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LET’S BE REASONABLE! THE BROADEST  
REASONABLE INTERPRETATION IN THE PTAB

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*While the Patent Trial and Appeal Board (PTAB), a part of the United States Patent and Trademark Office, uses the “broadest reasonable interpretation” for inter partes review proceedings (IPRs), district courts apply the “ordinary and customary meaning” standard for civil litigation. The disparity between standards in similar adjudicatory proceedings is not explicitly justified by existing law and creates uncertain outcomes for practitioners. This note explores the usage of the broadest reasonable interpretation in IPRs, the problems created by dichotomous claim construction standards between the two forums, and possible avenues of correcting this disparity. The Supreme Court acknowledged the issue posed by disparate standards by granting certiorari in *Cuozzo Speed Technologies, LLC v. Lee*. Therefore, this note argues that the Supreme Court, in this case, ought to require the PTAB to use the district court’s “ordinary and customary meaning” standard.*

INTRODUCTION.....	407
I.    THE BROADEST REASONABLE INTERPRETATION AND <i>INTER PARTES</i> REVIEW.....	410
A. <i>The USPTO’s Adoption of the Broadest Reasonable Interpretation</i> ....	410
B. <i>Implementation of Inter Partes Review by the AIA</i> .....	411
C. <i>The USPTO’s Rulemaking Authority</i> .....	415
II.   A TALE OF TWO CONSTRUCTION STANDARDS: PTAB & DISTRICT COURTS .....	416

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A. <i>Ordinary and Customary Meaning: The District Court Standard</i> .....	416
B. <i>The Enigmatic Broadest Reasonable Interpretation</i> .....	417
C. <i>Staying Co-Pending Litigation &amp; Forum Shopping</i> .....	419
D. <i>The Difficulty of Amendments in IPRs</i> .....	420
E. <i>In re Cuozzo: Judge Newman’s Parry of the Majority Holding</i> .....	421
1. <i>Broadest Reasonable Interpretation: The Law of Claim Construction?</i> .....	422
2. <i>Restrictive Permission to Amend Claims</i> .....	423
3. <i>The IPR Is an Adjudicatory Process</i> .....	424
4. <i>Agency Rulemaking Authority</i> .....	424
III. POST-CUOZZO AND THE FUTURE OF THE BROADEST REASONABLE INTERPRETATION .....	426
A. <i>The USPTO’s “New” Rulemaking Authority</i> .....	426
B. <i>The Legislative Response</i> .....	427
C. <i>The USPTO Response to Lack of Amendment Opportunity</i> .....	430
D. <i>Supreme Court Response</i> .....	431
CONCLUSION .....	434

## INTRODUCTION

“The devil is in the details,” or so the old adage goes. For American patents, one can easily say that the devil is in the claims, for the claims define the metes and bounds of an invention.<sup>1</sup> Thus, an accurate interpretation of these claims is imperative. The Patent Trial and Appeal Board (PTAB) and district courts currently use disparate claim construction standards, which make claim interpretations ambiguous.

The United States Patent and Trademark Office (USPTO) uses the “broadest reasonable interpretation” standard for all procedures, including patent examination. The PTAB, a part of the USPTO created by the America Invents Act (AIA), also uses the broadest reasonable interpretation.<sup>2</sup> The PTAB applies this standard during post-grant proceedings for patents such as *inter partes* reviews

<sup>1</sup> MPEP § 2173 (9th ed., Nov. 2015) (“It is of utmost importance that patents issue with definite claims that clearly and precisely inform persons skilled in the art of the boundaries of protected subject matter.”).

<sup>2</sup> 35 U.S.C. § 6(a) (2011); Dennis Crouch, *BPAI: PTO Should Apply Broadest Reasonable Claim Interpretation to Section 101 Analysis*, PATENTLY-O, (Dec. 17, 2008) <http://patentlyo.com/patent/2008/12/bpai-pti-should.html> (showing that the Board of Patent Appeals and Interferences, the PTAB’s predecessor, also applied the broadest reasonable interpretation).

(IPRs).<sup>3</sup> In contrast to the USPTO and the PTAB, district courts apply the “ordinary and customary meaning”<sup>4</sup> standard when interpreting claims during patent litigation. Both IPRs and civil cases are adjudicatory proceedings, yet there are disparate standards applied across the two. The disparity between the standards creates uncertain outcomes for practitioners and increases the overall amount of litigation in the courts.

In 2015, the Federal Circuit took up the issue, hearing *In re Cuozzo Speed Technologies* (“*In re Cuozzo*”) en banc,<sup>5</sup> which challenged the PTAB’s standard for evaluating the scope of patent claims. Cuozzo Speed Technologies (“Cuozzo”) challenged the PTAB’s usage of the broadest reasonable interpretation standard after several of their claims were deemed obvious, arguing instead they should apply the ordinary and customary interpretation standard employed by the district courts.<sup>6</sup> To Cuozzo’s dismay, the Federal Circuit upheld the PTAB’s standard. Yet, the Federal Circuit was not unanimous. Judge Newman’s scathing dissent brought many competing policy concerns to the fore, including the deferential authority granted to the USPTO and the similarities of IPRs to district court proceedings.<sup>7</sup> Adding fuel to the fire, Congress proposed legislation, including the Innovation Act,<sup>8</sup> which seeks, in part, to require the PTAB to use the district court standard. In early 2016, the Supreme Court acknowledged the importance of disparate standards, granting certiorari to Cuozzo’s appeal.<sup>9</sup> During oral argument, many of Judge Newman’s arguments were brought by Petitioner Cuozzo and weighed by the Court.<sup>10</sup>

Based on the oral argument, the outcome of the Supreme Court decision is still anyone’s guess. However, this note argues that the patent system would

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<sup>3</sup> § 6(b)(4).

<sup>4</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc) (“[T]he 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, i.e., as of the effective filing date of the patent application.”).

<sup>5</sup> *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268 (Fed. Cir. 2015).

<sup>6</sup> *Id.* at 1275.

<sup>7</sup> *Id.* at 1289 (Newman, J., dissenting) (describing an IPR as “a trial, adjudicatory in nature [which] constitutes litigation”) (quoting *Google Inc. v. Jongerius Panoramic Techs., LLC*, No. IPR2013-00191, at 4 (P.T.A.B. Feb. 13, 2014)).

<sup>8</sup> Innovation Act, H.R. 3309, 113th Cong. § 9(b)(1) (2013), <https://www.congress.gov/bill/113th-congress/house-bill/3309/text>.

<sup>9</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016).

<sup>10</sup> See generally Oral Argument, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016) (No. 15-446), available at [http://www.supremecourt.gov/oral\\_arguments/argument\\_transcripts/15-446\\_2dp3.pdf](http://www.supremecourt.gov/oral_arguments/argument_transcripts/15-446_2dp3.pdf).

benefit from aligning the PTAB claim construction standard with the district court standard. In particular, this note concludes that the Supreme Court ought to reverse the Federal Circuit's *In re Cuozzo* decision to alleviate patent owners' fears of defending their patent rights on separate fronts with different claim construction standards.

Part I of this note examines the history of the broadest reasonable interpretation as a claim construction standard within the USPTO. This section explains why the USPTO adopted this interpretation, particularly for patent examination. This section also provides a brief history behind the USPTO's derivation of procedural authority to institute this standard within the PTAB. The section then delves into the how the AIA implemented a new procedure, IPR, and how this procedure quickly rose in popularity. Lastly, this section briefly discusses deference given by the courts and Congress to the USPTO, and how this deference has allowed for the broadest reasonable interpretation as a claim construction standard.

Part II addresses the disparities and similarities between the claim construction standards used in the PTAB and those used in the district courts. This section then expounds upon how these distinct standards impact practice. Specifically, the lack of a uniform standard leads to unnecessary outcome uncertainty. This section also describes how the different standards promote inefficient procedures at both the PTAB and in the district courts. It examines the *In re Cuozzo* case and its holding that the PTAB is entitled to use the broadest reasonable interpretation for post-grant proceedings. Lastly, this section analyzes Judge Newman's dissent and why she believes that the district court standard should prevail even at the PTAB.

Part III first focuses on the the procedural-substantive distinction that has historically affected the USPTO's rulemaking authority and how the Federal Circuit's *In re Cuozzo* decision undermines that distinction. This section weighs congressional intent through the lens of legislation, particularly the Innovation Act, which proposes to remedy post-grant claim construction by replacing the broadest reasonable interpretation with the district court standard. It delves into the USPTO's response to the *In re Cuozzo* decision and the increased difficulty patent owners face to amend claims in IPRs. Conventionally, the ability to liberally amend claims justifies the broadest reasonable interpretation's greater scope. Finally, this section asserts that the Supreme Court ought to reverse *In re Cuozzo* because the USPTO and Congress have not been effecting any meaningful changes since the Federal Circuit case.

## I

THE BROADEST REASONABLE INTERPRETATION AND *INTER PARTES* REVIEW

For at least the past century, the USPTO's definitive claim construction standard has been the broadest reasonable interpretation. Alongside post-grant review (PGR) and covered business method (CBM), the *inter partes* review utilizes the broadest reasonable interpretation for claim construction. An IPR is a new procedure created by the AIA to replace the pre-AIA *inter partes* reexamination, providing a means to challenge patent validity that is faster and less costly than civil litigation. Three years after AIA's passage, the PTAB's rate of patent claim survival at the time of final written decision continues to be dismally low.<sup>11</sup> This section argues that a main reason why most patent claims in IPRs are rejected is due to the broadest reasonable interpretation standard.

