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PTAB Notice of Proposed Rulemaking 2018

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**Re: Proposed Changes to the Claim Construction Standard for Proceedings
before the Patent Trial and Appeal Board**

Past-President
Bob Steinberg
Latham & Watkins

I write on behalf of the PTAB Bar Association (the “Association”) to respond to the United States Patent and Trademark Office (“USPTO”) invitation for comments on its Notice of Proposed Rulemaking regarding *Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board*, published at 83 Fed. Reg. 21221 (PTO-P-2018-0036, May 9, 2018).

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The PTAB Bar Association is a voluntary bar association of nearly 1000 members engaged in private and corporate practice and in government service. Members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent law as well as other fields of law affecting and affected by intellectual property. They represent owners, users, and challengers of intellectual property rights. Accordingly, the Association strives to present a neutral perspective representing the interests of both patent owners and petitioners in PTAB proceedings.

The present comments reflect feedback solicited from the Association’s diverse membership on issues related to the proposed rule changes.

I. Transitioning from BRI to *Phillips*

With respect to the fundamental question of whether to proceed with the proposed change from the Broadest Reasonable Interpretation (“BRI”) claim construction standard to the *Phillips* standard, Association members expressed strongly-held but differing views.

Members embracing the proposed change emphasized that a uniform claim construction standard in parallel district court, ITC, and PTAB proceedings should lead to greater conformity in claim construction rulings between these different fora, thereby reducing the risk of inconsistent validity determinations in parallel proceedings. Members also noted that a uniform claim construction standard may dissuade parties from taking inconsistent positions, and that such uniformity may make each forum more inclined to adopt claim constructions and findings adopted by another forum.

Members noted that the proposed change addresses the possible unfairness to patent owners of applying a broad claim construction standard in PTAB proceedings. Members agreed with the USPTO's assessment that applying the BRI standard could implicate a broader universe of prior art than the *Phillips* standard, potentially leading to patent claims being found unpatentable in an PTAB proceeding on account of claim scope that the patent owner would not be able to assert in an infringement proceeding.

In addition, members supporting the proposed change noted that the transition between BRI and *Phillips* should be eased by the previous application of *Phillips* to expired patents in PTAB proceedings. Practitioners and the Board thus have previous experience applying the new standard, thus reducing the likelihood of major issues upon adoption of the change.

However, members disfavoring the proposed change expressed concerns over the disparate processes used in the PTAB and district courts to resolve claim construction issue, and questioned whether it was possible or practical for PTAB proceedings to devote comparable attention to claim construction given the time constraints imposed by Congress, much less other process constraints imposed on PTAB proceedings.

With the Federal Rules of Civil Procedure applicable only to district court proceedings and with no comparable process at the PTAB, some questioned the likelihood of resolving constructions with consistency across PTAB and district court proceedings, and thus questioned whether the change would achieve its stated objectives.

Along these lines, concerns were expressed over the proposed change leading to inconsistency within the USPTO itself. Even after the rule change is adopted, the BRI standard will continue to be applied in original prosecution of patent applications, as well as in other post grant procedures (e.g., reissue, *ex parte* reexamination). Because PTAB proceedings will apply a different claim construction standard than all other USPTO proceedings after the rule change, the question of how much weight (if any) will be afforded in PTAB proceedings to findings from other USPTO proceedings, such as under 35 U.S.C. § 325(d), will need to be addressed.

Regardless of their individual positions with respect to whether the proposed transition to the *Phillips* standard ought to occur, Association members uniformly expressed a desire for clear guidance regarding implementation details in the event that the transition does occur, so as to minimize challenges that might follow from the change.

II. Retroactive Application of *Phillips* to Existing Proceedings

Association members generally agreed that application of the *Phillips* standard should apply only to new petitions filed after the adoption of the rule and not to those previously filed.

Claim construction can be a significant consideration in deciding whether to file a petition for post grant review. Specifically, a decision to petition for post grant review is sometimes guided by the disclosures in particular prior art references when applied to claims interpreted under the broader BRI standard, rather than the narrower *Phillips* standard. For that reason, a retroactive change to the claim construction standard may prejudice parties that have filed petitions they otherwise would have decided not to file under the *Phillips* standard. A retroactive shift to the *Phillips* standard also would subject parties to increased risk of estoppel that flows from narrowing constructions – a risk that the parties might have chosen to avoid had they known that the *Phillips* standard would be applied.

In addition, retroactive application of the *Phillips* standard would require costly additional briefing for many petitioners and patent owners and place a burden on the Board to review and make decisions based on the briefing. Retroactive application also would require the PTAB to develop and observe special rules to govern affected proceedings.

The PTAB recently faced a similar situation in response to the Supreme Court's *SAS* decision. The PTAB decisively responded to this externally-motivated change in procedure by devising and promoting guidelines for affected cases within a matter of days, providing sound footing for the affected proceedings. But, the PTAB expended a large amount of resources to formulate the new procedures and required the parties to do so to comply with the new procedures.

The situation created by the *SAS* decision, and the expenditure of resources in response, were both unavoidable. With respect to the present rule change, applying the rule change prospectively will allow the PTAB and the parties to avoid a similar expenditure of resources. In turn, the PTAB will be free to focus its efforts on processes and procedures related to the rule change that will apply to all new cases going forward. This focus will help ensure that possible issues related to the claim construction change are addressed in individual cases, e.g., where some petitions challenging the same patent were filed before the change and some were filed after, and that this fundamental change in PTAB procedures is implemented in an orderly fashion.

The Association also appreciates that retroactive application would prevent complications resulting from a potential surge of filings just prior to the effective date that likely would occur otherwise. However, clarity of notice - a hallmark of the rulemaking process itself - and consequential fairness to all parties are each offset by these complications, as these rule changes may adversely affect parties that did not have notice of the rule change when they chose to file petitions.

Finally, the Association understands that retroactive application would allow the PTAB to apply one standard for all PTAB cases after the date of enactment, rather than having BRI apply to cases pending at adoption. Indeed, members recognized the difficulty

inherent in an agency and industry having to observe different standards for the same substantive issue. However, that difficulty will exist regardless of retroactive application to pending post grant proceedings at the PTAB, as the PTAB must nevertheless deal with appeals from re-examination, reissue and ordinary patent application prosecutions, all of which will still apply the BRI standard.

III. Conclusion

The Association and its members are committed to improving all aspects of PTAB practice, and we look forward to continuing our work with the Director and the USPTO to improve PTAB procedures. We appreciate this opportunity to provide feedback on the proposed rule changes, and hope that the comments herein aid in the implementation of the new rules.

Very truly yours,



W. Karl Renner
Secretary, PTAB Bar Association