

**COMMENTS AND RECOMMENDATIONS ON THE PROPOSED CHANGES TO  
THE CLAIM CONSTRUCTION STANDARD FOR INTERPRETING CLAIMS IN  
TRIAL PROCEEDINGS BEFORE THE PATENT TRIAL AND APPEAL BOARD,  
83 FED. REG. 21221**

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## I. INTRODUCTION

This document provides recommendations on designing PTAB Trial Rules and Procedures to better ensure that claim construction determinations made by the PTAB are given effect by later tribunals adjudging the same claims or claim terms. Avoiding re-litigation of the same issue provides important and well-recognized benefits such as efficiency, finality, clarity and consistency (avoiding inconsistent judgments). Additionally, as the expert agency, it is the USPTO's role in taking the lead in defining the metes and bounds of patent rights in ways that are clear, predictable, and respected by the courts.

**Recommendation 1:** The USPTO should establish its rules and practices associated with PTAB Trial Proceeding claim construction in a way that best ensures that later tribunals will honor those constructions.

The USPTO is known as one of the most transparent government agency. I applaud the Agency and Director Iancu for publicly opening this discussion in such a transparent manner. However, anyone looking at the notice of proposed rules will be surprised by the absence of any consideration of the issues of estoppel and deference. Estoppel and deference are the looming elephants in the room: they serve as a primary *sub silentio* justification for the rule change, but those justifications are never mentioned directly in the rule proposal. That result cannot stand.

Although the USPTO could simply adjust its rules and wait to see how its decisions are treated by the courts, that approach would be an abdication of the Director's role as our nation's chief patent law policymaker. Silence on the issues of estoppel and deference to USPTO claim construction will serve as a statement that the USPTO *does not* intend for its determinations to be so honored by later tribunals. In other words, the USPTO will be making a statement in the final rules – either express or by implication.

In accordance with the agency's tradition of transparency and leadership, the Director should offer an express statement that affirms the USPTO's role in defining claim scope for subsequent tribunals – ensuring that it lays the foundation in each case for its claim construction determinations to be honored by later tribunals, whether they be courts, the PTO itself, or some other agency.

## II. ISSUE PRECLUSION

Under the doctrine of Issue Preclusion (also known as collateral estoppel), a later tribunal will honor a determination by a prior tribunal – including by an Administrative Agency determination – so long as certain conditions are met.<sup>1</sup> The principle of issue preclusion is simply that a later tribunal should honor the decisions of prior tribunals regarding issues already litigated and decided.<sup>2</sup> Avoiding re-litigation of the same issue provides important benefits, including efficiency, finality, and consistency (avoiding inconsistent judgments).

Issue preclusion issues always involve both (a) a previous lawsuit (“prior lawsuit”) that resulted in a final judgment and also (b) a later lawsuit (“later lawsuit”) involving the same or similar issues of law and fact. When issue preclusion applies, the prior lawsuit’s determination on those issues is honored in the later lawsuit and the parties may be precluded from re-litigating those same issues in the later action.

The following are generally the requirements that the Federal Circuit relies upon to determine whether issue preclusion applies:

- **Same Parties:** the parties of the later lawsuit (or at least the party opposing preclusion) must have also been parties (or their privies must have been parties) to the prior lawsuit;
- **Same Issue:** the issue (here claim construction of particular terms) at stake must be substantially identical to the one in the prior litigation;
- **Actually Litigated:** the issue (here claim construction of particular terms) must have been actually litigated in the prior suit;
- **Critical and Necessary:** the determination of the issue in the prior litigation must have been a critical and necessary part of the judgment in that action; and
- **Full and Fair Opportunity:** Fair Opportunity party against whom the earlier decision is asserted must have had a full and fair opportunity to litigate the issue in the earlier proceeding.<sup>3</sup>

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<sup>1</sup> See *RF Del., Inc. v. Pac. Keystone Techs., Inc.*, 326 F.3d 1255, 1261 (Fed. Cir. 2003).

<sup>2</sup> 18 Wright & Miller, Federal Practice and Procedure § 4416 (2018).

<sup>3</sup> *RF Del., Inc. v. Pac. Keystone Techs., Inc.*, 326 F.3d 1255, 1261 (Fed. Cir. 2003) (quoting *In re McWhorter*, 887 F.2d 1564, 1566 (11th Cir. 1989)).