*A. The USPTO's Adoption of the Broadest Reasonable Interpretation*

The broadest reasonable interpretation has been the claim construction standard of the USPTO for at least the last century.<sup>12</sup> In addition to taking the broadest interpretation of words in a claim, the USPTO considers their "ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in the applicant's specification."<sup>13</sup> The Federal Circuit goes on to explain that the broadest reasonable interpretation must be "consistent with the specification" and does not "ignore any interpretative guidance afforded by the applicant's written description."<sup>14</sup>

The foremost justification for the broadest reasonable interpretation is simply that it allows the USPTO to consider the full range of reasonable claim interpretations.<sup>15</sup> Considering this full range is desirable because after patent issuance a district court or patent observer may assume that the Patent Office

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<sup>11</sup> Matt Cutler, *3 Years of IPR: A Look at the Stats*, LAW 360 (Oct. 9, 2015, 3:59 PM), <http://www.law360.com/articles/699867/3-years-of-ipr-a-look-at-the-stats>.

<sup>12</sup> See *In re Carr*, 297 F. 542, 543 (D.C. Cir. 1924); see also *In re Kebrich*, 201 F.2d 951, 954 (C.C.P.A. 1953) ("[I]t is very definitely settled by a line of consistent decisions rendered during a long period of time that . . . the tribunals and the reviewing courts in the initial consideration of patentability will give claims the broadest interpretation which, within reason, may be applied."); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005) (en banc).

<sup>13</sup> *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

<sup>14</sup> *Id.*

<sup>15</sup> *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004) (quoting *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984)); see also *In re Prater*, 415 F.2d 1393, 1404–05 (C.C.P.A. 1969).

considered any reasonable interpretation of the claims for the purpose of infringement and invalidity defenses.<sup>16</sup> A second and important reason for the USPTO's broadest reasonable interpretation standard is to motivate applicants to narrow their claims through amendments during prosecution. Through claim amendments, the Patent Office recognizes ambiguities, explores scope and breadth of claim language, and imposes clarification.<sup>17</sup> A third justification is the practical one of affording patents a post-issuance presumption of validity in district court proceedings.<sup>18</sup> The presumption of validity makes a district court proceeding more efficient because it does not have to re-determine the upper metes and bounds of the claims. Instead, the broadest reasonable interpretation allows the USPTO's procedures to provide both the public and district courts notice of the scope of the invention before the presumption of validity attaches.<sup>19</sup>

### *B. Implementation of Inter Partes Review by the AIA*

The AIA established a new framework for challenging the patentability of issued patent claims at the USPTO and also created the PTAB for handling those challenges. Overall, the new USPTO proceedings are intended to create a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.<sup>20</sup> Presumably, this will promote the climate for investment and industrial activity while simultaneously facilitating the quick removal of subpar patents.<sup>21</sup>

The *inter partes* review is one of the aforementioned PTAB proceedings and it includes a trial that is handled by a panel of three PTAB judges.<sup>22</sup> When IPRs

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<sup>16</sup> See *Am. Acad.*, 367 F.3d at 1364 (“Giving claims their broadest reasonable construction serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified.”).

<sup>17</sup> See *In re Zletz*, 893 F.2d 319, 321–22 (Fed. Cir. 1989) (“An essential purpose of patent examination is to fashion claims that are precise, clear, correct, and unambiguous. Only in this way can uncertainties of claim scope be removed, as much as possible, during the administrative process.”).

<sup>18</sup> See cases cited *supra* note 12.

<sup>19</sup> *Id.*

<sup>20</sup> See Changes to Implement Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 7080, 7081 (Feb. 10, 2012).

<sup>21</sup> *Id.* at 7092.

<sup>22</sup> 35 U.S.C. §§ 311–319 (2013).

emerged in 2011 as part of the AIA,<sup>23</sup> Congress intended the proceeding to be a “faster, less costly alternative[] to civil litigation to challenge patents.”<sup>24</sup>

Prior to 1999, all reexamination proceedings in the USPTO were *ex parte*,<sup>25</sup> meaning that the requestor was precluded from taking part in the proceeding after filing the reexamination request.<sup>26</sup> In 1999, Congress added *inter partes* reexamination, which allowed the requestor to participate in the proceeding through appeal.<sup>27</sup> These *inter partes* reexaminations were often costly and time consuming.<sup>28</sup> The *inter partes* reexamination was similar to the initial patent examination and did not have a settlement option, which would have expedited the process and provided a lower cost.<sup>29</sup> As a result, many courts rejected motions to stay cases pending *inter partes* reexamination even though, from 1999 through June 2012, eighty-nine percent of all requests for reexamination resulted in either total claim cancellation or claim changes.<sup>30</sup> In light of the dilemmas that plagued *inter partes* reexamination, it was no wonder that the AIA sought to replace the procedure with a leaner, faster model.

A post-AIA IPR proceeding is instituted by filing a petition.<sup>31</sup> The petition may challenge the patentability of claims under 35 U.S.C. section 102’s novelty requirement or section 103’s non-obvious requirement based on prior patents or printed publications.<sup>32</sup> The standard for instituting an IPR proceeding is “a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”<sup>33</sup> After a petition is filed, the patent owner has three months to file a preliminary response to the petition setting forth reasons why no *inter partes* review should be instituted.<sup>34</sup> The PTAB has three months

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<sup>23</sup> 157 CONG. REC. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley).

<sup>24</sup> *Id.*

<sup>25</sup> Bayh-Boyle Act, Pub. L. No. 96-517, § 1, 94 Stat. 3015, 3016 (1980) (codified as amended at 35 U.S.C. § 304).

<sup>26</sup> 35 U.S.C. § 305 (2011) (“reexamination will be conducted according to the procedures established for initial examination”).

<sup>27</sup> 35 U.S.C. §§ 311, 315; Pub. L. No. 106-113, § 1000(a)(9), 113 Stat. 1501, 1536 (1999).

<sup>28</sup> H.R. REP. NO. 112-98, at 45 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 75.

<sup>29</sup> *Abbott Labs. v. Cordis Corp.*, 710 E3d 1318, 1326 (Fed. Cir. 2013) (describing the purpose of switching from *inter partes* reexamination to *inter partes* review “was to convert inter partes reexamination from an examinational to an adjudicative proceeding.”).

<sup>30</sup> *See supra* note 28; *see e.g.*, *Senorx Inc. v. Hologic, Inc.*, No. 12-173-LPS-CJB, 2013 WL 144255, at \*8–9 (D. Del. Jan. 11, 2013).

<sup>31</sup> 35 U.S.C. § 311(a).

<sup>32</sup> § 311(b).

<sup>33</sup> § 314(a).

<sup>34</sup> § 313.

after the patent owner's response is filed or after the preliminary response is due to decide whether to grant the petition in whole or in part and whether to institute an *inter partes* review proceeding.<sup>35</sup> Once instituted, the PTAB must issue a final, written decision within one year from the date the proceeding is instituted.<sup>36</sup> The decision instituting an IPR will usually include an initial ruling on claim construction. In the response, the patent owner may challenge the petitioner's proposed claim construction and the PTAB's initial claim construction.<sup>37</sup> During *inter partes* review, the patent owner may file one motion to amend the patent as a matter of right, but an amendment may not enlarge the scope of the claims or introduce new matter.<sup>38</sup> The issues decided in an IPR typically have estoppel effect in district court proceedings, thus limiting the invalidity arguments that the patent challenger (or one in privity with the patent challenger) may later invoke in district court.<sup>39</sup> Only the Federal Circuit takes appeals from PTAB final written decisions, making that court the final arbiter of IPRs short of United States Supreme Court review.<sup>40</sup> The AIA's new procedure largely satisfied its objective to make the process faster and more cost effective. In the two years since the *inter partes* review replaced *inter partes* reexamination, 1,800 petitions were filed with the PTAB,<sup>41</sup> and as of August 2014, approximately seventy-five percent of IPR petitions had resulted in the institution of proceedings by the PTAB.<sup>42</sup>

Aside from factors that make IPRs more desirable than the old *inter partes* reexamination, there are significant differences in the burden of proof in IPR proceedings versus district court cases that may make an IPR more desirable than a civil case for a petitioner. First, unlike in district court cases, in IPR proceedings the patent owner is not entitled to a presumption of validity.<sup>43</sup> Second, in IPR

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<sup>35</sup> § 314(b).

<sup>36</sup> § 316(a)(II).

<sup>37</sup> See e.g., *Microstrategy, Inc. v. Zillow, Inc.*, IPR2013-00034, Paper 42 at 6–7, 20–22 (Mar. 27, 2014) (discussing patent owner's arguments regarding claim construction).

<sup>38</sup> § 316(d)(1), (3).

<sup>39</sup> § 315(e)(2).

<sup>40</sup> § 319.

<sup>41</sup> USPTO, PATENT TRIAL AND APPEAL BOARD: AIA PROGRESS, STATISTICS, 1 (Aug 7, 2014), [http://www.uspto.gov/sites/default/files/ip/boards/bpai/stats/aia\\_statistics\\_08\\_07\\_2014.pdf](http://www.uspto.gov/sites/default/files/ip/boards/bpai/stats/aia_statistics_08_07_2014.pdf).

<sup>42</sup> USPTO, AIA PROGRESS, 4 (Aug. 14, 2014), [http://www.uspto.gov/ip/boards/bpai/stats/081414\\_aia\\_stat\\_graph.pdf](http://www.uspto.gov/ip/boards/bpai/stats/081414_aia_stat_graph.pdf).

