

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Changes to the Claim Construction Standard for Interpreting Claims
In Trial Proceedings Before the Patent Trial and Appeal Board

PTO-P-2018-0036

**COMMENTS OF ENGINE ADVOCACY AND
THE CONSUMER TECHNOLOGY ASSOCIATION**

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STATEMENT OF INTEREST

Engine Advocacy (“Engine”) is a technology policy, research, and advocacy organization that bridges the gap between policymakers and startups, working with government and a diverse community of high-technology, growth-oriented startups across the nation to support the development of technology entrepreneurship. Engine creates an environment where technological innovation and entrepreneurship thrive by providing knowledge about the startup economy and helping government and the public to construct smarter public policy.

The Consumer Technology Association (CTA) is the trade association representing the \$321 billion U.S. consumer technology industry. More than 2,200 American companies—80 percent are small businesses and startups; others are among the world’s best known brands—enjoy the benefits of CTA membership, including policy advocacy, market research, technical education, industry promotion, standards development, and the fostering of business and strategic relationships. CTA also owns and produces CES[®]—the world’s gathering place for all who thrive on the business of consumer technologies. Profits from CES are reinvested in CTA’s industry services.

Together, startups and consumer technology companies play an outsized role in driving innovation and job creation in our economy.¹ But, they have also faced disproportionate assertion of low-quality patents by non-practicing entities (NPEs).^{2,3,4} Commenters have joined here because the Office’s Proposed Rules Notice threatens the gains made by the America Invents Act (AIA) in addressing such assertions. AIA proceedings are crucial for startups and technology companies—because they allow innovative companies threatened with suit to challenge low-quality patents in a cost-effective and efficient process.

The assertion of low-quality patents, particularly by NPEs, is a pernicious problem that costs the economy billions of dollars a year.⁵ A low-quality patent is a license to sue and extract nuisance settlements from innovative companies. Companies of every size, from startups through market-leading tech companies, have faced these threats and been forced to decide whether to defend these patents suits at great cost or pay to settle suits they view as meritless.

¹ See Tim Kane, *The Importance of Startups in Job Creation and Job Destruction*, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1646934; see also CTA, U.S. Economic Contribution of the Consumer Technology Section (2016), available at <http://www.cta.tech/cta/media/ResearchImages/U-S-Economic-Contribution-of-the-Consumer-Technology-Sector-2016.pdf>.

² Savitz, Eric, *Are Patent Trolls Now Zeroed In On Start-Ups?* Forbes, 17 January 2013. <http://www.forbes.com/sites/ciocentral/2013/01/17/are-patent-trolls-now-zeroed-in-on-start-ups/>

³ Chien, Colleen V. “Patent Assertion Entities.” Presentation to the Dec 10, 2012 DOJ/FTC Hearing on PAEs, 10 December 2012 available at <http://ssrn.com/abstract=2187314>.

⁴ Colleen Chien, *Startups and Patent Trolls*, 17 Stan. Tech. L. Rev. 461 (2014).

⁵ See James Bessen & Michael Meurer, *The Direct Costs from NPE Disputes*, 99 Cornell L. Rev. 387, 408 (2014); see also James Bessen, Jennifer Ford & Michael Meurer, *The Private and Social Costs of Patent Trolls*, Regulation 34(4), 26 (2011).

Nuisance-suit demands are typically set at a significant fraction of the defendant's costs. The average cost of defending a high-stakes patent infringement case brought by a non-practicing entity in court is several million dollars.⁶ An AIA trial is far less expensive.⁷ So the availability of AIA proceedings that allow the PTO to quality check its original decision to issue a patent can make a large difference in settlement costs or allow a challenge where district-court litigation is economically infeasible.

Recent developments, including expanded petitioner estoppel and greater amendment opportunities, have made AIA proceedings less appealing to petitioners. The proposed change in claim-construction standards would further reduce the appeal of AIA proceedings by allowing ambiguous claims to be confirmed under a construction narrower than a district court may allow in defending an infringement suit.

STATEMENT

I. The PTO Should Continue To Use The Broadest Reasonable Interpretation For All Unexpired Claims

A. The PTO's Original Justifications For Using BRI Are Correct And Still Persuasive

Congress created AIA proceedings as “quick and cost effective alternatives to litigation.”⁸ Shortly thereafter, the PTO promulgated its original rules governing claim construction in AIA post-grant proceedings.⁹ The PTO's Original Rules Notice did more than invoke BRI, it explored the reasons and potential counter-reasons for selecting the BRI standard. The PTO relied on its own history, Congress's recognition of BRI, patentees' ability to amend, and the AIA statutory framework to conclude that BRI is the proper claim-construction standard for AIA proceedings.

