



July 9, 2018

The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313
<http://regulations.gov> (docket number PTO-P-2018-0036)

Re: USPTO Request for Comments on Proposed Rulemaking: Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Federal Register 21221 (May 9, 2018)

Intel Corporation (Intel) appreciates the U.S. Patent and Trademark Office's continued commitment to monitoring and evaluating the success of the administrative review proceedings created by Congress in the America Invents Act (AIA), as well as the opportunity to respond to the Office's Federal Register request for comments on proposed changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board. Intel is a technology leader and one of the world's largest chipset manufacturers. We spend between \$11 billion and \$15 billion annually on R&D and last year Intel was the 3rd largest R&D spender in the world. Intel was granted nearly 3,000 US patents in 2017 alone, has over 90,000 patent assets worldwide, and is perennially among the top US patent filers and patent recipients. We have seen invalid patents being asserted against our company and thus we have used the *inter partes* review process to efficiently remove wrongly granted patents. Intel believes that a balanced patent system that protects valid patents but rids the system of invalid patents promotes and protects US innovation.

The AIA's administrative review proceedings were intended to "provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court." H.R. Rep. No. 112-98, pt. 1, at 48 (2011). As stated by Senator Patrick Leahy, one of AIA's chief architects: "Too many dubious patents also unjustly cast doubt on truly high quality patents." Statement of Patrick Leahy, 157 Cong. Rec. S1362 (Mar. 8, 2011). Consistent with this purpose, Congress designed AIA-post grant proceedings to enable the Office to confirm that the claimed invention truly merits a patent and to allow patentees to amend their claims where necessary. These goals are served by applying the broadest reasonable interpretation (BRI) claim construction standard, ensuring dubious patents are eliminated while high quality patents are preserved.

The Office, however, now proposes to replace the BRI claim construction standard for construing unexpired patent claims and proposed claims in administrative review proceedings with the narrower *Phillips* standard that is applied in federal district courts and International Trade Commission (ITC) proceedings. This would frustrate Congress's intent to encourage high patent

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quality through these proceedings. Intel therefore respectfully opposes the USPTO's proposal to change the claim construction standard for *inter partes* review (IPR), post-grant review (PGR), and the transitional program for covered business method patents (CBM) proceedings before the Patent Trial and Appeal Board. Further, Intel strongly opposes the Office's proposal to accord a patent in an administrative review proceeding a presumption of validity. Intel, however, supports the Office's proposal to require consideration in an administrative review proceeding of any prior claim construction determination concerning a term of the involved claim in a civil action or an ITC proceeding *except* to the extent such a requirement would make a prior construction binding on the PTAB.

I. A change in the claim construction standard is contrary to the purpose of administrative review proceedings

First, Intel agrees with the Supreme Court that Congress's purpose in creating such review proceedings was "to reexamine an earlier agency decision" and therefore to "protect the public's 'paramount interest in seeing that patent monopolies ... are kept within their legitimate scope.'" *Cuozzo Speed Technologies v. Lee*, 136 S.Ct. 2131, 2144 (2016) (quoting *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945)); *see also* H.R. Rep. No. 112-98, pt. 1, at 39-40 (purpose of new proceedings created by AIA is to create an "efficient system for challenging patents that should not have issued"). As the Office has previously stated, these proceedings were designed by Congress to ensure that issued patents are high-quality and truly entitled to the presumption of validity accorded to them in litigation. *See* 81 Fed. Reg. 18750, 18752 (April 1, 2016) ("[T]he Office agrees with comments that the application of the broadest reasonable interpretation for claims furthers the congressional goal of providing 'a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.'" (quoting H.R. Rep. No. 112-98, pt. 1, at 48 (2011))). AIA proceedings were designed to improve the quality of patents, and use of BRI standard works to "increase the quality and certainty" of patents which successfully pass AIA review. 157 Cong. Rec. S5354 (daily ed. Sept. 7, 2011).

Accordingly, Intel must express its significant concerns about the sudden shift in the Office's views on both the character and the standard of administrative review proceedings. Just two years ago, the Office correctly told the Supreme Court that without the BRI standard, "the PTO would need to sustain during *inter partes* review a claim that it should have never issued in the first place, which would flout Congress's desire to improve patent quality and limit unnecessary and counterproductive litigation costs." Br. for the Resp't at 16, *Cuozzo Speed Technologies v. Lee*, 136 S.Ct. 2131 (2016) (No. 15-446). Nothing about this standard or its implications has changed. Indeed, Intel agrees with the Office's stated position in 2011: "Applying the broadest reasonable interpretation standard in the proceedings serves an important patent quality assurance function" in that it "furthers the congressional goal of providing 'a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.'" 81 Fed. Reg. at 18750. The BRI standard makes it so that a



claim construction in a civil action or ITC proceeding is never broader than the construction in an administrative review proceeding, and therefore serves to ensure that a patent is not given a broader claim scope than what was understood by the Office when it allowed the claims.