<sup>43</sup> § 316(e) (the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence); Shaffer, Robert F., Hendrix, Justin A., *Post Grant Proceedings of the AIA Provide New Opportunities and Require Reconsideration of Old Patent Litigation Strategies*, FINNEGAN (June 15, 2012), <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=598696f7-7eba-4fcb-83b8-2369caa91dd3> (petitioner must prove invalidity by a



proceedings the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.<sup>44</sup> In district courts, the accused infringer must prove that the patent is invalid by clear and convincing evidence.<sup>45</sup>

The final difference is the PTAB's use of the broadest reasonable interpretation, under which a pending claim must be "given its broadest reasonable construction in light of the specification."<sup>46</sup> As explained in the published comments to the rules governing *inter partes* review, this standard is "consistent with longstanding established principles of claim construction before the [USPTO]."<sup>47</sup> Where the broadest reasonable construction may differ from that applied by a court is that, through the amendment process, claim coverage can be disavowed throughout the prosecution history. In *Microstrategy v. Zillow*,<sup>48</sup> a patent owner attempted to disavow claim scope in the IPR proceeding in order to narrow the meaning.<sup>49</sup> The PTAB refused, explaining that the patent owner had an opportunity to amend the claim in the same proceeding, and absent such action, the broadest reasonable interpretation should apply.<sup>50</sup>

Obviously, the broadest reasonable interpretation standard is friendly to patent challengers in IPRs because when a claim is interpreted broadly, it is more likely to run into invalidating prior art.<sup>51</sup> It is also no coincidence that IPRs have proven very popular among petitioners. Therefore, IPRs, initiated primarily by petitioners, have seen a steady increase in the years since their inception. IPRs could be requested as early as September 16, 2012; in 2012, a total of ninety-six petitions were filed, in 2013 there were approximately 700, and in 2014 the total

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preponderance of the evidence, a burden of proof that is much lower than a district court's "clear and convincing" standard where the patent enjoys a presumption of validity.).

<sup>44</sup> § 316(e).

<sup>45</sup> *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2242 (2011) (upholding the clear and convincing evidence standard).

<sup>46</sup> 37 C.F.R. § 42.100(b) (2014).

<sup>47</sup> 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).

<sup>48</sup> No. IPR2013-00034 (P.T.A.B. Mar. 27, 2014).

<sup>49</sup> *Id.* at 10–11.

<sup>50</sup> *Id.* at 12.

<sup>51</sup> Michelle Carniaux & Julia Tanase, *IPR and CBM Statistics*, IPR BLOG (Apr. 7, 2014), <http://interpartesreviewblog.com/ipr-cbm-statistics>.

more than doubled to about 1,300.<sup>52</sup> These numbers have been far greater than expected and further growth is probable.<sup>53</sup>

### C. The USPTO's Rulemaking Authority

Historically, the USPTO's rulemaking authority is embodied in 35 U.S.C. section 2(b)(2).<sup>54</sup> While not explicit, this statute grants only procedural rulemaking authority.<sup>55</sup> *Chevron* deference, as per *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*,<sup>56</sup> applies only where Congress confers rulemaking authority.<sup>57</sup>

The AIA, enacted in 2011, arguably provides additional grants of rulemaking authority outside of section 2(b)(2) because it gives the USPTO authority to promulgate rules that implement new trial-like proceedings, such as IPRs.<sup>58</sup> Specifically, for IPRs, the USPTO's rulemaking duties include "setting forth the standards for the showing of sufficient grounds to institute a review"<sup>59</sup> and "establishing and governing" the review.<sup>60</sup> Additionally, the AIA gives the USPTO the authority to set its own fees,<sup>61</sup> and permits the agency to make certain policy

<sup>52</sup> USPTO, PATENT TRIAL AND APPEAL BOARD STATISTICS, 4 (Apr. 30, 2015), <http://www.uspto.gov/sites/default/files/documents/2015-04-30%20PTAB.pdf>.

<sup>53</sup> Changes to Implement Inter Partes Review Proceedings, 77 Fed. Reg. at 48724 (Initial Patent Office reports estimated approximately 460 petitions would be requested per year. Through only the first four months of fiscal year 2015, 556 petitions for IPRs were filed.).

<sup>54</sup> 35 U.S.C. § 2(b)(2)(A)–(D) (2012) ("The Office . . . may establish regulations, not inconsistent with law, which . . . shall govern the conduct of proceedings in the Office[,] . . . shall facilitate and expedite the processing of patent applications, [and]. . . may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office . . .").

<sup>55</sup> *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 930 (Fed. Cir. 1991) ("A substantive declaration with regard to the Commissioner's interpretation of the patent statutes . . . does not fall within the usual interpretation . . ." of what is now § 2(b)(2)).

<sup>56</sup> 467 U.S. 837 (1984).

<sup>57</sup> *United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001) ("[A]dministrative implementation of a particular statutory provision qualifies for *Chevron* deference when it appears that Congress delegated authority to the agency generally to make rules carrying the force of law, and that the agency interpretation claiming deference was promulgated in the exercise of that authority."); *Id.* at 842–43 (When a court reviews an agency's rulemaking authority, it must first determine if Congress has spoken directly to the question at issue and second, if there is statutory ambiguity, if the agency's conduct is permissible.).

<sup>58</sup> America Invents Act, § 6(a) (codified at 35 U.S.C. §§ 311–319) (directing USPTO to issue regulations implementing inter partes review).

<sup>59</sup> § 316(a)(2).

<sup>60</sup> § 316(a)(4).

<sup>61</sup> AIA § 10.

judgments about prioritizing patent applications.<sup>62</sup> Therefore, some thought that the institution of *inter partes* review broadened the USPTO's rulemaking authority.<sup>63</sup> Others concluded that Congress would not broaden the USPTO's authority without express language.<sup>64</sup> Whether utilization of the broadest reasonable interpretation falls under such a procedural or substantive distinction is still ambiguous. However, thus far, the broadest reasonable interpretation is definitively what the USPTO uses in all proceedings for unexpired patents.

## II

### A TALE OF TWO CONSTRUCTION STANDARDS: PTAB & DISTRICT COURTS

The PTAB's standard of claim construction for *inter partes* review creates a dilemma because it directly contrasts with the district courts' standard. While the PTAB uses the broadest reasonable interpretation, district courts utilize the "ordinary and customary meaning" standard laid out in *Phillips v. AWH Corp.*<sup>65</sup> This section highlights the disparity of claim construction standards and discusses the general shortcomings that plague the broadest reasonable interpretation as a whole. Additionally, this section highlights that a dichotomy of standards can lead to varying validity outcomes across arenas of adjudication. The fact that the same issue can result in alternative judgments creates inefficiency in the court system, and greater risk for patentees.

#### A. *Ordinary and Customary Meaning: The District Court Standard*

In contrast to the broadest reasonable interpretation standard at the USPTO, district courts construe patent claims according to the *Phillips* standard, which requires claims be given "the meaning that [a] term would have to a person of ordinary skill in the art in question at the time of the invention."<sup>66</sup> This determination is based on the entire record before the court, taking into consideration both intrinsic evidence such as the claims, specification and prosecution history, and extrinsic evidence such as dictionary definitions and expert testimony.<sup>67</sup> The Federal Circuit has made clear that the broadest reasonable

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<sup>62</sup> AIA § 25 (codified at 35 U.S.C. § 2(b)(2)(G)).

<sup>63</sup> See generally Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 609, 631-35 (2011-2012) ("The creation of post-grant review provides the USPTO with a key opportunity to set substantive patent law standards and make patent policy.").

<sup>64</sup> John M. Golden, *The USPTO's Soft Power: Who Needs Chevron Deference?*, 66 SMU L. REV. 541, 545 (2013) ("I am skeptical that the [AIA] has worked such a sea change through implicit, rather than express, provision.").

<sup>65</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc).

<sup>66</sup> *Id.* at 1313.

<sup>67</sup> *Id.* at 1315-17.

interpretation must be applied by the USPTO in office proceedings and that the *Phillips* standard must be used by district courts in validity and infringement actions.<sup>68</sup> This dichotomy is so entrenched that the USPTO will use the broadest reasonable interpretation even for the claims that a district court previously construed, and is not required to adopt the district court's construction.<sup>69</sup>

One example where the PTAB's proposed claim constructions of terms differed from the previous definition provided by the district court is *Rackspace Hosting v. Rotatable Tech.*<sup>70</sup> The PTAB and the Eastern District of Texas both determined that "computer display window" was a disputed claim limitation in one of the patent claims.<sup>71</sup> The district court defined the term "computer display window" to mean "a graphic user interface (GUI) displayable on a monitor or a screen" based on the specification.<sup>72</sup> The PTAB noted that the specification did not provide an express definition of the term, but rather relied on the understanding of the term "window" at the time of the invention as shown in a technical dictionary, and concluded that the proper definition was "a division of a display screen in which a set of information is displayed."<sup>73</sup> The result of differing interpretations is that certain prior patents or publications may serve to invalidate one definition but not the other depending on the venue of adjudication. Because the PTAB's claim construction standard is broader, the petitioner is afforded a greater advantage in a post-grant proceeding resulting from the greater breadth of applicable prior art. The PTAB also provides other extraneous petitioner benefits, such as quicker resolution and avoidance of steep litigation costs.

### *B. The Enigmatic Broadest Reasonable Interpretation*

Congress created the Federal Circuit in 1982 to establish uniformity in the substantive patent law applied in USPTO proceedings and district court patent

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<sup>68</sup> MPEP § 2111 ("Patented claims are not given the broadest reasonable interpretation during court proceedings involving infringement and validity, and can be interpreted based on a fully developed prosecution record.")

<sup>69</sup> *In re NTP, Inc.*, 654 F.3d 1268, 1274 (Fed. Cir. 2011); *see also* *Jack Henry v. Datatrans Corp.*, No. CBM2014-00056, at 6 (P.T.A.B. Jul. 10, 2014) ("Petitioner argues that the district court's interpretation should be adopted, but provides no persuasive analysis as to how the term is to be interpreted under the broadest reasonable interpretation standard, which is different from the standard used by a district court.")

<sup>70</sup> No. IPR2013-00248 (P.T.A.B. Oct. 1, 2013).