Historical Practice

The PTO has used BRI in all its proceedings for “more than 100 years.”¹⁰ The Commissioner for Patents established the standard in the Office no later than 1906.¹¹ The use of

⁶ AIPLA, Report of the Economic Survey 2015, at I-128 (median cost of defending \$25M+ assertion, \$3.8M); *see also id.* (cost through discovery, motions, and claim construction, \$2.5M).

⁷ *Id.* at I-162 (median cost of inter partes review through hearing, \$275,000).

⁸ H.R. Rep. No. 112-98, pt. 1, at 48 (2011).

⁹ Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents PTO-P-2011-0083, 77 Fed. Reg. 48,680 (Aug. 14, 2012) (“Original Rules Notice”).

¹⁰ *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1276 (Fed. Cir. 2015), *aff'd sub nom. Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

¹¹ *Podlesak & Podlesak v. McInnerney*, 1906 Dec. Comm'r Pat. 265, 268.

BRI was approved by the PTO's reviewing court shortly thereafter.¹² In *Miel*, the court applied BRI to an issued patent returned to the Office through an interference: "This claim should be given the broadest interpretation which it will support."¹³ And *Miel*'s limited ability to amend an issued patent was of no consequence: "Although *Miel* is a patentee, if the terms of his claim do not, in their ordinary and natural meaning, define his invention according to his intent, he may apply for a reissue."¹⁴

By 1924, BRI was uniformly applied by the Patent Office and the courts:

[W]e have uniformly ruled that claims will be given the broadest interpretation of which they reasonably are susceptible. This rule is a reasonable one, and tends not only to protect the real invention, but to prevent needless litigation after the patent has issued.¹⁵

For at least the last 70 years, the agency's use of BRI in both *ex parte* and *inter partes* proceedings has been hornbook law.^{16,17}

The Original Rules Notice relied on the PTO's long and uniform use of BRI in every proceeding—particularly reexamination and reissue proceedings—to explain why the BRI standard "should be employed" in AIA proceedings.¹⁸ Nothing in the Proposed Rules Notice explains why this history should now be discarded.

Congressional Intent

Against this historical backdrop—a century of uniformly applying BRI to unexpired claims in all agency proceedings—Congress passed the AIA. As Judge Dyk noted in *In re Cuzzo*, "Congress is presumed to legislate against the background of [this] kind of longstanding, consistent existing law."¹⁹

In the Original Rules Notice, the PTO agreed: "Congress recognized the 'broadest reasonable interpretation' standard in the legislative history of the AIA, and did not set forth a different standard or mandate the Office to apply the district court's standard. As explained in previous Responses, these and multiple other statutory and legal considerations suggest that the Board should not apply the district court's claim-construction standard."²⁰

¹² *Miel v. Young*, 29 App. D.C. 481, 484 (D.C. Cir. 1907).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *In re Carr*, 297 F. 542, 544 (D.C. Cir. 1924).

¹⁶ *See, e.g.*, *Risdale Ellis*, Patent Claims § 21 (1949).

¹⁷ *Id.* § 22 ("In Interferences a Count Is Given the Broadest Interpretation Which It Can Reasonably Support.").

¹⁸ Original Rules Notice at 48,698, col. 1.

¹⁹ *In re Cuzzo*, 793 F.3d at 1277.

²⁰ Original Rules Notice at 48,699, col. 1.

The PTO's continued use of BRI is thus more consistent with Congress's understanding and intent than the sudden implementation of the *Phillips* standard now proposed.²¹

The Ability To Amend

The Original Rules Notice also explained that the patentee's opportunity to amend claims during AIA proceedings justifies the use of BRI. As the PTO explained: "[A] party's ability to amend claims to avoid prior art—which exists in these proceedings (§ 42.121)—distinguishes Office proceedings from district-court proceedings and justifies the broadest reasonable interpretation standard for claim interpretation."²² Nothing in the Proposed Rules Notice supports contradicting this longstanding view of the PTO.

