistent with the ‘291 Patent Specification. . . . Accordingly, applying the broadest reasonable construction standard, we now construe “input switch . . . capable of controlling the video data flow rate” as “controlling the time, duration, and rate at which video data flows, and includes some level of control beyond simply turning flow on or off.”¹²⁵

Sometimes PTAB identifies an additional claim term that was not construed by the parties or in the institution decision and considers it necessary to construe that term to resolve the IPR. In this case, PTAB may construe the term for the first time in the FWD. For example, in *Harmonic, Inc., v. Avid Technology, Inc.*, No. IPR2013-00252, PTAB acknowledged that it did not construe the claim limitation “a predefined period of time” in its institution decision but construed it in the FWD.¹²⁶

A change in the panel may affect the claim construction in the FWD as well. In *Smith & Nephew, Inc. v. Convatec Technologies, Inc.*, No. IPR2013-00102, a panel consisting of Judges Tierney, Green, and Guest delivered the institution decision containing PTAB’s initial constructions.¹²⁷ The FWD panel included Judge Snedden in place of Judge Tierney.¹²⁸ Judge Snedden wrote a concurring opinion in the FWD disagreeing with the majority’s institution construction of a key term while concurring with the majority’s unpatentability

¹²⁵ *Harmonic, Inc., v. Avid Tech., Inc.*, No. IPR2013-00252, Paper 27, at 8–9 (P.T.A.B. July 10, 2014).

¹²⁶ *Harmonic, Inc., v. Avid Tech., Inc.*, No. IPR2013-00252, Paper 27, at 10 (P.T.A.B. July 10, 2014).

¹²⁷ *Smith & Nephew, Inc. v. Convatec Techs., Inc.*, No. IPR2013-00102, Paper 9 (P.T.A.B. May 31, 2013).

¹²⁸ *Smith & Nephew, Inc. v. Convatec Techs., Inc.*, No. IPR2013-00102, Paper 87, at 62 (P.T.A.B. May 29, 2014).

conclusion.¹²⁹ The Patent Owner appealed, and the Federal Circuit affirmed without opinion.¹³⁰

Finally, the parties' positions taken during the IPR and additional evidentiary material submitted during discovery may affect the claim construction adopted in the FWD, as explained in the next section.¹³¹

3. *The Effect of Discovery on FWD Constructions*

Additional extrinsic evidence submitted during discovery effected the FWD's claim construction in *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368.¹³² In that case, PTAB identified the term "delayed release" as the only term requiring construction, but neither party had proposed a construction for it. The specification did not expressly define "delayed release." Following a request by PTAB at the oral hearing, both parties pin cited record evidence for the plain meaning of "delayed release."¹³³

Upon review of the evidence, PTAB found that a FDA guidance document submitted as an exhibit to the POR correctly defined the term "delayed release."¹³⁴ In the FWD, PTAB referred to this document as "other evidence of how the term is understood and used by persons of ordinary skill in the art."¹³⁵ Then it construed "delayed release" to mean "release of a drug at a time other than immediately following oral administration," using language from the FDA

¹²⁹ *Smith & Nephew, Inc. v. Convatec Techs., Inc.*, No. IPR2013-00102, Paper 87, at 62 (P.T.A.B. May 29, 2014).

¹³⁰ *Convatec Techs., Inc. v. Smith & Nephew, Inc.*, 612 Fed.Appx. 612 (Fed. Cir. Aug. 10, 2015).

¹³¹ See, e.g., *Biomarin Pharm., Inc. v. Duke Univ.*, No. IPR2013-00535, Paper 86, at 7 (P.T.A.B. Feb. 23, 2015) ("In our Decision to Institute, we interpreted this phrase to refer to administering an immunosuppressant before the first administration of any hGAA within a particular administration interval. . . After considering the entire record before us now, the Specification of the '712 patent, and Patent Owner's contentions in its Response, we reevaluate that claim construction."); see also *Facebook, Inc. v. Rembrandt Social Media, L.P.*, No. IPR2014-00415, Paper 33, at 8 (P.T.A.B. June 22, 2015) ("Having reviewed the parties' arguments and evidence, we are persuaded that our initial construction of "privacy level information" is incorrect.").

¹³² *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368, Paper 94 (P.T.A.B. Dec. 9, 2014).

¹³³ *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368, Paper 92, at 48:7-49:6, 70:7-72:2, 80:11-81:20 (P.T.A.B. Sept. 12, 2014).

¹³⁴ *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368, Paper 94, at 5 (P.T.A.B. Dec. 9, 2014).