<sup>71</sup> *Id.* at 4–5; *Rotatable Tech. LLC v. Nokia*, 2013 WL 3992930 \*6 (E.D. Tex. Aug. 2, 2013).

<sup>72</sup> *Rotatable Tech.*, 2013 WL 3992930, at \*6.

<sup>73</sup> *Rackspace*, No. IPR2013-00248, at pp. 4–5.

litigation proceedings.<sup>74</sup> Given that claim construction is often dispositive in infringement actions, uniformity in overall infringement outcomes requires the Federal Circuit to maintain predictable claim interpretations.<sup>75</sup> Prior to 1982, different standards could apply depending on the circuit because each of the appellate courts independently reviewed decisions from their corresponding district courts.<sup>76</sup> The broadest reasonable interpretation standard disrupts the horizontal equity that the creation of the Federal Circuit aimed to establish. By introducing an interpretation methodology unique to the USPTO, the Federal Circuit applies claim interpretation doctrine in USPTO appeals that contradicts the claim interpretation used in district court appeals.<sup>77</sup> This variation in interpretation methodology makes it possible for patent claims to have variable meanings in the Federal Circuit depending on the venue of the original claim.

Not only does the broadest reasonable interpretation undermine patent law uniformity, it increases the risk of incorrect rejections. The same claim that is valid under district court interpretation methodology could be invalid under the broadest reasonable interpretation, which has a strong possibility of Type II errors, false negatives, or in this context, falsely triggering an unpatentability finding.<sup>78</sup> Yet, the system has extensive mechanisms<sup>79</sup> for correcting Type I errors, false positives, which in this context is a false finding of patentability.<sup>80</sup> The USPTO and the courts can remedy Type I errors through reexamination, reissue, or invalidation.<sup>81</sup>

The third and perhaps most obvious criticism of the broadest reasonable interpretation standard is that it is ambiguous. The Manual of Patent Examining

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<sup>74</sup> See Commission on Revision of the Federal Court Appellate System, *Structure and Internal Procedures: Recommendations for Change*, 67 F.R.D. 195, 369–71, 373–74 (1976).

<sup>75</sup> See, e.g., Giles S. Rich, *The Extent of the Protection and Interpretation of Claims--American Perspectives*, 21 INT'L REV. INDUS. PROP. & COPYRIGHT L. 497, 499 (1990) ("[T]he name of the game is the claim").

<sup>76</sup> See Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 6–8 (1989).

<sup>77</sup> See Joan E. Schaffner, *Federal Circuit "Choice of Law": Erie Through the Looking Glass*, 81 IOWA L. REV. 1173, 1196 (1996).

<sup>78</sup> Dawn-Marie Bey & Christopher A. Cotropia, *The Unreasonableness of the Patent Office's "Broadest Reasonable Interpretation" Standard*, AIPLA QUARTERLY JOURNAL, Volume 37, Number 3, 285, 304 (Summer 2009).

<sup>79</sup> See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1500 (2001) (pointing out that litigation may be a better way to weed out bad patents).

<sup>80</sup> *Supra* note 78, 291–292.

<sup>81</sup> 35 U.S.C. § 251 (2006) (allowing for the reissue of defectively issued patents); *id.* § 282 (providing district courts with the ability to invalidate claims); *id.* § 301 (setting forth the basis for *ex parte* reexamination proceedings).

Procedure (MPEP) does not provide much guidance as to the bounds of the broadest reasonable interpretation. The MPEP also does not provide examiners with examples, tests, or directions on how to implement this standard.<sup>82</sup> The case law cited in the MPEP exemplifies general claim interpretation principles that apply during both prosecution and enforcement proceedings, but it does not elaborate on the USPTO's unique application.<sup>83</sup>

### C. *Staying Co-Pending Litigation & Forum Shopping*

There are limited instances where both the PTAB and a district court have construed a claim, largely because post-AIA district courts are willing to stay co-pending patent litigation while post-grant proceedings are underway.<sup>84</sup> To the extent courts stay concurrent litigation in favor of a pending inter partes review, the savings for both parties is substantial, and by virtue of the fact that there is one less case on the district court docket, it saves the court time.<sup>85</sup> In 2015, the USPTO estimated the average cost of patent litigation to be \$3.1 million where the damages fell between \$10 million and \$25 million and \$600,000 where the damages were less than \$1 million.<sup>86</sup> In contrast, an *inter partes* trial proceeding all the way through appeal is estimated to cost about \$350,000.<sup>87</sup> The reduced costs can be attributed partly to reduced discovery,<sup>88</sup> and the accelerated timeline Congress imposed on the PTAB to resolve these proceedings.<sup>89</sup>

The legal standard for motions to stay varies slightly between jurisdictions but there are generally three factors that are considered: “(1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party;

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<sup>82</sup> See MPEP § 2111.

<sup>83</sup> *Id.*

<sup>84</sup> Robert Arcamona & David Cavanaugh, *Stays to Litigation Pending IPR and CBM Review: Statistics, Trends, and Key Issues*, INTELL. PROP. TODAY 9 (Mar. 2014), [https://www.wilmerhale.com/uploadedFiles/Shared\\_Content/Editorial/Publications/Documents/IP-today-stays-to-litigation-pending.pdf](https://www.wilmerhale.com/uploadedFiles/Shared_Content/Editorial/Publications/Documents/IP-today-stays-to-litigation-pending.pdf) (noting that as of 2014, statistics suggest a rate of stay running at about sixty percent).

<sup>85</sup> 2015 Report of the Economic Survey, AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION, 37–38 (June 2015), <http://files.ctctcdn.com/e79ee274201/b6ced6c3-d1ee-4ee7-9873-352dbe08d8fd.pdf>.

<sup>86</sup> *Id.* at 37.

<sup>87</sup> *Id.* at 38.

<sup>88</sup> See 35 U.S.C. § 316(a)(5) (2013) (“[D]iscovery shall be limited to— (A) the deposition of witnesses submitting affidavits or declarations; and (B) what is otherwise necessary in the interest of justice . . .”).

<sup>89</sup> See § 316(a)(11) (requiring that the final determination in an inter partes review be issued within 1 year of institution or within 18 months for good cause).

(2) whether a stay will simplify the issues in question and trial of the case; and (3) whether discovery is complete and whether a trial date has been set.”<sup>90</sup> Despite the commonality of these factors in many forums for patent litigation, grant rates vary significantly from one forum to another. In the District of Delaware, for example, Judge Sleet has granted nine out of ten motions to stay.<sup>91</sup> In contrast, the Eastern District of Texas has granted fewer than fifty-five percent of the requests.<sup>92</sup> Strikingly, courts in that district grant fewer than thirty percent of requests when the parties dispute the motion to stay.<sup>93</sup>

While the Federal Circuit ordered the Eastern District of Texas to stay litigation in favor of a covered business method review proceeding,<sup>94</sup> this has not occurred for the *inter partes* review. Therefore, there is a greater likelihood of forum shopping in locations like the Eastern District of Texas, which is already notorious for attracting patent owners, specifically patent trolls.<sup>95</sup> In 2002, the Eastern District of Texas had thirty-two patent cases filed.<sup>96</sup> By 2013, the number skyrocketed to 1,495, constituting nearly a quarter of all patent cases filed in the U.S.<sup>97</sup> With a unification of PTAB and district court standards for claim construction, district courts such as the Eastern District of Texas may be more compelled to grant requests to stay litigation, thereby improving the efficiency of the courts’ relationship with the PTAB.

#### *D. The Difficulty of Amendments in IPRs*

Part I demonstrates that a major part of the broadest reasonable interpretation’s rationale is the patentee’s ability to amend within the USPTO in order to overcome overly broad interpretations. 35 U.S.C. § 316(d), which has been in place since September 16, 2011, grants patent owners the ability to file a

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<sup>90</sup> Xerox Corp. v. 3Com Corp., 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999).

<sup>91</sup> Aashish Kapadia, *Inter Partes Review: A New Paradigm in Patent Litigation*, 23 TEX. INTELL. PROP. L.J. 113, 131–32 (2015).

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

<sup>94</sup> See *VirtualAgility Inc. v. Salesforce.com, Inc.*, 759 F.3d 1307, 1320 (Fed. Cir. 2014) (holding that a district court abused its discretion when it denied a stay pending covered business method review).

<sup>95</sup> Daniel Nazer & Vera Ranieri, *Why Do Patent Trolls Go to Texas? It’s Not for the BBQ*, ELECTRONIC FRONTIER FOUNDATION (Jul. 9, 2014), <https://www.eff.org/deeplinks/2014/07/why-do-patent-trolls-go-texas-its-not-bbq>.

<sup>96</sup> Julie Creswell, *So Small a Town, So Many Patent Suits*, N.Y. TIMES, Sept. 24, 2006.

<sup>97</sup> Owen Byrd & Brian Howard, *Patent 2013 Litigation Year in Review*, Lex Machina, i (May 13, 2014), [https://www.law.berkeley.edu/files/2013\\_Patent\\_Litigation\\_Year\\_in\\_Review\\_Full\\_Report\\_\(MLex\\_Machina\).pdf](https://www.law.berkeley.edu/files/2013_Patent_Litigation_Year_in_Review_Full_Report_(MLex_Machina).pdf).

motion to amend their claims during an inter partes review.<sup>98</sup> By right, parties can make one motion to amend and motions can be made later for cause. However, as of June 15, 2015, the PTAB allowed motions to amend in only four IPR proceedings<sup>99</sup> out of the 3,400 IPR petitions that have been filed since the AIA took effect in September 2012.<sup>100</sup> In practice, the right to amend is virtually non-existent.