The ability to amend and BRI work together to ensure that patentee's get what they bargained for: Claims to the invention actually disclosed in the patent. While the public gets its benefit of the bargain—the disclosure of the claimed invention—without the “embarrassment” of patent rights extending beyond the inventor's contribution.²³ Where a claim may be read to reach beyond that invention and into the prior art it should not issue nor be later confirmed. Thus, the BRI standard requires the patentee to express the claimed invention so that it undoubtedly does not encompass the prior art, even if that means the patentee must amend the claim.

The primary complaint of the patentees has long been that the opportunity to amend was not sufficiently available during AIA proceedings.²⁴ For example, under *Idle Free*, patentees had to show that amended claims were patentably distinct over the prior art known to the patent owner.²⁵ But patentees now have a much greater ability to amend than ever before.

The Federal Circuit and the Office have expanded amendment opportunities well beyond that contemplated by the original rules. In *Aqua Products*, the en banc Federal Circuit would not defer to the PTAB's *Idle Free* decision and held that “in the absence of any required deference, the most reasonable reading of the AIA is one that places the burden of persuasion with respect to the patentability of amended claims on the petitioner.”²⁶ The majority of the Judges in *Aqua*

²¹ See *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc)

²² Original Rules Notice at 48,688, col. 1 (citing *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984)).

²³ See *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 10–11 (1966) (“[T]he underlying policy of the patent system that ‘the things which are worth to the public the embarrassment of an exclusive patent,’ as Jefferson put it, must outweigh the restrictive effect of the limited patent monopoly.”) (quoting Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in 6 Writings of Thomas Jefferson 181 (Washington ed.)).

²⁴ See Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board PTO-P-2015-0053, 81 Fed. Reg. 18,750, 18,752, col. 1 (Apr. 1, 2016).

²⁵ *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012–00027 (PTAB June 11, 2013) (Paper 26).

²⁶ *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1296 (Fed. Cir. 2017) (en banc).

Products would have allowed the PTO to place the burden on the patentee to prove an amended claim patentable through rulemaking.²⁷

But the Office favored the patentee more than *Aqua Products* required and shifted the burden on patentability from the patent owner to the petitioner.²⁸ This pro-patentee change was spelled out in *Western Digital*, “the burden of persuasion will ordinarily lie with the petitioner to show that any proposed substitute claims are unpatentable.”²⁹ *Western Digital* also set forth other pro-patentee standards for considering amendments. These include: (1) routine treatment of motions to amend as contingent on a finding that the original claims are unpatentable—effectively allowing the patentee to seek confirmation and amendment on parallel tracks without a “demonstration of need”³⁰; and (2) allowing claim modifications that do not respond to the ground of unpatentability at issue, which may aid patentees in later asserting the claims.³¹

The result has been a much higher rate of successful amendments.³² In each of the two most recent months where data was available the amendment grant rate was at least 50%.³³ The irrefutable link between BRI and amendment means that the original justification for BRI has grown stronger with the PTO’s liberalization of amendment policy.

Statutory Framework

Finally, the Original Rules Notice explained that BRI was the appropriate standard for AIA proceedings based on the statutory framework.³⁴ In the PTO’s view, BRI was supported by:

- (1) the need for a single standard in merged proceedings, as when IPR is consolidated with a reexamination or reissue proceeding³⁵; as allowed by 35 U.S.C. § 315(d), § 325(d);

²⁷ *Aqua Prod.*, 872 F.3d at 1335 (Reyna, J., concurring in result).

²⁸ *Western Digital Corp. v. SPEX Technologies Inc.*, IPR2018-00082, -00084, Apr. 25, 2018 (Paper 13) (informative); see also Memorandum “Guidance on Motions to Amend in view of *Aqua Products*” (Nov. 21, 2017) available at https://www.uspto.gov/sites/default/files/documents/guidance_on_motions_to_amend_11_2017.pdf.

²⁹ *Id.* at 4.

³⁰ See Original Rules Notice at 48,706, col. 1 (requiring demonstration of need to avoid cancellation of original claims when seeking amendment).

³¹ *Western Digital* at 3, 5-7.

³² Krieger and Thomas, An Uptick In PTAB’s Motion To Amend Grant Rate, Law 360 (June 8, 2018) available at <https://www.law360.com/ip/articles/1052150>.

³³ *Id.* (“[I]n March the PTAB granted 66 percent of motions to amend, and in April the board granted 50 percent of motions to amend.”).

³⁴ Original Rules Notice at 48697-98.

