

The Impact Of Changing The PTAB's Claim Construction Test

By **Matthew Bultman**

Law360 (April 23, 2018, 10:14 PM EDT) -- The Patent Trial and Appeal Board may be on the verge of switching to the claim construction standard used in district court, a move attorneys say won't impact the outcome of most cases but could present strategic issues, particularly for challengers.

When interpreting a patent term in America Invents Act reviews, the PTAB uses what's known as the broadest reasonable interpretation, the same standard used at the U.S. Patent and Trademark Office during patent examination. This is different from district courts, which use a more narrow standard.

While the U.S. Supreme Court said in its 2016 decision in *Cuozzo v. Lee* the PTAB could use the BRI standard, there has been a continued push for change. Patent owners argue the different standards can give petitioners unfair advantages.

Major bar associations, including the American Intellectual Property Law Association, have also advocated for the PTAB to adopt the claim construction standard used in district court.

Speculation about a potential switch has increased since the new USPTO director, Andrei Iancu, took office. Iancu, who has emphasized the need for fairness and consistency in AIA reviews, said during a recent Senate committee hearing that claim construction was one area the USPTO was studying.

Making the standards the same, "I think that goes some measure toward increasing the perception of fairness, the perception of equality, and helping to level the playing field," said Brenton Babcock of Knobbe Martens Olson & Bear LLP, adding there is "a lot of momentum in that direction."

That said, "I don't think the claim construction standards are really that much different in practice," Babcock said.

BRI v. Phillips

The standard used in district courts was outlined by the Federal Circuit in its 2005 en banc decision in *Phillips v. AWH Corp.* Under *Phillips*, a claim term is given the "ordinary and customary meaning" it would have to "a person of ordinary skill in the art ... at the time of the invention."

Under the BRI standard used at the USPTO, claim terms are given their broadest reasonable

construction "in light of the specification as it would be interpreted by one of ordinary skill in the art."

This standard is applied by the PTAB to unexpired patents in AIA review. Expired patents are interpreted by the PTAB using the district court-style construction.

Under a rule implemented in May 2016, either side in an AIA review can ask that patents set to expire within 18 months of the petition being filed — the amount of time it typically takes the board to make a final decision about the validity of a patent — be analyzed under the Phillips standard.

In theory, BRI is broader, as the Federal Circuit explained in a 2014 ruling, when it wrote that the "broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the Phillips standard. But it cannot be narrower."

Change in Outcomes Unlikely

There have been cases where the difference between BRI and Phillips was critical. In a 2016 ruling that arose from a PTAB decision, the Federal Circuit said its interpretation of claims in PPC Broadband Inc. patents on coaxial cable technology would be different under Phillips.

"[W]hile the Board's construction is not the correct construction under Phillips, it is the broadest reasonable interpretation ... and because this is an [inter partes review], under our binding precedent, we must uphold the Board's construction," the court wrote.

But situations where this happens are few and far between, attorneys said.

"It's very difficult to actually articulate why there should ever be a different construction, even when you're under the different standard," Joshua Goldberg of Finnegan Henderson Farabow Garrett & Dunner LLP said.

Trey Powers, an attorney at Sterne Kessler Goldstein & Fox PLLC, said when properly applied, the standards most often lead to extremely similar, if not identical, results.

"After all, the 'R' stands for reasonable," he said. "It's not the broadest possible construction, it's the broadest reasonable construction. That is still guided by the same stuff as the Phillips standard."

This includes looking at the patent claims and their meaning to someone skilled in the art, as well as the patent's specification and the prosecution history. Eliot Williams of Baker Botts LLP noted the Federal Circuit has been quick to rein in the PTAB when its constructions become too broad.

"Practically, the board is already aware in applying the BRI standard it can't go too far beyond the Phillips standard anyway," he said.

A 2017 Vanderbilt Law Review article found BRI had "little practical difference from the Phillips standard on ultimate validity determinations." Should the PTAB switch to Phillips, many attorneys don't expect it will impact the outcome of the vast majority of cases.

"At the end of the day, I don't think that a change to Phillips would mean that any more patents are upheld," said Scott McKeown of Ropes & Gray LLP, who last month wrote on his Patents Post-Grant blog it seems like a "foregone conclusion" the PTAB will make the switch.

"But," he added, "I do think it would be meaningful from a strategic perspective."

Tactical Issues for Litigants

The different standards can give litigants some flexibility in their arguments.

For example, in district court a company facing a patent suit might argue for a narrow claim construction in hopes of avoiding infringement. At the PTAB, where infringement is not an issue, the same company may cite BRI to justify arguing for a broader interpretation, which can make it easier to invalidate the patent.

Powers, who noted patent owners will also seek nuanced claim construction that captures the accused product while avoiding the prior art, said using the same standard between district court and the PTAB will take away some of the wiggle room.

"If the claim constructions are harmonized, litigants are going to have to pick one and stay with it," he said.

Goldberg said some accused infringers might think twice about filing petitions in the first place. This could stem from concerns about going on the record at the PTAB and arguing for a broad construction, then being locked into that construction at district court.

"They won't have the ability to go back to court and have a simple explanation for why the construction should be different in court," he said.

But it could also help smooth the process for both sides.

Scott Kamholz, an attorney at Covington & Burling LLP, said that by having courts and the PTAB work on the same standard, there is a stronger basis for judges in one forum to rely on claim constructions rulings in the other.

"By increasing predictability you make it easier for the parties to make decisions about how they're going to conduct these proceedings," Kamholz, a former PTAB judge, said.

There are still certain issues that would have to be worked out, such as how substitute claims proposed during an AIA review would be evaluated. The prevailing thought is that amended claims would still be evaluated under the BRI standard.

In addition, McKeown suggested the PTAB might consider allowing for additional briefing on claim construction after it has agreed to review a patent.

"Given that it is the same standard [as district court] and could be leveraged on the district court side, you might want to have more of a record," he said.

--Editing by Pamela Wilkinson and Catherine Sum.