

July 9, 2018

Attn: Vice Chief Administrative Patent Judges Michael Tierney or Jacqueline Wright Bonilla,  
PTAB Notice of Proposed Rulemaking 2018

Mail Stop Patent Board  
Director of the United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
Via email: [PTABNPR2018@uspto.gov](mailto:PTABNPR2018@uspto.gov)

**Re: PTO-P-2018-0036 Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board**

The Alliance of Automobile Manufacturers and the Association of Global Automakers (“the Associations”)<sup>1</sup> thank the United States Patent and Trademark Office (“Office”), Director Iancu, and Vice Chief Judges Tierney and Bonilla for this opportunity to comment on the proposal to change the claim construction standard used by the Patent Trial and Appeal Board (“Board”). Members of the Associations are repeat users of the USPTO and understand the value of a strong patent system. Our members prosecute patents, and participate in many post-grant proceedings, both from an offensive and defensive standpoint.

I. The Broadest Reasonable Interpretation Standard (“BRI”) Serves an Important Gate-Keeping Functions

The Office has consistently applied BRI for decades, and provided several rationales for continuing to do so in trials under the Leahy–Smith America Invents Act (AIA) to ensure that claim scope is no broader than that determined by the Office.<sup>2</sup> First, the thirty years of precedent acknowledges the dual system of claim construction standards used in the Office.<sup>3</sup> Second, the AIA statutory requirements of an optional motion to amend, lower preponderance standard, and the absence of a presumption of validity evidenced Congress’ intent that BRI be used. Third, the legislative history, indicating Congress’ understanding of the BRI standard, supports using BRI.<sup>4</sup> Fourth, the Director’s ability to consolidate AIA trials with other Office proceedings (*e.g.*, reexams and reissue) would necessitate that each proceeding operates under the same claim

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<sup>1</sup> The Alliance of Automobile Manufacturers includes BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi, Porsche, Toyota, Volkswagen Group of America, and Volvo Car USA. The members of the Association of Global Automakers are Aptiv, Aston Martin, Bosch, Byton, Denso, Ferrari, Honda, Hyundai, Isuzu, Kia, Maserati, McLaren, Nissan, NXP, SiriusXM, Subaru, Suzuki, and Toyota.

<sup>2</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, 48,697–9 (August 14, 2012).

<sup>3</sup> *Id.* at 48,697 (citing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005) (*en banc*)).

<sup>4</sup> *See, e.g.*, 157 Cong. Rec. S1375 (daily ed. March 8, 2011) (statement of Sen. Kyl).

construction standard<sup>5</sup> to ensure consistent decision-making and less confusion in parallel proceedings. Finally, the Office acknowledged the important distinction between “patentability” (applying BRI) and “validity” (applying *Phillips*) determinations. Accordingly, these important functions justify the Office’s continued use of BRI as Congress intended.

The Associations also note that in addition to using the *Phillips* standard, the Office is considering using the *Nautilus* standard rather than the *Packard* standard of indefiniteness.<sup>6</sup> The rationale stated in this letter supports keeping BRI and the *Packard* standard.

## II. Congress Intended that the Board Use BRI for AIA Trials

Congress understood that the Office had used BRI for decades to assess “patentability”—the same standard used in all Office proceedings, in contrast with district courts that assess “validity.” Compare 35 U.S.C. §§ 311(b) and 321(b) (“A petitioner ... may request to cancel as unpatentable 1 or more claims”) (emphasis added), with 35 U.S.C. § 273(g) (Invalidity is a defense to infringement). Congress did not intend AIA trials to be “an expeditious and less costly alternative to litigation,” and not a substitution of forums.<sup>7</sup> Therefore, it was Congress’ expectation that the Office not copy District Court standards.

## III. Changing the Standard Is Inappropriate

### A. Changing the Standard Will Affect Outcomes

Courts have decided the issue of whether a claim construction changed when the standard changed, such as when a patent expires during a post-grant proceeding, at which point the Office applies a *Phillips*-type construction. A soon-to-publish whitepaper from the IPO identified ten instances when a court or the Office needed to decide whether a construction changed due to patent expiration during a post-grant proceeding.<sup>8</sup> Out of those ten instances, the ultimate construction of five patents’ terms changed.<sup>9</sup> Therefore, it is not a given that since the BRI and *Phillips* processes are similar, they will reach the same result.

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<sup>5</sup> See, e.g., 35 U.S.C. §§ 315(d) and 325(d).

<sup>6</sup> *Tinnus Enterprises, LLC v. Telebrands Corp.*, appeal no. 2017-1726 ECF no. 72 (March 29, 2018 Fed. Cir.); see also, *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014) and *In re Packard*, 751 F.3d 1307, 1314 (Fed. Cir. 2014).

<sup>7</sup> See e.g., Comments of Rep. Berman, 153 Cong. Rec. E773, E774.

<sup>8</sup> “How Different Are the Broadest Reasonable Interpretation and *Phillips* Claim Construction Standards?”,

Cases in which a construction changed:

- *Ex parte Papst-Motoren*, 1 U.S.P.Q. 2d 1655 (BPAI 1986).
- *Ex parte Guardian Media, LLC*, reexam ctrl. nos. 90/007,746 and 90/008,544.
- *Ex parte Bowles*, 23 U.S.P.Q.2d 1015 (1991) (some constructions changed, others did not).
- *Ex Parte Katz*, ctrl nos. 90/006,978 and 90/007,074.
- *PPC Broadband, Inc. v. Corning Optical Communications RF LLC*, 815 F.3d 734 (PPC I) and 815 F.3d 747 (PPC II) (Fed. Cir. 2016).