³⁵ *Id.* at 48697-98 (citing 35 U.S.C. § 315(d), § 325(d)).

- (2) the PTAB’s statutory duty to issue a final written decision regarding the “patentability,” not validity,³⁶ of the challenged claims; as required by 35 U.S.C. § 318(a), § 328(a);
- (3) the “application of the lower preponderance of the evidence standard”³⁷; as required by 35 U.S.C. § 316(e), § 326(e); and
- (4) the need to “prevent inconsistencies and inefficiencies” that would be inherent in the agency’s use of two standards³⁸; as considered under 35 U.S.C. § 316(b), § 326(b).

This statutory support holds true today. None of the statutes that the Original Rules Notice relied on have been amended in any relevant way. Each supports BRI as the appropriate standard.

B. The PTO Argued The Same Points Before The Supreme Court And They Were Accepted In *Cuozzo* And Extended In *Oil States*

In *Cuozzo*, the PTO relied on the same arguments and its own “expert judgment” to defend the use of BRI in AIA proceedings.³⁹ The PTO’s brief reiterated the points found in the Original Rules Notice:

History: “For more than a century,” the PTO argued, “the agency has given [unexpired patent claims] their broadest reasonable construction (or broadest reasonable interpretation).”

Congressional Intent: “Congress expected the PTO to apply its long established practice [BRI] to this materially comparable context [inter partes review].”⁴⁰

Amendments: That “patentee may still amend its claims to disavow the broader reading” was presented as “the core rationale” for using BRI in AIA proceedings.⁴¹

Statutory Framework: “Even apart from the ability to amend claims, the statutory framework for inter partes review incorporates several other structural attributes—including a lower burden of proof—that distinguish it from district-court litigation.”⁴²

³⁶ *Id.* at 48,698, col. 1 (citing 35 U.S.C. § 318(a), § 328(a)).

³⁷ *Id.* at 48,697, col. 2-3 (citing 35 U.S.C. § 316(e), § 326(e)).

³⁸ *Id.* (citing 35 U.S.C. § 316(b), § 326(b)).

³⁹ Brief For The Respondent at 41, *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

⁴⁰ *Id.* at 17.

⁴¹ *Id.* at 13.

⁴² *Id.* at 29.

The *Cuozzo* Court accepted the PTO’s arguments in holding that BRI was a reasonable exercise of PTO rulemaking authority. The Supreme Court’s opinion echoed the PTO’s brief and cited to the PTO’s Original Rules Notice on multiple points:

History: “[M]ore than 100 years” of using BRI, including in proceedings that “resemble district court litigation,” supported the use of BRI in IPR proceedings.⁴³

Amendments: Likewise, “the opportunity to amend,” meant “that use of the broadest reasonable construction standard is, as a general matter, not unfair to the patent holder in any obvious way.”⁴⁴

Statutory Framework: The PTO “also applies that standard [BRI] in proceedings that may be consolidated with a concurrent inter partes review.”⁴⁵

In *Cuozzo*, the PTO also argued that AIA proceedings function as a check on the Office’s prior mistakes. In the agency’s view, BRI prevented the PTO from sustaining claims that “should never have issued in the first place, which would flout Congress’s desire to ‘improve patent quality and limit unnecessary and counterproductive litigation costs.’”⁴⁶ In *Oil States*, the Office expanded on this theme. The agency argued that inter partes review was “not a mechanism for ... determining the respective rights of adverse litigants vis-à-vis each other. It is instead a procedure by which the USPTO reconsiders its own prior determination.”⁴⁷

The Supreme Court accepted the PTO’s premise in both cases, holding: “Inter partes review is ‘a second look at an earlier administrative grant of a patent.’”⁴⁸ As a result, “like the PTO’s initial review, the Board’s inter partes review protects ‘the public’s paramount interest in seeing that patent monopolies are kept within their legitimate scope.’”⁴⁹

Under the proposed rules the PTO would no longer reconsider its prior determination. Nor would IPRs be a second look at an earlier patent grant. Instead, the PTO would use a new claim-construction standard that preserves prior errors and moves AIA proceedings toward a direct copy of district-court litigation. In promulgating any final rule, the PTO should consider that *Oil States* does not address the constitutionality of a procedure that uses a claim construction standard foreign to examination. The danger inherent in fundamentally changing AIA proceedings that have been recently ruled constitutional should not be overlooked.