A. *Statement of Preclusive Intent*

In *B & B Hardware, Inc. v. Hargis Indus., Inc.*, the Supreme Court explained that administrative decisions will have preclusive effect on later court decisions – requiring only the “ordinary elements” of issue preclusion.<sup>4</sup> In *B&B Hardware*, the Court noted that Congress could potentially bar agency to court preclusion. However, the Court’s approach is to begin with a presumption that preclusion applies and then look for an evident reason why Congress would *not* want the administrative decision to have preclusive effect.<sup>5</sup>

However, courts have been reluctant to give issue-preclusive effect on PTAB determinations in patent cases – in part because the USPTO has not claimed that its decisions deserve such respect beyond the statutory estoppel provision.

**Recommendation 2:** The USPTO should state its intent within this rules implementation package that its final PTAB Trial determinations be treated as preclusive on later tribunals.

In stating its intent, the USPTO should also show self-respect in honoring its own prior determinations.

B. *Same Issue*

This particular rules package is focused most directly on the “same issue” issue preclusion prong. The most important next step for the USPTO in this area is to adopt the same claim construction standards used during patent infringement lawsuits (or declaratory judgment invalidity actions).

**Recommendation 3:** The USPTO should adopt the same claim construction standards used during patent infringement civil actions, including the ordinary meaning standard and consideration of both intrinsic and extrinsic evidence.

The proposed rules essentially do this by providing a unitary claim construction standard. However, I have provided an amended version of the rules that I believe offer a further improvement.

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<sup>4</sup> *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 U.S. 1293 (2015) (When certain requirements are met administrative decisions can have preclusive effect.).

<sup>5</sup> *Id.* at 1302.

C. *Full and Fair Opportunity*

The “same issue” prong focuses primarily on the legal standards while the “full and fair opportunity” prong focuses on sufficient procedural fairness. While the procedures need not be identical between the two tribunals, substantial limitations on a party’s ability to obtain and present evidence can prevent any resulting determination from being given preclusive effect.

**Recommendation 4:** The PTAB should adopt procedural standards that allow parties a full and fair opportunity to develop evidence and present claim construction arguments prior to any final determination. The PTAB should not adopt its own claim construction without first providing parties with an opportunity to litigate the particular construction.

D. *Decided, Actually Litigated, and Critical to the Determination*

**Recommendation 5:** In its final determinations, the PTAB should allow for briefing and of disputed claim construction issues; and the PTAB should decide those issues within its final decision with an accompanying explanation of its reasoning.

### III. USPTO AS THE EXPERT INTERPRETER OF THE SCOPE OF ITS ISSUED PATENTS

The USPTO should also make clear that its claim constructions provide definitions of claim scope that should be relied upon and given deference by later tribunals since the traditional elements of estoppel will not be met in many AIA trials. In those situations, however, Courts may give deference to USPTO claim constructions if the proper foundation has been built.

The potential deference can be generated from several sources of law, but are all essentially built upon the notion that the USPTO is the US’s expert patent agency charged with the task of examining and reviewing patents to ensure that their claim scope is both proper and well defined.

As the USPTO’s “final statement” on a patent’s scope, PTAB final decisions should become *the key element* of prosecution history for defining a claim’s scope.

**Recommendation 6:** The USPTO should make clear in its rules and procedures that PTAB Trial final determinations serve as key elements of prosecution history and final

statements of claim scope that the Agency expects to be honored by later tribunals.

**Recommendation 7:** Although I have not fully considered the hurdles of this recommendation, an interesting addition would be for the USPTO to create a “Certificate of Claim Construction” to be appended to patent documents in order to better ensure that PTAB decisions are honored.

In addition to the prosecution history shifts, the PTAB Trial decisions may also be given deference under standard administrative law. See Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 Wm. & Mary L. Rev. 1959 (2013). As the USPTO moves to the unitary claim construction standard, it should also take on the mantle of chief claim interpreter rather than backing away from that important role.

#### IV. CHANGES TO THE PROPOSED RULE

Below I propose minor changes to the proposed rule:

. . . a claim . . . shall be construed using the same claim construction standard that would be used to construe such claim in a civil action ~~to invalidate a patent under 35 U.S.C. 282(b)~~, including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art as of the effective filing date of the patent, and considering, where appropriate, the intrinsic evidence including the prosecution history pertaining to the patent and extrinsic evidence of scientific principles, technical terms, or the state of the art. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission or the Board, that is timely made of record in the post-grant review proceeding will be considered and given deference.

The changes are useful for the following reasons:

- District courts follow a unitary claim construction, thus it is appropriate to link the construction to a “civil action.” Note, the current proposal does not make sense because there is no invalidity action under Section 282.
- I have added language that fits closer to the *Phillips* standard than what was proposed originally.

- Finally, and most importantly, I have added an express statement that the Board will give deference to claim constructions by prior tribunals, including prior constructions by the Board itself.