Cases in which construction did not change:

- *Ex parte Bowles*, 23 U.S.P.Q.2d 1015 (1991) (some constructions changed, others did not).
- *Black & Decker, Inc. v. Positec USA, Inc.*, Appeal no. 2015-1646 (Fed. Cir. 2016) (nonprecedential).
- *Foursquare Labs Inc. v. Silver State Intellectual Tech. Inc.*, IPR2014-00159 (2014), paper 13 at 3.
- *In re Rambus*, 694, F.3d 42, 50 (Fed. Cir. 2011); see also, ctrl. no. 90/010,420.
- *Straight Path IP Group, Inc. v. SIPNET EU SRO*, 806 F.3d 1356 (Fed. Cir. 2015).
- *In re CSB-System International, Inc.*, 832 F. 3d 1335 (Fed. Cir. 2016).

<sup>9</sup> *Id.*

## B. Parties Have Set Expectations in Pending AIA Trials

Changing the claim construction standard will upset set expectations of both petitioners and patent owners, particularly after the Supreme Court affirmed the Office's use of BRI in *Cuozzo*. Petitioners may have decided not to file petitions for AIA trials had they known they would use the *Phillips*-type standard. Both petitioners and patent owners may have adjusted their litigation and AIA-trial strategies to avoid taking inconsistent positions between the two venues. If the Office changes the standard prospectively only, it may see a spike in filings for petitioners interested in proceeding under the BRI standard. Patent owners may also delay filing infringement complaints, seeking to ensure that any future AIA trials would proceed under the *Phillips*-type standard. Therefore, changing the claim construction standard will create opportunities for gamesmanship.

## C. The *Phillips* Standard Is Appropriate for Infringement Actions Due to Substantial Differences in Those Proceedings

The Supreme Court, in *Cuozzo v. Lee*, explicitly rejected the premise that AIA trials are similar to court proceedings, holding, “the purpose of [AIA trials] is not quite the same as the purpose of district court litigation.”<sup>10</sup>

The basis of the rationale for using BRI given by the Office in its rulemaking under the AIA ensures the Office performs its proper gate-keeping function, *i.e.*, ensuring high quality patents and correcting improvidently granted patents. The BRI standard serves this purpose by providing a floor for claim construction that the public can rely on. The *Phillips* standard serves a different purpose, *i.e.*, grant deference to the Office's determination by giving a granted patent a presumption of validity.

AIA trials are also different from district court litigation because infringement is not at issue. The Board, instead, is tasked with determining claim scope separate from infringement. Courts, unlike the Board, operate under a different regime: “while a claim is not to be construed in light of the accused device, in an infringement case, it must inevitably be construed in context of the accused device.”<sup>11</sup> Therefore, the Board's claim construction process is not identical to that of the district court, and changing the standard will not change this fact.

Further, in contrast with patentability determinations, district courts may also construe patents to preserve their validity.<sup>12</sup> This maxim exists due to the inference that the Office would not issue an invalid claim.<sup>13</sup> However, patent owners enjoy no such presumption in proceedings within the Office. Therefore, even if the Office chooses to apply the *Phillips* standard, the process will not be identical to district court cases. Indeed, the Office acknowledged this distinction in its amended rules from 2016, referring to a “*Phillips*-type claim construction.”<sup>14</sup>

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<sup>10</sup> 136 S. Ct. 2131, 2144.

<sup>11</sup> *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F. 3d 1322, 1327 (Fed. Cir. 2006) (citing *SRI Int'l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985)).

<sup>12</sup> *Ruckus Wireless, Inc. v. Innovative Wireless Solutions*, 824 F. 3d 999, 1004 (Fed. Cir. 2016).

<sup>13</sup> *Phillips*, 415 F.3d at 1327.

<sup>14</sup> Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,752 (April 1, 2016).

#### D. Changing the Standard Will Create More Problems than It Solves

While some worry about inconsistent constructions between AIA trials and the district court litigation, changing the claim construction standard for AIA trials will exacerbate the problem. The Board uses a “*Phillips*-type” construction, which is different from the standard used in district courts, due to differences in the burden of proof (preponderance in the Office vs. clear and convincing in district court), presumption of validity (district court only), and requirement to construe claims to preserve validity (district court only). In addition, the practical considerations of performing claim construction with infringement as a backdrop, which serves to properly constrain a patentee’s claim construction positions and is only possible in the district court, is another important distinction. Moreover, gamesmanship between AIA trials and district court litigation will continue because parties will be free to argue for different constructions based on these distinctions and the fact that courts are not bound by Board decisions, and *vice versa*.

Additionally, parallel Office proceedings (interference, prosecution, reissue, reexamination, *etc.*) will proceed under a different standard from that of AIA trials, allowing examiners to ignore Board decisions in such trials, thereby reducing consistency and increasing uncertainty within the Office. Patent owners, applicants, examiners, reexam requesters, *etc.*, will reasonably argue for constructions that are different from those settled by the Board in AIA trials. Accordingly, changing the claim construction standard will cause more problems than it solves.

The Associations also understand that the Office is reconsidering a “reexam off-ramp,” in which examiners would consider motions to amend in AIA trials. Examiners have never applied the *Phillips* standard, and while such an “off-ramp” might allow the examiners to use BRI while the Board uses a *Phillips*-type construction, such a procedure would create undo additional work—creating a dual-track claim construction procedure. Alternatively, requiring examiners to use the *Phillips*-type standard when considering amendments would reduce patent quality by issuing claims that otherwise would not have issued.

#### IV. The Associations Would Like to Continue to Provide Input to the Office on Other Proposals

The Office may be able to enact other reforms to address some of the issues driving the proposed claim construction change, including, for example, a requirement that the Board consider any previous claim construction decisions by district courts. The Associations appreciate continued opportunities to provide input to the Office to enhance our patent system to increase predictability and patent quality.

Respectfully submitted,



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