Intel agrees with the Office's prior position that BRI is the appropriate standard for AIA proceedings, at least in part because "Congress expected the PTO to scrutinize patent claims in *inter partes* reviews in the same manner that it does in all other agency proceedings involving unexpired patent claims that may still be amended." Br. for the Resp't at 16, *Cuozzo Speed Technologies v. Lee*, 136 S.Ct. 2131 (2016) (No. 15-446). Intel therefore believes it is especially important for the Office to follow the same claim construction approach in all of its proceedings given that the AIA contemplates multiple proceedings in the office, including IPRs and *ex parte* reexaminations. 81 Fed. Reg. at 18750.

Changing the claim construction standard from BRI to *Phillips* could thwart Congress's intent to improve patent quality through the use of AIA proceedings. Construing claim terms using *Phillips* generally leads to more narrow constructions than using BRI. Indeed, the Federal Circuit has explained 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." *Facebook, Inc. v. Pragmatus AV, LLC*, 582 F. App'x 864, 869 (Fed. Cir. 2014). Thus, a move to the *Phillips* approach from BRI would often result in narrower claim construction and consequently "little chance of the Board issuing new grounds of rejection based on a narrower claim scope." *In re CSB-System Int'l, Inc.*, 832 F.3d 1335, 1341 (Fed. Cir. 2016).

II. Using the *Phillips* standard in administrative review proceedings is inconsistent with the other provisions of the AIA

AIA proceedings have a different function than district court litigation, which justifies different standards for claim construction. Intel disagrees with the Office's new characterization of such proceedings as substitutes for trial, stating that "Congress intended these administrative trial proceedings to provide 'quick and cost effective alternatives' to litigation in the courts." 83 Fed. Reg. at 21223. Until very recently, the Office shared Intel's view, acknowledging to the Supreme Court in *Cuozzo* that Congress intended there to be multiple differences between proceedings at the USPTO and federal courts, including differences in the claim construction standard, because the functions of USPTO and trial court proceedings are fundamentally different. A trial court's responsibility is to review the validity of claims with proper deference to the expert agency that originally issued them. The Board plays a different role, applying the legal and technical expertise of the Office and its administrative patent judges to ensure that patents are properly issued and their scope properly defined by the USPTO. The Office owes no deference to its own original decision, but is essentially reviewing its own work. Thus, the Board should use the same approach to claim construction during AIA reviews as that used during the original examination of the patent application.



For the same reasons, Intel disagrees with the Office that a change in the claim construction standard would “[m]inimiz[e] differences between claim construction standards used in the various fora” and therefore “lead to greater uniformity and predictability of the patent grant.” 83 Fed. Reg. at 21222. Administrative review proceedings were *intended to be different* than civil action or ITC proceedings, not simply a duplication of or replacement for them. *See, e.g.*, 35 U.S.C. § 326(e). As the Office itself said in *Cuozzo*, these “inherent differences between inter partes review and traditional litigation indicate that Congress intended not simply to reduce ‘litigation costs,’ but also to ‘improve patent quality’ in ways that are not possible in ordinary litigation.” Br. for the Resp’t at 30, *Cuozzo Speed Technologies v. Lee*, 136 S.Ct. 2131 (2016) (No. 15-446).

The BRI standard is complementary to these inherent differences between civil litigation and administrative review proceedings, and especially to the patentee’s ability to amend claims. *In re Yamamoto*, 740 F.2d 1569 (Fed. Cir. 1984). The BRI standard has always been tied to the ability to amend claims. *See, e.g., Id.* at 1572 (tying the ability to amend claims in reexamination proceedings to the use of the BRI standard). The AIA’s allowance for patent holders to amend their claims during administrative review proceedings can produce narrower patents without completely invalidating them. 35 U.S.C. § 316(d). “The USPTO’s “use of [the BRI] standard encourages the applicant to draft narrowly,” *Cuozzo*, 136 S. Ct. at 2145, and additionally to propose narrow amendments during review proceedings if necessary. Allowing a patent owner to narrow claims can result in a stronger patent that is truly distinguishable from the prior art and is less likely to be invalidated in subsequent litigation.

While Intel does not disagree that “[i]n many cases, the claim construction will be the same under [both] standards,” *CSB–System Int’l*, 832 F.3d at 1341, there are certainly cases where the claim construction standard is outcome-determinative. *See, e.g., PPC Broadband, Inc. v. Corning Optical Communications RF, LLC*, 815 F.3d 734 (Fed. Cir. 2016) (in an appeal from the PTAB, stating that “[t]his case hinges on the claim construction standard applied—a scenario likely to arise with frequency”). Cases where the claim construction standard can determine the outcome exemplify the need for a different standard in administrative review proceedings than in trial court. As the Office stated to the Supreme Court only two years ago, if the Board cannot use BRI, “the PTO will be required to *approve* in an *inter partes* review a patent claim that it would have *rejected* in an initial examination or reexamination considering the same prior art.” Br. for the Resp’t at 33, *Cuozzo Speed Technologies v. Lee*, 136 S. Ct. 2131 (2016) (No. 15-446). This outcome would defy common sense.