In *International Flavors & Fragrances Inc. v. United States*,<sup>101</sup> the patent owner finally persuaded the PTAB to grant in part a motion to amend, which illustrates the difficulty of amending within IPRs.<sup>102</sup> In examining the patentability of the proposed substitute claims, the PTAB reiterated that the patent owner bears the burden of proof to demonstrate patentability of the proposed claims over the prior art in general.<sup>103</sup> Even though the petitioner, International Flavors, did not oppose the motion to amend, the PTAB found that the U.S. met its burden of proof for some of the claims but still only granted the United States' motion to amend *in part*.<sup>104</sup>

One may argue that using a standard other than broadest reasonable interpretation in IPRs would create inconsistencies with other USPTO proceedings such as patent examination. Take, for instance, if the district court standard were applied to a patent in an IPR proceeding and then that same patent or another patent in its family goes back to prosecution or a reissue proceeding. This creates an uncertainty and risk for patent owners. However, this line of reasoning is undermined since amendments are freely permitted during prosecution, while it is practically impossible to amend during IPR.

#### *E. In re Cuozzo: Judge Newman's Parry of the Majority Holding*

The PTAB's broadest reasonable interpretation standard was one of the foremost issues in *In re Cuozzo Speed Techs.* Cuozzo was the assignee of U.S. Patent No. 6,778,074 ("074 patent"), entitled "Speed Limit Indicator and Method

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<sup>98</sup> 35 U.S.C. § 316(d) Amendment of the patent. (Added Sept. 16, 2011, P.L. 112-29, §6(a), 126 Stat. 302).

<sup>99</sup> See *PTAB Allows Motion to Amend in IPR Challenging Neste Oil Patent*, MANAGING INTELLECTUAL PROPERTY, <http://www.finnegan.com/news/newsdetail.aspx?news=d0dl8aee-10e8-4511-bfa5-3b2962dala39> (June 15, 2015).

<sup>100</sup> U.S. Patent and Trademark Office, Patent Trial and Appeal Board Statistics 8/3122015, <http://www.uspto.gov/sites/default/files/documents/2015-08-31%20PTAB.pdf>.

<sup>101</sup> IPR2013-00124, at 7 (PTAB May 20, 2014 (Paper 12)).

<sup>102</sup> *Id.* at 7.

<sup>103</sup> *Id.* at 9–10.

<sup>104</sup> *Id.* at 10–11.



for Displaying Speed and the Relevant Speed Limit,” which issued on August 17, 2004.<sup>105</sup> The ’074 patent’s claim 10 is for a “speed limit indicator comprising...a speedometer *integrally attached* to said colored display.”<sup>106</sup> The PTAB’s broadest reasonable interpretation construed the term “integrally attached” as meaning “discrete parts physically joined together as a unit without each part losing its own separate identity.”<sup>107</sup> Under this interpretation, the Board found this claim and two other dependent claims, 14 and 17, unpatentable over the prior art.<sup>108</sup> The Board also denied Cuozzo’s motion to amend the patent because the substitute claims lacked written description support.<sup>109</sup> The Board also held that the “substitute claims would improperly enlarge the scope of the claims as construed by the Board.”<sup>110</sup>

Cuozzo appealed to the Federal Circuit. The Federal Circuit affirmed the Board’s final determination, “finding no error in the Board’s claim construction under the broadest reasonable interpretation standard, the Board’s obviousness determination, and the Board’s denial of Cuozzo’s motion to amend.”<sup>111</sup> Ultimately, the Federal Circuit found the USPTO has the appropriate authority to use the broadest reasonable interpretation standard in post-grant proceedings.

### *1. Broadest Reasonable Interpretation: The Law of Claim Construction?*

The majority noted that the USPTO applied the broadest reasonable interpretation standard for more than a century in various types of USPTO proceedings from “initial examinations, interferences, and post-grant proceedings such as reissues and reexaminations.”<sup>112</sup> Thus, the majority believed that Congress did not design the AIA to change the broadest reasonable interpretation since Congress legislated knowing of its prevailing use in the USPTO, therefore, implicitly approving the existing rule.<sup>113</sup>

Judge Newman, in her dissent, agreed that the broadest reasonable interpretation is authorized for use in the examination of pending applications. However, Newman noted that the standard exists only “to restrict or clarify the

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<sup>105</sup> U.S. Patent No. 6,778,074 (issued Aug. 17, 2004).

<sup>106</sup> *Id.* col. 7 ll. 1-10.

<sup>107</sup> *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1272 (Fed. Cir. 2015).

<sup>108</sup> *Id.*

<sup>109</sup> *Id.*

<sup>110</sup> *Id.*

<sup>111</sup> *Id.* at 1271.

<sup>112</sup> *Id.* at 1276.

<sup>113</sup> *Id.* at 1277.

applicant's proposed claims, not to broaden them."<sup>114</sup> Newman argued that the broadest reasonable interpretation ought to be used only in examination, to give the public notice of a patent claim's upper bound.<sup>115</sup> Therefore, the PTAB contradicts the purpose of the broadest reasonable interpretation by extending the broadest reasonable interpretation to post-grant validity, which has generally been held to be the province of the district court.<sup>116</sup>

## 2. *Restrictive Permission to Amend Claims*

Cuozzo argued that earlier judicial decisions that utilized the broadest reasonable interpretation relied on the easy availability of seeking claim amendments, but the AIA limits amendments in IPR proceedings. The majority asserted that there are no restrictions on "amendment opportunities that materially distinguish IPR proceedings from their predecessors in the patent statute."<sup>117</sup> For support, the majority cited section 316(d)(1) which provides that a patentee may file one motion to amend in order to "[c]ancel any challenged patent claim" or "[f]or each challenged claim, propose a reasonable number of substitute claims."<sup>118</sup> Therefore, the opportunity to amend, however cabined, justifies using the broadest reasonable interpretation.<sup>119</sup>

The dissent pointed out that the opportunity to amend is completely denied in an infringement action in district court. Even in reexamination proceedings for expired patents, the USPTO applies the district court claim construction standard rather than the broadest reasonable interpretation, because claims cannot be amended in expired patents.<sup>120</sup> Thus, the dissent argued that amendments are provided for the sole purpose of promoting "a fluid exchange between the examiner and the applicant" during examination-type proceedings.<sup>121</sup> The PTAB should not apply the broadest reasonable interpretation when it has effectively removed the applicant's right to amend.<sup>122</sup>

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<sup>114</sup> *Id.* at 1286 (Newman, J., dissenting).

<sup>115</sup> *Id.* at 1286–87.

<sup>116</sup> *Id.* at 1287.

<sup>117</sup> *Id.* at 1277.

<sup>118</sup> *Id.*

<sup>119</sup> *Id.* at 1278.

<sup>120</sup> *Id.* at 1287 (Newman, J., dissenting).

<sup>121</sup> *Id.*

<sup>122</sup> *Id.* at 1287–88.

### 3. *The IPR Is an Adjudicatory Process*

The majority in *In re Cuozzo Speeding Technologies* did not believe that distinguishing an IPR as an adjudicatory process rather than as an examination makes any difference in congressional approval for the broadest reasonable interpretation. After all, interference proceedings are also in some sense adjudicatory, but yet use the broadest reasonable interpretation.<sup>123</sup>

Newman's dissent perceived the adjudicatory versus examination dichotomy to lie at the crux of replacing the old *inter partes* reexamination with the *inter partes* review. Newman notes that the benefits of adversary participation in IPRs, such as providing for discovery, witnesses, argument, and other litigation procedures, are specifically meant to achieve the very same benefits of validity proceedings in the district courts.<sup>124</sup> Newman proceeded to quote the PTAB's own words, saying "[a]n *inter partes* review is neither a patent examination nor a patent reexamination,' but is 'a trial, adjudicatory in nature [which] constitutes litigation.'" <sup>125</sup> Therefore, Newman found that the USPTO's usage of the pre-grant examination claim construction standard is "curious" and "a negation of the purpose and obligation of this new adjudicatory process."<sup>126</sup> She continued to warn that if the IPRs are not meant to provide a surrogate forum for district courts, then the "new procedures will become no more than a tactical vehicle for delay, harassment, and expenditure," thus fulfilling a congressional warning that the AIA's changes "are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent."<sup>127</sup>

### 4. *Agency Rulemaking Authority*

The majority also noted that the provisions 35 U.S.C. section 316(a)(2) and (a)(4), mentioned in Part I of this note,<sup>128</sup> convey rulemaking authority to the USPTO to "prescribe regulations," "setting forth the standards for the showing of sufficient grounds to institute . . . review . . . establishing and governing *inter partes*

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<sup>123</sup> *Id.* at 1278.

<sup>124</sup> *Id.* at 1288–89 (Newman, J. dissenting).

<sup>125</sup> *Id.* at 1289 (quoting *Google Inc. v. Jongerius Panoramic Techs., LLC*, No. IPR2013–00191, at 4 (P.T.A.B. Feb. 13, 2014)).

<sup>126</sup> *Id.* at 1289.

<sup>127</sup> *Id.* at 1289 (quoting H.R. REP. NO. 112–98, pt. 1, at 48 (2011), 2011 U.S.C.C.A.N. 67, 78).