⁴³ *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2145 (2016).

⁴⁴ *Id.*

⁴⁵ *Id.* (citing Original Rules Notice at 48,697-98); *see also id.* at 2146.

⁴⁶ Brief For The Respondent at 16, *Cuozzo* (quoting H.R. Rep. No. 98 Pt. 1, 112th Cong., 1st. Sess. 40 (2011)) (emphasis added).

⁴⁷ Brief For The Federal Respondent at 36, *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S.Ct. 1365 (2018) (emphasis added).

⁴⁸ *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S.Ct. 1365, 1374 (2018) (quoting *Cuozzo*, 136 S.Ct. at 2144).

⁴⁹ *Id.*

Regardless, the proposed rules would undermine the public’s interest in properly defining the scope of patent rights. BRI does not limit a patentee’s deserved rights; instead, it limits the patentee’s ability to express those rights vaguely. Failing to use BRI means the agency will inevitably struggle to maintain patent rights within their legitimate scope. As a result, the quality check Congress sought to create will be diminished.

II. The Proposed Rules Are Likely Unsustainable Under The APA

Under the Administrative Procedure Act (APA), courts hold unlawful agency action that is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”⁵⁰ The Proposed Rules Notice fails to address the PTO’s prior reasons for using BRI or to present new reason and evidence for changing the claim-construction standard. This failure is a signal that the change is an arbitrary and capricious one.⁵¹

A. The Notice Fails To Address The Agency’s Original Reasons For Adopting BRI

The Notice asserts that “[t]he Supreme Court of the United States has endorsed the Offices ability to choose an approach to claim construction.”⁵² This is incorrect. The Supreme Court approved the agency’s use of BRI under *Chevron* after ensuring that the agency had good reasons for preferring that standard.⁵³ Those good reasons were grounded in history, the ability to amend, and the AIA’s statutory structure.⁵⁴ The Proposed Rules Notice has not explained why those good reasons for using BRI—reasons that the PTO presented in the Original Rules Notice; that the Office argued before the Supreme Court, and that were accepted by that Court—are now invalid.

When an agency reverses course without addressing its longstanding practice it invites a holding that the new rules are unlawful. In *Encino Motors*, the Supreme Court held that a change in statutory interpretation by the Department of Labor was doomed by a “lack of reasoned explication for a regulation that is inconsistent with the Department’s longstanding earlier position.”⁵⁵ The same rejection of the amended rule is likely here. Perhaps more likely given that the Supreme Court has recently questioned applying *Chevron* deference to PTO rulemaking.⁵⁶

Here, as in *Encino Motors*, the agency proffers limited reasoning for, and no concrete evidence justifying, the change in standard. The Proposed Rules Notice fails to address the

⁵⁰ 5 U.S.C. § 706(2)(A).

⁵¹ See *Encino Motorcars, LLC v. Navarro*, 136 S. Ct. 2117, 2127 (2016).

⁵² Proposed Rules Notice at 21,222, col. 1.

⁵³ *Cuozzo*, 136 S.Ct. at 2144-46.

⁵⁴ *Id.*

⁵⁵ *Encino Motorcars*, 136 S. Ct. at 2127 (citing 5 U.S.C. § 706(2)(A)).

⁵⁶ See *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1358 (2018) (“But whether *Chevron* should remain is a question we may leave for another day.”).

PTO’s own extensive prior arguments supporting BRI. It does not explain why the Office’s previous reliance on its own history, the AIA’s legislative history, the unchanged statutory framework, and the opportunity to amend challenged claims—expanded since the Original Rules Notice—no longer justify the use of BRI in these proceeding.

B. The Notice Fails To Justify The Change In Standard

The Proposed Rules Notice states: “The Office is using over five years of historical data and user experiences to further shape and improve PTAB trial proceedings.”⁵⁷ But the Proposed Rules Notice does not present or analyze the historical data to justify the change in rules. Nor does the Notice attempt to quantify the user experiences or comments. Instead, it references comments apparently received in response to its prior related notices and states that “[s]ome parties have expressed a desire that the Office apply the same claim-construction standard used in federal district court.”⁵⁸

The Notice does not, however, discuss the “many commenters [that] support the Office’s continued application of the broadest reasonable interpretation standard to ensure higher quality patents by encouraging more definitive claim drafting, clarifying intended claim scope, and providing a better notice function to the public.”⁵⁹ These comments were presented in response to the same prior related notices and the agency accepted them in maintaining the use of BRI in AIA proceedings.⁶⁰