III. A presumption of validity in administrative review proceedings is contrary to the purpose of such proceedings

Intel disagrees with the Office’s proposal to construe patent claims “to preserve their validity” as a last resort in AIA administrative proceedings. 83 Fed. Reg. at 21223. The rationale of the Office is to ensure consistency with the presumption of validity that is applied by courts. But such an approach would undermine the fundamental purpose of administrative proceedings, which, as explained above, is to offer an opportunity to correct weak patent claims and ensure



strong patents survive such proceedings. Construing claims to preserve their validity is inappropriate in AIA trials because such an approach also goes against the principle of giving the Office a second look at the patents it issues as intended by Congress.

District courts apply a presumption of validity because, unlike in post-grant AIA proceedings, there is no opportunity to amend claims to preserve a patent's validity. The Federal Circuit has specifically approved of the Office choosing not to construe claims to preserve validity due to the ability to amend claims during reexamination. *See In Re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984). Likewise, the PTAB can allow amendments, which are "not available in an infringement action in district court." *Id.* In short, the PTAB has no legitimate reason to interpret claims to preserve validity.

Additionally, as noted earlier, district courts construe claims to preserve their validity because they defer to the opinion of the Patent Office. In an AIA proceeding, the Office is reviewing its own work and thus this deference does not apply.

IV. The PTAB should consider any prior claim construction decision in a civil action or at the ITC, but such a decision should not have a binding effect

Intel agrees with the Office's suggestion that the PTAB should consider any prior claim construction determination in a civil action or ITC proceeding. Such a requirement will ensure that the PTAB's own construction is not narrower than one already decided by a district court or the ITC, and thus avoid a situation where a prior art reference would be infringing but not invalidating. As a practical matter, this proposed amendment may be read to put into writing an existing practice at the PTAB. Currently, where a trial court completes claim construction before the Board issues a final written decision, the Board often considers the court's construction. *See, e.g., Google Inc., v. Simpleair Inc.*, CBM2014-00054, May 13, 2014, Paper No. 19, at p. 7 (adopting the district court's claim constructions where they were consistent with the BRI standard); *Kyocera Corp., Motorola Mobility LLC v. Softview, LLC*, IPR2013-00004; IPR2013-00257, March 21, 2014, Paper No. 53, at p. 19 (same).

Indeed, it is often the case that a *Markman* hearing is completed before the final written decision is issued by the Board, whether or not a district court stays an infringement case pending an administrative review proceeding. Thus, it is not uncommon that a district court will construe at least some claims before the Board issues its final written decision in an administrative review proceeding. And as a matter of practice, the ITC declines to stay Section 337 investigations based on the pendency of proceedings in other forums, such as the PTAB. *See, e.g., Certain Laser-Driven Light Sources, Subsystems Containing Laser-Driven Light Sources, and Products Containing Same* (Inv. No. 337-TA-983) (Mar. 3, 2016) (denying request for stay). Based on the typical timeline of an administrative review proceeding compared to that of a Section 337 Investigation, the ITC's claim construction decision will often be complete before the Board issues



a final written decision. *See* 19 C.F.R. § 210.51(a)(1) (target end date of an ITC proceeding is 16 months from institution); 35 U.S.C. § 316(a)(11) (normal timeline for an IPR proceeding is 18 months from institution to final written decision). In these cases where a claim construction decision has already been issued by a district court or the ITC and is made of record at the PTAB, Intel agrees with the Office’s proposal that the PTAB should consider such a decision but not be bound by the decision even if the claim construction standards are the same at the PTAB as in district court and the ITC.

However, Intel is concerned about the Office’s proposed rule to the extent that it makes claim construction decisions of trial courts binding on the Board. Specifically, Intel expresses its concern that the notice of proposed rulemaking fails to explain what the Office means when it says trial court decisions “will be considered,” and relatedly how much deference will be due to the trial court’s or the ITC’s constructions. Intel cautions the Office that the language as currently written is ambiguous and may be understood to make such rulings effectively binding on the PTAB. To the extent that the proposed rule requires the Board to adopt the trial court’s claim construction, Intel opposes such a proposal. If the PTAB were bound by a prior claim construction ruling made by a trial court, a crucial step of AIA administrative review proceedings—claim construction—would be virtually eliminated. As explained above, the purpose of administrative review proceedings is to improve patent quality through an additional layer of review by the Office, but binding the PTAB to a trial court’s prior claim construction would undermine this purpose.

V. Conclusion

Intel reiterates its support for the USPTO’s commitment to an improved administrative review process but respectfully disagrees with its proposal to change the claim construction standard used in such proceedings, to require the Board to be bound by a prior claim constructions by district courts and the ITC and to inject a presumption of patent validity during the AIA proceeding. Intel appreciates the USPTO’s consideration of its comments.