<sup>128</sup> *See supra* Part I.C.

review . . . and the relationship of such review to other proceedings . . . .”<sup>129</sup> Because of this Congressional authorization, the majority stated that the *Chevron* framework should apply. This involves determining “whether Congress has directly spoken to the precise question at issue” and, if not, then determining “whether the agency’s interpretation is based on a permissible construction of the statutory language at issue.”<sup>130</sup> Because Congress was silent on the subject of how the USPTO should construe the “claim,” step one of *Chevron* is satisfied and the broadest reasonable interpretation is a “permissible construction of the statutory language,” and step two is unnecessary.<sup>131</sup> The broadest reasonable interpretation is a permissible construction because the USPTO merely embodied the approach it has uniformly applied in interpreting claims for pre-IPR examination proceedings.<sup>132</sup> The majority, however, stated that “[w]e do not draw that conclusion from any finding that Congress has newly granted the [USPTO] power to interpret *substantive* statutory ‘patentability’ standards.”<sup>133</sup>

The dissent maintained that there is a strict distinction between procedural and substantive rulemaking here. Newman stated that the “*conduct* of inter partes review” noted in 35 U.S.C. section 316(a)(4) specifically connotes it is a procedural power “including public access to proceedings, discovery rules, and the right to a hearing.”<sup>134</sup> Claim construction is a matter of law and therefore, is a substantive matter.<sup>135</sup> As such, claim construction rules do not lie under the procedural rulemaking covered by the statute. Moreover, Newman insisted that “deference is constrained by the obligation to honor the clear meaning of a statute, as revealed by its language, purpose, and history.”<sup>136</sup> Taking the obvious purpose of the AIA to be the creation of a surrogate for district court litigation, the USPTO’s promulgation of 37 C.F.R. section 42.300(b) authorizing and requiring the broadest reasonable interpretation for *inter partes* reviews is a direct contradiction.<sup>137</sup>

The Federal Circuit’s *In re Cuozzo* decision caused consternation for many patent owners who could relate to *Cuozzo*. However, the en banc decision was split 6-5 and Judge Newman’s dissent tactfully countered the majority’s arguments,

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<sup>129</sup> *Id.* at 1275.

<sup>130</sup> *Id.* at 1279.

<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

<sup>133</sup> *Id.*

<sup>134</sup> *Id.* at 1290 (Newman, J., dissenting) (emphasis added).

<sup>135</sup> *Id.* at 1286.

<sup>136</sup> *Id.* at 1290.

<sup>137</sup> *Id.*

lending much credence to a shift in the PTAB's claim construction standard. As such, *Cuozzo* was able to petition the Supreme Court to obtain certiorari and during oral argument, many of Newman's arguments could be echoed particular in proclaiming IPRs as a surrogate for district court litigation.<sup>138</sup>

### III

#### POST-CUOZZO AND THE FUTURE OF THE BROADEST REASONABLE INTERPRETATION

While the Federal Circuit's *In re Cuozzo* decision ultimately held that the PTAB is entitled to use the broadest reasonable interpretation as the standard for post-grant proceedings, there are many efforts currently underway for change in line with Judge Newman's dissent. First, given the historic lack of deference given to substantive rules by the USPTO, it is unclear that courts should grant the USPTO *Chevron* deference in the matter of the PTAB's post-grant proceeding claim construction standard. Second, the USPTO, through proposed rules, is unlikely to affect any change to the broadest reasonable interpretation in the PTAB or to the underlying problem of virtual inability to amend claims. Third, Congress's silence, knowing that the broadest reasonable interpretation is prevalent in the USPTO, does not necessarily indicate acceptance with regard to its application in the PTAB. This section argues that pending legislation, such as the Innovation Act, are indicative of a concerted effort to adopt Judge Newman's proposal of uniform claim construction approach in both district courts and the PTAB. Finally, the Supreme Court heard oral argument on *In re Cuozzo* on April 25, 2016 and offers the best opportunity for rectifying the claim construction argument once and for all as opposed to the incessant back and forth for which Congress is notorious in passing key legislation.

##### A. *The USPTO's "New" Rulemaking Authority*

The disagreement between the majority and dissent in *In re Cuozzo Speeding Technologies* casts a shadow of doubt on whether the AIA granted the USPTO greater rulemaking authority. If so, is the decision to implement the broadest reasonable interpretation standard in the PTAB a substantive or procedural rule? Despite the obvious question, the USPTO promulgated the rule without characterizing it. However, in *SAP America, Inc. v. Versata Development Group, Inc.*,<sup>139</sup> the USPTO justified the broadest reasonable interpretation standard by

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<sup>138</sup> Oral Argument at 4:5-8, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016) (No. 15-446), available at [http://www.supremecourt.gov/oral\\_arguments/argument\\_transcripts/15-446\\_2dp3.pdf](http://www.supremecourt.gov/oral_arguments/argument_transcripts/15-446_2dp3.pdf).

<sup>139</sup> 107 U.S.P.Q.2d 1097, 2013 WL 3167735 (Jun. 11, 2013).

asserting that the AIA “provides the Office with authority exceeding that of merely setting forth ‘procedures,’” suggesting it sees its authority as containing substantive rulemaking to some degree.<sup>140</sup> The Federal Circuit said that a USPTO rule is substantive when it “effects a change in *existing law* or policy which affects individual rights and obligations.”<sup>141</sup> The Supreme Court stated clearly that claim construction is a matter *of law*, which obviously is outcome determinative.<sup>142</sup>

There are three routes through which this issue of authority can be rectified. The first is through a clear and conclusive declaration by Congress to give the USPTO obvious substantive rulemaking authority, thereby rejecting the long-standing procedural-substantive distinction that historically applied to the USPTO. Another route is if the USPTO pushes its limits on the procedural-substantive dichotomy in further cases at the Federal Circuit level. Finally, the Federal Circuit could either explicitly hold that the broadest reasonable interpretation is a purely procedural issue, or as scholar Allyson Mackavage has recommended, “recognize that the USPTO had at least limited substantive rulemaking authority under the new provisions added by the AIA.”<sup>143</sup> Considering the favorable result the USPTO received from the Federal Circuit in *In re Cuozzo*, it is conceivable that the Court might slowly but steadily broaden the definition of procedural rulemaking authority or achieve increased recognition of substantive rulemaking authority. In both scenarios, it is up to the Federal Circuit to make a concerted effort to specify the scope of the USPTO’s rulemaking authority regarding the procedural-substantive distinction. Neither option is advantageous over another but the end result ought to be accomplished: clearly delineating the USPTO’s rulemaking authority post-AIA.

### *B. The Legislative Response*

Another mechanism through which the PTAB’s claim construction standard may be changed is through Congressional action. For example, the Innovation Act of 2015 (H.R.9), introduced by Rep. Bob Goodlatte, if passed, “would override the patent office and explicitly mandate that the *Phillips* standard be used in *inter*

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<sup>140</sup> *Id.* at 1104.

<sup>141</sup> *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008) (internal quotation marks omitted).

<sup>142</sup> *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 837 (2015) (“[I]t was proper to treat the ultimate question of the proper construction of the patent as a question of law”).

<sup>143</sup> Allyson E. Mackavage, *One-Off or a Sign of Things to Come? In re Cuozzo and the Scope of the United States Patent and Trademark Office’s Rulemaking Authority*, 115 COLUM. L. REV. SIDEBAR 93, 102–03 (2015).

*partes* review.”<sup>144</sup> Other bills in the Senate are the PATENT Act (S.1137), introduced by Sen. Chuck Grassley, and the STRONG Patent Act (S.632), introduced by Rep. Christopher Coons, both of which accomplish the same task.<sup>145</sup>

Legislation can be a challenging avenue for accomplishing meaningful change in the claim construction standard because of the compromising nature of the legislative process. The PATENT Act and Innovation Act are good examples of the occasionally conflicting aims of patent legislation. Both the PATENT Act and Innovation Act primarily involve changes to patent litigation, aimed at curbing abusive suits by patent trolls.<sup>146</sup> Patent trolls first obtain patent rights and then threaten to enforce those rights on suspected infringers.<sup>147</sup> In order for the other party to avoid patent litigation, the patent trolls seek settlements and licensing fees to practice the patented invention.<sup>148</sup> Therefore, it is ironic that Congress added the broadest reasonable interpretation provision in proposed legislation at the behest of patent owners, which may include trolls, who were concerned about how frequently the PTAB invalidates patents. These provisions are outliers in an otherwise non-patentee-friendly bill, “since it would tend to make patents owned by non-practicing entities more likely to survive AIA reviews.”<sup>149</sup>

Despite the conflicting aims of the Innovation Act, its provision on PTAB claim interpretation align with the views of Judge Newman and patent provisional. The Innovation Act, passed the House of Representatives in 2014 but stalled in the Senate.<sup>150</sup> The bill was then reintroduced early 2015,<sup>151</sup> and specifically requires the

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<sup>144</sup> David Soofian & Victoria Reines, *Is Broadest Reasonable Interpretation Here To Stay?*, LAW 360 (Apr. 11, 2016, 10:36 PM), <http://www.law360.com/articles/677020>.

<sup>145</sup> *Id.*; BAKER BOTTS, *Proposed Patent Reform in 2015: The Patent Act & The Innovation Act* (Apr. 11, 2016, 10:38 PM), <http://www.bakerbotts.com/ideas/publications/2015/07/ip-report>.

<sup>146</sup> Ryan Davis, *AIA Review Debate Now Goes to Congress*, LAW 360 (Apr. 11, 2016, 10:40 PM), <http://www.law360.com/articles/676999>.

<sup>147</sup> David O. Taylor, *Legislative Responses to Patent Assertion Entities*, 23 TEX. INTELL. PROP. L.J. 313, 314 (2015).

<sup>148</sup> *Id.*

<sup>149</sup> Davis, *supra* note 146.

<sup>150</sup> *Bill Summary & Status 113th Congress (2013 - 2014) H.R.3309 All Congressional Actions*, <http://thomas.loc.gov> (describing the Innovation Act's legislative history in the 113<sup>th</sup> Congress); *Final Vote Results for Roll Call 629*, CONGRESS.GOV, <http://clerk.house.gov/evs/2013/roll629.xml> (showing 325 votes in favor of the bill and 91 votes not in favor of the bill). Comment of Senator Patrick Leahy (D-Vt.), Chairman, Senate Judiciary Committee, On Patent Legislation, LEAHY.SENATE.GOV (May 21, 2014), [https://www.leahy.senate.gov/press/comment-of-senator-patrick-leahy-d-vt\\_chairman-senate-judiciary-committee-on-patent-legislation](https://www.leahy.senate.gov/press/comment-of-senator-patrick-leahy-d-vt_chairman-senate-judiciary-committee-on-patent-legislation) (“Because there is not sufficient support behind any comprehensive deal, I am taking the patent bill off the Senate Judiciary Committee agenda.”).