The Notice further expresses “concern that potential unfairness could result from using an arguably broader standard in AIA trial proceedings.”⁶¹ And “a patent claim could be found unpatentable in an AIA trial on account of claim scope that the patent owner would not be able to assert” in court.⁶² Respectfully, “concern” regarding “*potential* unfairness” is not evidence drawn from “five years of historical data.” And the Notice fails to cite or analyze any examples of actual unfairness over past five years. Likewise, the Notice’s assertion that a claim “could be found” unpatentable because of claim scope that could not be asserted in an infringement proceeding does not appear to be grounded in any real-world examples.

To be sure, the Notice cites an academic study to suggest that “the high percentage of overlap between AIA trial proceedings and district court litigation” favors using the district-court construction standard. But the Notice does not acknowledge that the same study, now published, reports that “only 10% of patent lawsuits reach the stage at which they would receive a claim-

⁵⁷ Proposed Rules Notice at 21,222, col. 1.

⁵⁸ *Id.*

⁵⁹ See Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board PTO-P-2015-0053, 81 Fed. Reg. 18,750, 18,752, col. 1 (Apr. 1, 2016).

⁶⁰ *Id.* at 18,752, col. 1-2.

⁶¹ Proposed Rules Notice at 21,223, col. 1.

⁶² *Id.* at 21,223, col.1.

construction ruling.”⁶³ Tellingly, the study authors could report no link between the patents receiving a district-court claim construction and the patents subject to PTAB claim construction.⁶⁴ This undermines the possibility that inconsistency between courts and the PTO standard is a widespread problem.

The Notice also fails to recognize that the feared inconsistency in claim scope from the disparate standards can be addressed by amendment, where a narrower amended claim is patentable. The amendment may remove ambiguity and align the actual claim language with the enforceable claim scope justified by the patentee’s contribution to the art. If a narrower amended claim is not patentable, then there is no danger in canceling the broader original claim in the patent.

Furthermore, the Notice gets the danger exactly backward. The far more problematic outcome for the public is a PTO claim interpretation that is narrower than a district court’s interpretation. Such an outcome is inevitable given the different evidentiary standards of the tribunals and the differing expertise of the decision makers. Congress and the Original Rules Notice recognized that patentees may have a strong incentive to argue claims broadly in the district court and narrowly before the PTAB.⁶⁵ Where successful, the resulting inconsistency means that a petitioner may be estopped from asserting anticipating prior art against a patent while that same art, in product form, is found to infringe.

This is unfair to the petitioner. Worse, it breaks one of the fundamental canons of patent law: That which infringes if later, anticipates if earlier. This has been the law of the United States for over a century.⁶⁶ But it is called into question where BRI is eliminated and there is no longer a reason to think that the agency’s construction of a claim will be at least as broad as the broadest affirmable district-court construction.

Nor is this merely a hypothetical concern. District courts in the United States have disagreed on claim construction of patent limitations—despite having the same evidentiary standards, procedural rules, and hearing protocols.⁶⁷ There is no reason to think that the district courts will agree with the PTAB given the different evidentiary standards, procedural rules, and hearing protocols.

⁶³ Saurabh Vishnubhakat, Arti K. Rai, and Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 Berkeley Tech. L.J. 45, 70 (2016) (“Vishnubhakat & Rai”).

⁶⁴ *Id.*

⁶⁵ Original Rules Notice at 48,698, col.1-2 (citing legislative history).

⁶⁶ *Miller v. Eagle Mfg. Co.*, 151 U.S. 186, 203 (1894) (quoting *Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889)); *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d 1556, 1573 (Fed. Cir. 1986) (quoting *Peters*).

⁶⁷ See, e.g., *Am. Piledriving Equip., Inc. v. Geoquip, Inc.*, 637 F.3d 1324, 1327 & n.1 (Fed. Cir. 2011); see also, e.g., Appellant’s Reply Br., *Alcatel-Lucent USA Inc. v. Overstock.com, Inc.*, No. 2012-1629, 2013 WL 950401, at *24, (Fed. Cir. Feb. 25, 2013) (“three district courts construed [a particular limitation] in *different* ways based on *different* interpretations of the prosecution history”).

