



## American Intellectual Property Law Association

July 9, 2018

Mail Stop Patent Board  
Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
Attn: Vice Chief Administrative Patent Judges Michael Tierney or Jacqueline Wright  
Bonilla, PTAB Notice of Proposed Rulemaking 2018  
Via email: [PTABNPR2018@uspto.gov](mailto:PTABNPR2018@uspto.gov)

**Re: Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board**

Dear Sirs/Madams:

The American Intellectual Property Law Association (“AIPLA”) is pleased to have the opportunity to present its views on the United States Patent and Trademark Office’s (“Office”) Notice of Proposed Rulemaking regarding *Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, published at 83 Fed. Reg. 21221 (PTO-P-2018-0036, May 9, 2018).

AIPLA is a national bar association of approximately 13,500 members who are primarily practitioners engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

As indicated in the Notice, the Office has proposed to change the claim construction standard for AIA trials from the broadest reasonable interpretation (“BRI”) standard to the *Phillips* standard. *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*). The standard would apply to all current and future AIA trial proceedings pending before the PTAB (“Board”). AIPLA supports applying the *Phillips* standard in AIA trial proceedings. In addition, the Board should consider and try to adhere to prior claim construction determinations made by district courts or the International Trade Commission, if such prior constructions are timely made of record in AIA trial proceedings.

**I. The Board should use a *Phillips/Markman*-style claim construction standard in review proceedings**

AIPLA supports the proposed rule changes applying the same claim construction standard used by federal district courts when determining the validity of issued claims. Applying the *Phillips* standard should lead to greater consistency with the federal district courts and the ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims.

When the Office promulgated the initial Rules, the primary justification for applying the BRI standard in the review proceedings was the patent owner's opportunity to amend the patent claims. *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48755, 48764 (August 14, 2012) (“[s]ince patent owners have the opportunity to amend their claims during IPR, PGR, and CBM trials, unlike in district court proceedings, they are able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system.”); *see also* Brief for the Intervenor-Director, at 39-44 in *Versata Dev. Gp. v. SAP America*, Appeal No. 2014-1194 (filed May 1, 2014) (justifying Rule 42.100(b)). The secondary justification was that the Office needed to use a common standard for all proceedings. *Office Patent Trial Practice Guide*, 77 Fed. Reg. at 48764 (August 14, 2012) (“[M]ajor difficulties would arise where the Office is handling multiple proceedings with different applicable claim construction standards.”). After over five years of experience with AIA review proceedings, neither justification supports using a claim interpretation standard that is different from that required of courts under *Phillips/Markman*. *See Phillips v. AWH Corporation*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*), and *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed.Cir.1995) (*en banc*), *aff'd* 517 U.S. 370 (1996).

The BRI standard, adopted in the 1920s, was justified by the ability of patent applicants to “freely” amend claims during prosecution. Its use as a legal construct originated as part of the give and take between the applicant and the Patent Office to determine the scope of claims awardable to the applicant during the application stage, specifically because at that stage the scope of patentable rights is being negotiated. Once the scope of claims has been negotiated and the application matures into a patent, the terms of issued claims should be construed according to their ordinary and customary meaning as understood by one of ordinary skill in the art, unless the applicant acted as his or her own lexicographer or disclaimed scope of a claim during prosecution. Construing issued patent claims using the *Phillips* standard leads to greater certainty in the scope of the claim, which can thereby encourage investment in the patented product, method or article of manufacture. Furthermore, under the current review proceedings, a claim amendment is available only by motion under 35 U.S.C. §§316(d)/326(d), unlike amendments permitted as a matter of right during original prosecution or reexamination. Consequently, the original rationale for the BRI standard in prosecution is not directly applicable to claim construction during post grant review proceedings.

Due to the dispositive nature of claim construction on patentability determinations, the parties should have an adequate opportunity to appropriately brief all claim construction issues before the Board issues its Final Written Decision. Claim construction determinations should be made only in Final Written Decisions after the parties have had notice of all claim construction issues the Board is considering and an opportunity to address all such claim construction issues.

For the sake of consistency in AIA trial proceedings, AIPLA supports applying the *Phillips* claim construction standard to both original issued claims and proposed substitute claims submitted with a motion to amend.

## **II. If the Rule Change is Applied Retroactively, the Board Should Afford the Parties a Full and Fair Opportunity to Address any Changes in Claim Construction**

If the Board applies the *Phillips* standard to AIA trial proceedings that were pending before any rule change goes into effect, the Board should authorize the parties to submit additional briefing, if they so request, to address whether the changed claim construction standard has any impact on the proceeding. In the Office's Notice of Proposed Rulemaking, the Office acknowledges that the claim construction standard could be outcome determinative. Notice at 9 (citations omitted). Thus, changing the claim construction standard during the course of a pending AIA trial proceeding may impact one or both parties' arguments on the patentability of the challenged claims.

If the Office applies the *Phillips* construction standard retroactively to pending AIA trial proceedings, the Office should afford the parties sufficient opportunities to submit supplemental briefing on whether the changed claim construction standard will affect the parties' claim construction positions. If the parties' claim construction positions are affected, the Board should authorize the parties to submit additional briefing on whether any additional evidence or supplemental information under 37 C.F.R. §§ 42.123 or 42.223 should be submitted to address the changed claim construction positions.

Further, if the Board has provided an initial claim construction decision in its decision to institute, the Board should provide the parties an opportunity to address whether the Board should change its initial claim construction under the *Phillips* standard. The Board should not change its claim construction positions without providing notice to the parties and an opportunity to brief the changed claim construction. As explained by the Federal Circuit, the Board “‘may not change theories in midstream without giving respondents reasonable notice of the change’ and ‘the opportunity to present argument under the new theory.’” *SAS Inst. v. ComplementSoft, LLC*, 825 F.3d 1360, 1365-66 (Fed. Cir. 2016) (quoting *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1080 (Fed. Cir. 2015)).

If the Board applies the *Phillips* claim construction standard retroactively and authorizes the parties to submit additional briefing, the Board should also provide guidance to the parties on whether the Board will extend any due dates to allow for such supplemental briefing on the changed claim construction standard and the submission of any new evidence or supplemental information, if appropriate.

The Office should also consider whether it has the authority to apply the rule change retroactively. As described in the Notice, the Supreme Court has endorsed the Office's ability to establish rules on the claim construction standard used in AIA trials. Notice at 4 (citing *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144-46 (2016)). In other administrative rulemaking contexts, the Supreme Court has held that an administrative agency could not apply rule changes retroactively when Congress did not grant the agency authority to apply rule changes retroactively. See, e.g., *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 207-208 (1988) ("a statutory grant of legislative rulemaking authority will not, as a general matter, be understood to encompass the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms").

### **III. The Board Should Consider Prior Claim Construction Determinations That are Timely Made of Record**

AIPLA supports the Office's proposal for the Board to consider prior claim construction determinations that are timely made of record in an AIA trial proceeding. The consideration of prior claim constructions should lead to greater consistency in the construction of issued claims and therefore greater reliability in the scope of a patent. Increasing the reliability of a patent grant is an important objective that will encourage innovation and investment in patented technologies. To the extent possible, the scope of an issued patent should be construed consistently no matter the forum so that patent owners and the public may more easily rely on the scope of exclusionary rights defined by the patent.

AIPLA appreciates the opportunity to provide feedback to the Office on the PTAB Procedural Reform Initiative. AIPLA looks forward to further dialogue with the Office with regard to the issues raised above.

Sincerely,



Myra H. McCormack  
President  
American Intellectual Property Law Association