¹³⁵ *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368, Paper 94, at 8 (P.T.A.B. Dec. 9, 2014).

document.¹³⁶

IV. PATENT REFORM

Some patent owners have argued that the BRI standard should not apply in IPRs, particularly where claim terms have already been construed by a district court. These patent owners have noted that the BRI standard is solely an “examination expedient,” rather than a rule of claim construction, that is justified during the examination process only because the applicant has the opportunity to freely amend the claims.¹³⁷ By contrast, PTAB itself recognizes that IPR is not an examination but is “more adjudicatory than examinational, in nature.”¹³⁸ Accordingly, the adjudicatory nature of IPR coupled with the very limited ability to amend claims to date during IPR means that the rationale underpinning the BRI should not apply.¹³⁹

PTAB has so far uniformly rejected these types of arguments, and the Federal Circuit affirmed in *In re Cuozzo*, 793 F.3d 1268 (Fed. Cir. 2015). According to the Federal Circuit, the BRI should be applied in IPR even though the AIA does not expressly identify the claim construction standard to be used.¹⁴⁰ The Court also rejected the amendment-based justification argument against applying the BRI in IPR, finding that “IPR proceedings are not materially different” from the earlier PTO proceedings because, “[a]lthough the opportunity to amend is cabined in the IPR setting, it is thus nonetheless available.”¹⁴¹

Patent reform efforts have picked up this issue. The “Support Technology and Research for Our Nation’s Growth Patents Act of 2015” (the “STRONG Patents Act of 2015”, S. 632), introduced to the

¹³⁶ *Amneal Pharm., LLC v. Supernus Pharm., Inc.*, No. IPR2013-00368, Paper 94, at 8 (P.T.A.B. Dec. 9, 2014).

¹³⁷ *See, e.g., Silicon Labs., Inc. v. Cresta Tech. Corp.*, No. IPR2014-00809, Paper 8 (P.T.A.B. Aug. 22, 2014) (citing *In re Skvorecz*, 580 F.3d 1262, 1267-68 (Fed. Cir. 2009); *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984)); *A.C. Dispensing Equip. Inc. v. Prince Castle L.L.C.*, No. IPR2014-00511, Paper 9 (P.T.A.B. June 30, 2014).

¹³⁸ *Idle Free Sys., Inc. v. Bergstrom, Inc.*, No. IPR2012-00027, Paper 26, at 6 (P.T.A.B. June 11, 2013).

¹³⁹ *See, e.g., Silicon Labs., Inc. v. Cresta Tech. Corp.*, No. IPR2014-00809, Paper 8 (P.T.A.B. Aug. 22, 2014); *A.C. Dispensing Equip. Inc. v. Prince Castle L.L.C.*, No. IPR2014-00511, Paper 9 (P.T.A.B. June 30, 2014).

¹⁴⁰ *In re Cuozzo Speed Tech., L.L.C.*, 793 F.3d 1268 (Fed. Cir. 2015); *see Facebook, Inc. v. B.E. Tech. L.L.C.*, No. IPR2014-00052,-00053,-000698,-00743,-00744, Paper 45, at 17–18 (P.T.A.B. Mar. 31, 2015) (citing *In re Cuozzo*, PTAB disagreed with the petitioner’s argument that the Board lacked substantive rule-making authority as related to its use of the broadest reasonable claim construction standard.).

¹⁴¹ *In re Cuozzo*, 793 F.3d. at 1278.

Senate on March 3, 2015, includes an express provision that in IPRs:

(A) each claim of a patent shall be construed as the claim would be construed under section 282(b) in an action to invalidate a patent, including by construing each claim of the patent in accordance with—

(i) the ordinary and customary meaning of the claim as understood by a person having ordinary skill in the art to which the claimed invention pertains; and

(ii) the prosecution history pertaining to the patent; and

(B) if a court has previously construed a claim of a patent or a claim term in a civil action to which the patent owner was a party, the Office shall consider that claim construction.

Another current patent reform bill, the Goodlatte bill or “Innovation Act,” (H.R. 9) also includes a section relating to claim construction:

(A) each claim of a patent shall be construed as such claim would be in a civil action to invalidate a patent under section 282(b), including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent; and

(B) if a court has previously construed the claim or a claim term in a civil action in which the patent owner was a party, the Office shall consider such claim construction.

A third proposed bill, the PATENT Act (S. 1137) requires claim construction using district court standard and, if there is one, consideration of district court claim construction.

These suggestions are not particularly helpful, since PTAB already can and sometimes does, “consider” a claim construction adopted by a district court. But it highlights the complications that the new AIA post-grant proceedings have brought, largely because the historic standards before the USPTO (no presumption of validity,

broadest reasonable claim construction, and preponderance of the evidence) developed when the USPTO proceedings were primarily *ex parte*. The new AIA post-grant proceedings are *inter partes*, more adversarial than prosecutorial, much faster than other Office proceedings, and it is not an easy nor automatic fit with the historic standards.