The Office should not expect to eliminate this problem by merely “consider[ing] any prior claim construction determination” of a district court.⁶⁸ As the academic study promoted by the Notice explains, “patents challenged in the PTAB are, on average, also asserted at least three times in court.”⁶⁹ Thus, to the extent the district courts have construed the claims, they may have done so in multiple inconsistent ways. Finally, the PTO should not expect that the Federal Circuit could reconcile broad district-court constructions that conflict with narrower PTO constructions. The Federal Circuit must defer to both fact-finders in claim construction and that implies that conflicting claim constructions will sometimes both be upheld.⁷⁰

Finally, the Notice’s lack of in-depth analysis contrasts with the PTAB’s extensive, published special reports over the past year studying topics that affect only a subset of petitions.⁷¹ The agency has published its studies on “Multiple Petitions,” “Motions to Amend,” “Orange-Book listed Patents,” and “Expanded Panels.”⁷² These studies report on issues important in only a small percentage of AIA proceedings yet were more extensive than the Notice’s review.⁷³ There has been no apparent corresponding study of “petitions requiring claim construction,” an undoubtedly bigger category than any studied in the published reports.

III. The Agency’s Additional Changes To Claim Construction Are Even Less Defensible

The agency proposes to apply “the doctrine of construing claims to preserve their validity.”⁷⁴ As the Office recognizes, this doctrine “has been limited to cases in which ‘the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous.’”⁷⁵ There is no justification for preserving claim ambiguity during a proceeding that allows amendments to patent claims. In the agency, ambiguous claim terms are clarified through amendment, not validation.

This proposal prevents the PTO from requiring an amendment that ensures a patent claim is unambiguous. This is diametrically opposed to the underlying rationale for the doctrine itself. The doctrine of preserving claim validity grows out of the presumption that the PTO fulfilled its duty not to issue an invalid patent.⁷⁶ Under the proposal, the PTO would be forced to reissue claims it knows to be ambiguous “after applying all available tools of claim construction.”

⁶⁸ Proposed Rules Notice at 21,224, col. 2.

⁶⁹ Vishnubhakat & Rai at 70.

⁷⁰ *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 835 (2015) (“We hold that the appellate court must apply a ‘clear error,’ not a de novo, standard of review.”).

⁷¹ USPTO, PTAB Special Reports Archive, *available at* <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/ptab-special-reports>.

⁷² *Id.*

⁷³ *See, e.g., id.* USPTO, Orange-Book listed Patents 38, (2018) (Only 5% of all AIA petitions involve Orange-Book listed patents.).

⁷⁴ Proposed Rules Notice at 21,223, col. 3.

⁷⁵ Proposed Rules Notice at 21,223, col. 3 (quoting *Phillips*, 415 F.3d at 1327).

⁷⁶ *Phillips*, 415 F.3d at 1327.

Claims so ambiguous are in clear danger of being held invalid in subsequent proceedings when, as in inter partes review, the agency does not review definiteness under Section 112.⁷⁷

The Notice also proposes that a claim “in a motion to amend, shall be construed using the same claim construction standard that would be used to construe such claim in a civil action.”⁷⁸ But a motion to amend presents new (substitute) claims that will set forth new metes and bounds for the invention. Patentees must express new claims so that they “particularly point[]out and distinctly claim[]” their invention.⁷⁹ BRI serves this statutory requirement. As the Commissioner for Patents explained in 1906, patentees seeking to define their inventions should do so in “express terms.”⁸⁰ Nothing about AIA proceedings justifies minimizing this requirement that has served the public for over a century.

Furthermore, the rationale for BRI is at its apex when a patentee proposes new claims. The reasons for using BRI in the original rules are magnified, while considerations of harmony with district courts are negligible. These claims will only be considered by a district court if they issue.

CONCLUSION

The proposed rules represent a change that would be contrary to a century of practice, Congressional intent, and the structure of the statute. The proposed rules also unsustainably conflict with the PTO’s prior arguments and representations. They would undercut key proceedings that protect innovative companies in our patent system and create a more difficult and costly environment for innovators, start-ups, and entrepreneurs. These changes should not be implemented.

⁷⁷ See *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2124 (2014) (claims invalid if they do not “inform, with reasonable certainty, those skilled in the art about the scope of the invention.”).

⁷⁸ Proposed Rules Notice at 21,223, col. 2.

⁷⁹ 35 U.S.C. § 112(b).

⁸⁰ *Podlesak*, 1906 Dec. Comm’r Pat. at 268.