PTAB to conduct its review proceedings utilizing the claim construction that a court would use by “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,” rather than using the broadest reasonable construction.<sup>152</sup> Therefore, the Innovation Act’s change in PTAB standards makes it more difficult for the PTAB to conclude invalidity because a narrower construction will be less likely to cover the prior art.

The Innovation Act’s provision on claim construction standards received much support from the American Intellectual Property Law Association (AIPLA), which “currently supports, in whole or in concept, several provisions of H.R. 9, including . . . Section 9(b), which aligns the claim construction standard in *inter partes* review and post-grant review with the standard used by district courts.”<sup>153</sup> The AIPLA, like Judge Newman, notes that this adjustment ensures that the post-grant proceedings enacted by Congress in the AIA “are being used as an effective, lower-cost alternative to challenging the validity of a patent in litigation.”<sup>154</sup>

However, the picture is not all rosy. While the AIPLA recognizes the threat of patent trolls, the AIPLA states that it does not support many provisions of H.R. 9 as currently drafted because they “unintentionally impair the ability of patent owners to enforce their rights in good faith” and “discourage innovators who rely on the patent system for protection of their efforts.”<sup>155</sup> Therefore, while the specific provision changing the claim construction standard may be supported, it is likely that the legislation may not move forward. Additionally, there is a question of whether Congress is the right entity to correct patent litigation problems, as this has historically been the role of courts, which have more experience on such issues.<sup>156</sup>

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<sup>151</sup> Goodlatte Introduces Patent Litigation Reform Bill, GOODLATTE.HOUSE.GOV, (Feb. 5, 2015), <http://goodlatte.house.gov/news/documentsingle.aspx?DocumentID=266>.

<sup>152</sup> Innovation Act, H.R. 3309, 113th Cong. § 9(b)(1) (2013), <https://www.gpo.gov/fdsys/pkg/BILLS-113hr3309rfs/pdf/BILLS-113hr3309rfs.pdf>.

<sup>153</sup> Sharon Israel, *AIPLA’s Views on H.R. 9, the Innovation Act of 2015*, (Apr. 16, 2015), <http://www.aipla.org/advocacy/congress/114C/Documents/AIPLA%20Letter%20on%20H.R.%2009%20Innovation%20Act%204-16-2015.pdf>.

<sup>154</sup> *Id.*

<sup>155</sup> *Id.*

<sup>156</sup> See generally Paul R. Gugliuzza, *Patent Litigation Reform: The Courts, Congress, and the Federal Rules of Civil Procedure*, 95 B.U. L. REV. 279, 282 (2015) (“[L]egislative reform [directed to patent litigation] is unnecessary because the courts and the Judicial Conference of the United States are already in the process of fixing several problematic areas of patent litigation.”). See also J. Jonas Anderson, *Patent Dialogue*, 92 N.C. L. REV. 1049, 1063-64 (2014)



These concerns were part of the reason Congress did not pass the Innovation Act in its initial iteration in 2014. The Act received strong criticism from judges such as Federal Circuit Judge O'Malley,<sup>157</sup> and from the Judicial Conference of the United States.<sup>158</sup> Much of the other legislation faces the same problems that plague the Innovation Act. For these reasons, Congress is not a likely vehicle for changing claim construction standards in the PTAB.

### C. *The USPTO Response to Lack of Amendment Opportunity*

The USPTO itself has not turned a deaf ear to the criticism of the broadest reasonable interpretation. After the Federal Circuit decided *In re Cuozzo Speeding Technologies*<sup>159</sup> in February 2015, the USPTO organized roundtables across the country, so the public could discuss and give feedback about *inter partes* review procedures.<sup>160</sup> In a March 27, 2015 blog post, USPTO Director Michelle Lee announced that “as a direct result of [the] feedback” the USPTO would address the underlying criticism that it is too hard for patentees to amend claims during *inter partes* review. Lee stated that the USPTO was contemplating proposed changes to emphasize that a motion for a substitutionary amendment will always be allowed to come before the Board for consideration.<sup>161</sup> Under the proposed change, the issuance of amended claims would require a patent owner only to show

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(“[T]he most important changes to the patent system in recent years have been the result of the Federal Circuit *reacting* to policy signals from the Supreme Court and Congress.”).

<sup>157</sup> Ryan Davis, *Troll Bills Would Usurp Courts' Power, Fed. Circ. Judge Says*, LAW 360 (Sept. 27, 2013), <http://www.law360.com/articles/476345/troll-bills-would-usurp-courts-power-fed-circ-judge-says> (indicating that Judge O'Malley said she was “stunned” that reform legislation focused on litigation case management proposals, that many of the proposals “go way beyond where anyone should want Congress to tread,” and that “once you intrude on the inherent authority of courts to actually manage each case before them, you're breaking down the division between the branches of government, and there is grave danger in doing that.”).

<sup>158</sup> H.R. REP. NO. 113-279, at 116 (2013), <https://www.congress.gov/113/crpt/hrpt279/CRPT-113hrpt279.pdf> (quoting a letter from the Chair of the Committee on Rules of Practice and Procedure of the Judicial Conference of the United States stating “legislation that mandates the contents of federal rules contravenes the longstanding Judicial Conference policy opposing direct amendments of the federal rules by legislation instead of through the deliberative process in the Rules Enabling Act . . .”).

<sup>159</sup> *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271 (Fed. Cir. 2015).

<sup>160</sup> Soofian & Reines, *supra* note 144.

<sup>161</sup> Michelle K. Lee, *PTAB'S Quick-Fixes for AIA Rules are to be Implemented Immediately, Director's Forum: A Blog from USPTO's Leadership*, USPTO (Mar. 27, 2015), [http://www.uspto.gov/blog/director/entry/ptab\\_s\\_quick\\_fixes\\_for](http://www.uspto.gov/blog/director/entry/ptab_s_quick_fixes_for).

patentability of the narrowed amended claims beyond the prior art of record before the Office.<sup>162</sup>

Liberal amendments are a hallmark of the examination process, where the broadest reasonable interpretation enjoys great precedent. Therefore, if such a rule were adopted, the USPTO would have a greater justification for its use of the broadest reasonable interpretation standard in the PTAB. The Office asked for comments on the following topic: “What modifications, if any, should be made to the Board’s practice regarding motions to amend?”<sup>163</sup> The Office received a spectrum of comments that ranged from seeking no change, to proposing liberal grant of amendments in AIA proceedings, but the USPTO maintained the status quo.<sup>164</sup> Instead, the USPTO believed it would be helpful to clarify the procedure for filing a motion to amend and provided an IPR, *MasterImage 3D, Inc. v. RealD, Inc.*,<sup>165</sup> as an example.<sup>166</sup> However, all that the *MasterImage* decision clarifies is that the patent owner has the burden of arguing that proposed substitute claims are patentable and narrower than the replaced claims.<sup>167</sup> The USPTO then, unhelpfully, stated that the burden shifts to the petitioner once the patent owner has made its *prima facie* case for patentability of the amendment.<sup>168</sup>

The USPTO is adamant that while there is no right to amend, there is a right to file a motion to amend. Embracing the rationale of the *In re Cuozzo Speeding Technologies* majority, the Board believes a right to file a motion is sufficient because it does not conduct a prior art search to evaluate the patentability of the proposed substitute claims.<sup>169</sup> The Board also feels that any such requirement would be impractical given the statutory structure of AIA proceedings.<sup>170</sup> Therefore, it is overly optimistic to assume that the USPTO will enact any meaningful change regarding the ability to amend.

#### D. Supreme Court Response

The best recourse to replace the PTAB claim constructions standard is through the Supreme Court. A couple of months after the Federal Circuit issued the

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<sup>162</sup> *Id.*

<sup>163</sup> Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, A Proposed Rule, 80 Fed. Reg. 50720 (Aug. 20, 2015) (to be codified at 37 C.F.R. pt. 42).

<sup>164</sup> *Id.*

<sup>165</sup> No. IPR2015-00040 (P.T.A.B. Jul. 15, 2015).

<sup>166</sup> See Amendments to the Rules of Practice, *supra* note 163.

<sup>167</sup> *MasterImage*, No. IPR2015-00040, at 1–3.

<sup>168</sup> *Id.*

<sup>169</sup> See Amendments to the Rules of Practice, *supra* note 163.

<sup>170</sup> *Id.*

*In re Cuozzo* en banc decision, Cuozzo asked the Supreme Court to change the claim construction standard.<sup>171</sup> Cuozzo appealed on the grounds that the PTAB's use of the broadest reasonable interpretation has made the *inter partes* review "surprisingly lethal" and "introduces tremendous uncertainty into claim construction [that] allows for conflicting invalidity decisions and undercuts Congress's central reform in the AIA."<sup>172</sup> Though noting that Congressional bills may rectify this, the possibility is low and the Supreme Court's "guidance is sorely needed on this issue critical to our patent system."<sup>173</sup>

Cuozzo's wish was granted. The Supreme Court approved Cuozzo's petition for writ of certiorari.<sup>174</sup> In the first half of 2014 alone, the Supreme Court unanimously overruled all five of the patent cases on appeal from the Federal Circuit.<sup>175</sup> Given the Supreme Court's track record, there is a strong chance that it could reverse the Federal Circuit's holding. A major reason the reversal rate of the Federal Circuit is so high is because the Supreme Court seems to favor fact-specific balancing-type tests over the Federal Circuit's bright-line rules.<sup>176</sup> Additionally, the Supreme Court's holdings and dissents on patent cases tend not to fall along any strong political lines. For example, the three recent but influential patent eligibility cases "that have thrown the industry into something of a tailspin" were all unanimous decisions.<sup>177</sup> Even with the passing of Justice Scalia, the

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<sup>171</sup> Ryan Davis, *Cuozzo Asks Supreme Court to Overhaul AIA Review Rules*, LAW 360 (Oct. 7, 2015), <http://www.law360.com/articles/711959/cuozzo-asks-supreme-court-to-overhaul-aia-review-rules>.

