

Mail Stop Patent Board  
Director of the USPTO  
P.O. Box 1450  
Alexandria, VA 22313-1450

July 6, 2018

Re: PTAB Notice of Proposed Rulemaking – Changes to the Claim Construction Standard

Dear Vice Chief Administrative Patent Judges Tierney and Bonilla:

We are attorneys who practice patent litigation in venues throughout the country and regularly practice before the Board in post-grant proceedings. Our group includes attorneys with decades of experience, former Federal Circuit and district court clerks, and a former patent examiner. We write to encourage the PTO to change its claim construction standard for post-grant proceedings to the *Phillips* standard applied in district court litigation.

For several reasons, it would benefit litigants, the PTO, and the court system to apply consistent standards. The first is efficiency. Congress intended for post-grant proceedings to streamline patent litigation. *See* Report of H.R. 1249, House Judiciary Committee at 48 (June 29, 2011) (“The Committee believes that this new, early-stage process for challenging patent validity and its clear procedures for submission of art will make the patent system more efficient and improve the quality of patents and the patent system.”); *Return Mail, Inc. v. United States Postal Serv.*, 868 F.3d 1350, 1354 (Fed. Cir. 2017) (“Congress intended CBM review, like the programs for IPR and PGR, to provide a quick and cost effective alternative to litigation in the courts.” (quotations and alterations omitted)). These proceedings are meant to be an alternative to litigation, which is why the AIA includes estoppel and stay provisions.

Much of the efficiencies of post-grant proceedings are negated by duplicative claim construction proceedings. While debate exists over the preclusive effect of a prior Article III court construction on the Board, under the current regime, a prior court construction will *never* be preclusive on the Board because it was considered under a different legal framework. Instead, the current requirement is merely that the Board “evaluate [the prior] construction and [] determine whether it was consistent with the broadest reasonable construction of the term.” *Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1327 (Fed. Cir. 2015). Necessarily requiring duplicative claim construction proceedings adds no public benefit, and it requires the Board to expend additional resources on each post-grant petition.

The *Knowles* decision illustrates a problem with parallel claim construction standards. *Knowles Elecs. LLC v. Cirrus Logic, Inc.*, 883 F.3d 1358 (Fed. Cir. 2018). *Knowles* was an appeal from an *inter partes* reexamination that resulted in the cancellation of the challenged claims. In a prior appeal from an ITC action, the Federal Circuit had affirmed the validity of the claims at issue, as well as the ITC’s claim constructions. The claims later received a different construction during

reexamination under the BRI standard. The *Knowles* court refused to hold that the Board was bound by the prior court construction. Instead, it spent multiple paragraphs explaining how the Board's construction (although different from the construction previously affirmed by the Federal Circuit) was nevertheless consistent with the prior construction. Without regard to the outcome of that individual case, this is not how the system is intended to work.

Second, applying the same claim construction standard prevents parties from taking different and often-times inconsistent positions in litigation and post-grant review proceedings. For example, an accused infringer often advocates for a narrow claim construction in litigation in furtherance of its non-infringement position. Under the guise of BRI, it may then argue for a much broader construction in the post-grant proceedings in furtherance of its invalidity position. We have seen this happen fairly regularly in practice, and it usually occurs without any indication to the Board that a party is taking what is plainly an inconsistent position. The ability of a party to take inconsistent positions between litigation and PTO proceedings flies in the face of almost all other adversarial proceedings. Rather than being frowned upon, this practice is seemingly supported by the differing standards applied by the courts and the PTO in post-grant proceedings.

Third, allowing inconsistent claim construction standards makes it possible to have two different but legally permissible constructions of the same term. This creates the potential for absurd results; the same claims may be found valid in a district court but invalid in a post-grant proceeding in light of the same prior art. While this may seem far-fetched, the fact that it is possible under the current framework is troublesome.

Fourth, applying the broader BRI standard after a patent has issued, and after enforcement actions have begun, can disadvantage the patent owner. In instances where a patent claim is valid under a *Phillips* construction, applying BRI may result in that same claim being found invalid at the PTO. To the extent that amendment is permitted in an IPR, any such amendment will likely create intervening rights if it changes the scope of the claims. But such an amendment could well be unwarranted and unnecessary if the *Phillips* standard is applied during the IPR proceeding. The net effect is that the patent owner may be subject to a claim for intervening rights that arises solely because of the different claim construction standards.

The most commonly articulated rationale for applying the BRI standard to post-grant proceedings is to maintain consistency with prosecution and reexamination. However, post-grant proceedings are much more akin to litigation than to prosecution. See *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 1081 (Fed. Cir. 2015) (“The Board’s rules and practices establish standards bearing similarities to those often applied in district-court litigation.”). Unlike prosecution, post-grant proceedings are adversarial, address limited art, have limited briefing, and provide limited opportunity to amend claims. This is very similar to litigation. See *PPC Broadband, Inc. v. Corning Optical Comm.*, 815 F.3d 734, 740-41 (Fed. Cir. 2016). In fact, the Federal Circuit has cautioned the Board against deviating from litigation-like practices. See, e.g., *Ultratec, Inc. v. CaptionCall, LLC*, 872 F.3d 1267, 1274 (Fed. Cir. 2017) (criticizing the Board for excluding evidence without allowing an offer of proof). Given the similarities between litigation and post-grant proceedings, both should apply the same claim construction standard.

Another common rationale for maintaining the status quo is that there is purportedly little practical difference between BRI and *Phillips* as applied. This argument is a non-starter for two reasons. First, there *is* a difference between the two, and there are instances where that difference is outcome-determinative. *See PPC Broadband*, 815 F.3d at 741 (“This case hinges on the claim construction standard applied—a scenario likely to arise with frequency. And in this case, the claim construction standard is outcome determinative.”); *Google LLC v. Network-1 Techs., Inc.*, 2018 WL 1468370, at \*5 (Fed. Cir. Mar. 26, 2018) (“In order to be found reasonable, it is not necessary that a claim be given its *correct* construction under the framework laid out in *Phillips*.” (emphasis in original)). Second, the fact that constructions are often identical under both standards is a reason to encourage rather than discourage further consistency in the standard applied. If claim construction is already fairly uniform, there is no legitimate reason not to make it even more uniform.

There are numerous reasons why the PTO should apply the *Phillips* claim construction standard to post-grant proceedings, especially given that there are no persuasive reasons to maintain the status quo. We ask that the PTO implement the proposed changes to the claim construction standard.

Sincerely,

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