Perhaps Patent Owners may find more comfort in the Federal Circuit's oversight of PTAB. In particular, the recent decision of *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292 (Fed. Cir. 2015), where the Federal Circuit, although agreeing that PTAB's use of BRI is appropriate, vacated PTAB's finding of unpatentability because PTAB adopted an "unreasonably" broad construction:

That is not to say, however, that the Board may construe claims during IPR so broadly that its constructions are unreasonable under general claim construction principles. As we have explained in other contexts, "[t]he protocol of giving claims their broadest reasonable interpretation ... does not include giving claims a legally incorrect interpretation." ...Even under the broadest reasonable interpretation, the Board's construction "cannot be divorced from the specification and the record evidence," ...A construction that is "unreasonably broad" and which does not "reasonably reflect the plain language and disclosure" will not pass muster. [internal citations omitted]¹⁴²

It remains to be seen whether this decision has a cooling effect on PTAB's application of BRI. It also remains to be seen what PTAB does with a decision on remand, since that situation is not addressed in the statute or rules.

There are also USPTO reassurances that motions-to-amend practice will get less Patent Owner-unfriendly, with practitioners directed to an ever-growing body of PTAB case law relating to motions-to-amend practice,¹⁴³ and comments in the Proposed Rule package.¹⁴⁴

¹⁴² *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015).

¹⁴³ See *Nichia Corp. v. Emcore Corp.*, No. IPR2012-00005, Paper 27 (P.T.A.B. June 3, 2013); *Idle Free Sys.*, No. IPR2012-00027, Paper 26; *Int'l Flavors*, No. IPR2013-00124, Paper 12; *Corning Optical Commun. RF, L.L.C. v. PPC Broadband, Inc.*, No. IPR2014-00441, Paper 19 (P.T.A.B. Oct. 30, 2014); *MasterImage 3D, Inc. v. RealD, Inc.*, No. IPR2015-00040, Paper 42 (P.T.A.B. July 15, 2015).

¹⁴⁴ See, e.g., Commentary to Proposed Rules released Aug. 20, 2015; see also

V. SUMMARY: PRACTITIONERS PREPARE FOR DESIRED CLAIM CONSTRUCTION AS EARLY AS POSSIBLE

If a patent is the subject of litigation and an IPR, differences between the *Phillips* and BRI claim construction standards may present obstacles, particularly for Patent Owners. In litigation, the Patent Owner wants the claims to be construed broadly enough to capture infringement, while in IPR, the patent owner wants the claims to be construed narrowly enough to avoid prior art under the BRI standard. Balancing these competing interests in the two types of proceedings, each with a different claim construction standard, can be a challenge.

Since the ability to amend claims in IPRs has, to date, been very limited, patent owners need to try to lay the foundation for the desired claim construction when drafting the claim language and specification. This means following fundamental drafting principles, such as checking whether each claim term is necessary, clearly defined, and consistently used. Perhaps it also means using words that some have called “patent profanity,” such as “critical,” “key,” “fundamental,” “necessary.” Profanity for some but not all embodiments could put limits on BRI and could be advantageous to the patent owner in an IPR,¹⁴⁵ while embodiments without profanity can provide a broad (fully-supported) claim scope for infringement purposes. Applicants may consider drafting the specification with multiple embodiments to mirror and support the range of claims from broad to narrow. The specification should be designed with the goal of supporting a BRI that is not unreasonable.

Other approaches include using dependent claims to set up a tiered claim scope through claim differentiation. This may be useful in situations where a patent family is pending and amending the specification or drafting a new one is not an option. Instead, the applicant may amend the claims in a pending application or file a continuation application to pursue new patentably distinct claims. These efforts may help minimize having to make any post-grant

Director’s Forum: A Blog from USPTO’s Leadership, United States Patent and Trademark Office, <http://www.uspto.gov/blog/> [<http://perma.cc/Q57A-DLF5>]; Boardside chat: Interview with Chief Judge James Donald Smith, United States Patent and Trademark Office, (Feb. 3, 2015), http://www.uspto.gov/sites/default/files/documents/boardside_chat_2015_2_3.pdf [<http://perma.cc/L987-KKVC>].

¹⁴⁵ See, e.g., *Conopco, Inc. v. Procter & Gamble Co.*, No. IPR2013-00510, Paper 2, at 59 (P.T.A.B. Aug. 14, 2013) (stating a Petitioner argued “there is no evidence in the ‘155 patent or its file history of the criticality of the recited ranges in the compositions as claimed[.]”).

amendments down the road. It may also lay the basis for the patent owner's desired claim construction, both at PTAB and in district court litigation.