<sup>172</sup> *Id.*

<sup>173</sup> *Id.*

<sup>174</sup> *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016).

<sup>175</sup> Vera Ranieri, *Supreme Court Overrules Federal Circuit Again. And Again.*, ELECTRONIC FRONTIER FOUNDATION (Jun. 2, 2014), <https://www.eff.org/deeplinks/2014/06/supreme-court-overrules-federal-circuit-again-and-again>.

<sup>176</sup> See *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 407, 415 (2007) (rejecting Federal Circuit's "teaching, suggesting or motivation" test as a rigid test for determining obviousness); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 137 (2007) (rejecting Federal Circuit's bright-line rule requiring a licensee to breach or terminate a license to establish an "actual controversy" and obtain standing to pursue a declaratory judgment action); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 394 (2006) (rejecting Federal Circuit's categorical grant of permanent injunctions upon finding infringement and no invalidity); *Illinois Tool Works, Inc. v. Indep. Ink, Inc.*, 547 U.S. 28, 46 (2006) (overruling Federal Circuit's presumption of market power in a patented tying product); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 741-42 (2002) (rejecting Federal Circuit's interpretation of prosecution history estoppel as a complete bar to patentability).

<sup>177</sup> Gene Quinn, *What the Passing of Justice Antonin Scalia Means for SCOTUS Patent Jurisprudence*, IPWATCHDOG.COM (Feb. 17, 2016), <http://www.ipwatchdog.com/2016/02/17/>

likelihood of a split decision among the Supreme Court's eight judges is minimal. The Supreme Court's grant of certiorari should then be welcome news for Cuozzo. Furthermore, many members of the patent law community filed amicus briefs utilizing similar rationales as Judge Newman to persuade the Supreme Court to take the case.<sup>178</sup>

However, the Justices' commentary during oral argument suggests that change may not be as readily forthcoming. Justice Sotomayor asserted that she might be moved to agree that application of the "broadest reasonable construction" standard is inappropriate in IPR proceedings, "if Congress had not given any right for the Board to amend."<sup>179</sup> Justice Ginsburg noted that IPR proceedings were "[k]ind of a hybrid," "in certain respects [resembling] administrative proceedings and other district court proceedings," thereby justifying dichotomous standards.<sup>180</sup> Like Justice Ginsburg, Justice Kennedy pointed to no presumption of validity in IPR proceedings.<sup>181</sup> Justice Breyer voiced concern that "the Patent Office has been issuing billions of patents that shouldn't have been issued" insinuating that IPRs were instituted to "get rid of those patents."<sup>182</sup> Justice Kagan bemoaned the fact that the statute does not say one way or the other, leaving the Court "reading the tea leaves" but notices that if she were Congress and "looking at the PTO, ... it does pretty much everything by this broadest-construction standard."<sup>183</sup>

While the aforementioned Justices expressed skepticism about removing the broadest reasonable interpretation in the PTAB, at least Justices Alito and Roberts seemed open to changing to the district court standard. Justice Alito asked if Congress had imposed upon the PTAB the same standard of proof for invalidity that is applied in the District Court, which might indicate that perhaps Congress

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what-justice-antonin-scalia-means-for-scotus-patent-jurisprudence/id=66247/ (referring to *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012), *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013), and *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014)).

<sup>178</sup> See, e.g., Brief of the Intellectual Property Law Association of Chicago as Amicus Curiae on Petition for Writ of Certiorari in Support of Neither Party, p. 14, *Cuozzo Speed Techs., LLC v. Lee*, 2016 WL 946979 (U.S.). See also, e.g., Brief of Amicus Curiae for New York Intellectual Property Law Association in Support of Petitioner, p. 15, *Cuozzo Speed Techs., LLC v. Lee*, 2015 WL 7008797 (U.S.)

<sup>179</sup> Oral Argument at 4:10-16, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016) (No. 15-446), available at [http://www.supremecourt.gov/oral\\_arguments/argument\\_transcripts/15-446\\_2dp3.pdf](http://www.supremecourt.gov/oral_arguments/argument_transcripts/15-446_2dp3.pdf).

<sup>180</sup> *Id.* at 23:21-25.

<sup>181</sup> *Id.* at 21:1-5.

<sup>182</sup> *Id.* at 14:6-15, 37:7-23.

<sup>183</sup> *Id.* at 21:20-25, 22:19-25.

had intended IPRs to operate under different rules than District Court litigation.<sup>184</sup> Justice Roberts immediately announced his position that “it seems to me perfectly clear that Congress meant for this entity to substitute for judicial action.”<sup>185</sup> “Why,” wondered Justice Roberts, “should we be wedded to the way they do business in the PTO . . . when the point is not to replicate PTO procedures.”<sup>186</sup> He continued, “It’s a very extraordinary animal in legal culture to have two different proceedings addressing the same question that lead to different results.”<sup>187</sup>

While a minority of justices outwardly expressed support for *In re Cuozzo*’s dissent, to allay the fears of practitioners and provide a stable environment with which the IPR claim construction standard can progress, the Supreme Court is still the best vehicle for eliminating the PTAB’s broadest reasonable interpretation. The Supreme Court not only bypasses the USPTO’s intransigence on easing up the ability to amend but also provides a quicker path to rectifying the disparity in standards than Congress has done thus far. However, if the Supreme Court does not reverse the Federal Circuit decision, then it will be up to Congress to swiftly provide a solution to the dilemma of the broadest reasonable interpretation in the PTAB.

### CONCLUSION

Claim construction is perhaps the most important issue in a determination of invalidity for patents. Thus, there is a quagmire in the dichotomy of patent claim constructions that exists between the PTAB and district courts. It is well known that the USPTO adopted the broadest reasonable interpretation, for at least the past hundred years, to ascertain the upper bound of claim meaning during patent examination. The broadest reasonable interpretation standard was then adopted for the new post-grant proceedings created by the AIA. While cost and time efficiency are partly to explain IPRs sharp rise to popularity, the broadest reasonable interpretation also plays a large part in informing petitioners’ preferences for the IPR over district court litigation. As the claim construction is broader, the chance of invalidating the patent owner’s claims increases.

The disparity between the district court’s “ordinary and customary meaning” claim construction standard and the USPTO’s broadest reasonable interpretation standard creates substantial risk for patent owners. The disparity also promotes inefficient litigation when a district court does not grant a stay pending an IPR

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<sup>184</sup> *Id.* at 6:23-7:1.

<sup>185</sup> *Id.* at 31:4-6.

<sup>186</sup> *Id.* at 31:7-11.

<sup>187</sup> *Id.* at 32:2-5.

proceeding. Because there is a disparity across district courts in granting stays, the USPTO's claim interpretation standard contributes to patent litigation forum shopping. The Federal Circuit's *In re Cuozzo Speeding Technologies* case highlights many of the pitfalls that surround the PTAB's use of the broadest reasonable interpretation for post-grant proceedings. Judge Newman's dissent noted how the majority's holding undermined the very purpose of the *inter partes* review: "providing quick and cost effective alternatives to litigation"<sup>188</sup> in order to provide "improved service to technology-based innovation [and] . . . creative advance and industrial growth."<sup>189</sup>

The 6-5 Federal Circuit split in *In re Cuozzo Speeding Technologies* was a clear indication that action needs to be taken to address the problem that afflicts the PTAB claim construction standard. There are several avenues for recourse but only the Supreme Court has any promise of achieving meaningful change. In the pending appeal, the Supreme Court should overrule the majority decision in *In re Cuozzo Speeding Technologies* and adopt Judge Newman's view that the broadest reasonable interpretation was never intended to be utilized in the PTAB, especially with such minimal ability to amend claims.

By using the district court standard in the PTAB, as this note advocates, IPRs will still maintain their time and cost efficiency and remain the popular alternative to district court litigation, as Congress intended. However, aside from the maintenance of popularity, there will also be a greater benefit served by removing the broadest reasonable interpretation in the PTAB. The comment process conducted by the USPTO, as discussed in Part III, showed that the USPTO would not budge on changing their amendment practice.<sup>190</sup> Switching to the district court claim construction standard would allow the PTAB to maintain its stringent IPR amendment practice because the broadest reasonable interpretation is only justified where amendment may be made liberally. When the broadest reasonable interpretation does not exist, a right to amend may be limited. Moreover, district courts would no longer have a reason to deny staying litigation in the midst of a pending IPR because the definitions of a patent claim would not be disparate. Litigating in two different venues, the PTAB and district courts, will no longer yield the possibility of opposing validity holdings. With a unification of claim construction standards, if a patent is valid in a PTAB proceeding, it must be valid in a district court.

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<sup>188</sup> H.R. REP. NO. 112-98, pt. 1, at 48 (2011).

<sup>189</sup> *In re Cuozzo*, 793 F.3d at 1287.

<sup>190</sup> *See supra* Part III.C.

The problems that accompany a disparity of claim construction standards in the PTAB and district courts make patent owners skeptical of their future patents. They dread the possibility of litigating on two fronts under two separate claim construction standards. For all the aforementioned benefits that would proceed from a unification of standards in the PTAB and district courts, the Supreme Court should alleviate this disparity by eliminating the broadest reasonable interpretation from the PTAB.