

From: Steven M. Hoffberg
To: [PTABNPR2018](#)
Subject: Response to Request for Comments on Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 FR 21221
Date: Wednesday, May 30, 2018 11:53:38 AM

Agency/Docket Number: Docket No. PTO-P-2018-0036

RIN: 0651-AD16

Document Number: 2018-09821

Sir:

Thank you for this opportunity to provide feedback on the proposed rulemaking.

In general, I agree that (a) there should be consistency between the “legal” interpretation of claim scope by an Article III Court and the “Administrative” interpretation of claim scope by an Article I Administrative tribunal, and more generally, the USPTO as a whole; and (b) that the claim interpretation used by the USPTO in post grant proceedings should be “correct”, rather than adopting administrative shortcuts which are intended to yield incorrect determinations of claim scope. Judge Pauline Newman described the “‘broadest’ protocol [as one that] aids the applicant and the examiner in defining claim scope during prosecution. It is not a claim construction on which substantive legal rights of validity and infringement are based, or are intended to be based.” *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1287 (Fed. Cir. 2015) (Newman, J., dissenting), *aff’d sub nom., Cuozzo Speed Technologies v. Lee*, 579 U.S. ____ (2016). On appeal, the Supreme Court afforded Chevron deference, and determined that the adoption of the “broadest reasonable construction” was a permissible exercise of rulemaking authority, but did not determine that this was the best or exclusive claim interpretation paradigm. Therefore, it appears that the Office is empowered to make the proposed change, and is limited by neither the Courts nor Legislature.

The Notice of Proposed Rulemaking (NPR) fails to address two important aspects of the process that seem critical to successful deployment of this new policy.

First, an Article III Court formulates a claim construction after real opportunities for discovery, and with a statutory presumption of validity under all patent statutes (and not those merely at issue in the PTAB). In most cases or controversies, the claim construction is colored by the party’s positions on infringement. A *Markman* hearing, per *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), is often conducted shortly before the trial. Without benefit of discovery and hearing, it appears that the PTAB claim construction would not converge to the same result as that used by courts, and thus fail to achieve the stated aims. Note that claim interpretation often includes evidentiary underpinnings, see *Teva Pharm. V. Sandoz, Inc.*, 574 U.S. ____, 135 S.Ct. 831 (2015), and a proper claim construction hearing early in the proceeding permits the parties to fully elucidate the evidence relating to the issues, and

provides a forum for that evidence to be vetted.

The Notice of Proposed Rulemaking does not address how these factors might be efficiently included in the PTAB's analysis. While in some cases, the post grant proceeding comes after a district court claim construction, this is not always the case, the rule and its procedural implementation must accommodate those cases where no prior determination is made. Further, while the Notice of Proposed Rulemaking does accept prior results of prior proceedings, it provides no framework for determining when the results of prior proceedings are in error. Indeed, this is an area where the superior experience and domain expertise can be deployed to help efficiently resolve issues between the parties; by making a, efficient, fair, and expert claim interpretation forum available for parties, substantial litigation expense and burden may be reduced, and quality of results increased.

However, in order to make these benefits available, the factual underpinnings of the claim interpretation must be available to the parties and to the panel. The very limited discovery available under current PTAB procedures impedes a proper Philips claim construction (and proper resolution of many other issues within the purview of the Board). For example, the "interests of justice" standard applied under PTAB rules essentially seeks to foreclose availability of information unless it is already known to the requestor, for example requiring the requestor to specifically describe the information that it seeks, and the relevance of that information to the proceeding. Further, the request must often be initiated by email correspondence, where description of these facts is nearly prohibited. Only after surmounting the threshold of scheduling a telephone conference, which is discretionary based on the little permitted information in the email, can the discovery request itself be raised, often with strict page count limited briefing required to show that a movant meets the "interests of justice" standard. This process clearly is designed to block discovery, and therefore impedes delivery of a just result of the process.

That is, instead of representing an aspiration of the Board to achieve correct results and a full and fair review of the issues presented to it for adjudication, the standard acts in favor of injustice by foreclosing availability of critical information as an institutional policy. This standard makes no sense for a tribunal seeking truth or fairness in a genuinely contested issue of fact, and seems to be a vestige of an institutional bias against Patent Owners.

"Justice" is defined by Merriam-Webster as: "1 a : the maintenance or administration of what is just especially by the impartial adjustment of conflicting claims or the assignment of merited rewards or punishments meting out justice social justice; c : the administration of law a fugitive from justice; especially : the establishment or determination of rights according to the rules of law or equity a system of justice; 2 a : the quality of being just, impartial, or fair questioned the justice of the their decision; b(1): the principle or ideal of just dealing or right action; (2): conformity to this principle or ideal : righteousness the justice of their cause; c: the

quality of conforming to law; 3: conformity to truth, fact, or reason : correctness.”
<https://www.merriam-webster.com/dictionary/justice>.

Therefore, in order to fairly implement the proposed use of a Philips standard of claim construction, *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005), the rules in the PTAB should be amended to permit early discovery commensurate with that available in judicial proceedings, at least for claim construction issues, and inquiry into the respective party's positions, under a mandatory disclosure standard, at least to the extent that there is dispute between the parties regarding the correct claim construction. Indeed, since the institution decision is typically predicated on a claim construction, fairness requires that Patent Owner be permitted to challenge Petitioner's proposed interpretation through discovery and briefing, before the institution decision is made.

Second, the trial procedure in the PTAB does not specifically provide for briefing and a decision on a claim construction "hearing". Because the Patent Owner's Motion to Amend is provided as an opportunity to remedy possible invalidity of the claims through amendment, the interpretation of the original claims and also proposed terms and phrases that might be included in amended claims (and not necessarily already present in existing claims) should precede the Motion to Amend, so that when the Motion to Amend is presented, the meaning of the claims is clear. Fundamental fairness requires that the PTAB enunciate its understanding of the claim interpretation before the Patent Owner Statement and Petitioner's Reply. Note that the PTAB is not prohibited from issuing advisory opinions, any more that it is limited by the doctrine of constitutional standing.

The scope of the post grant proceeding is governed by the Institution Decision. However, between the Institution Decision and the Final Decision, the claim interpretation may change. On appeal from the PTAB, the reviewing court must have an administrative record that supports the decision. *Encino Motorcars LLC v. Navarro*, 136 S.Ct. 2117, 195 L. Ed.2d 382 (2016) ("It is not the role of the courts to speculate on reasons that might have supported an agency's decision. '[W]e may not supply a reasoned basis for the agency's action that the agency itself has not given.' *State Farm*, 463 U.S., at 43, 103 S.Ct. 2856 (citing *SEC v. Chenery Corp.*, 332 U.S. 194, 196, 67 S.Ct. 1575, 91 S.Ct. 1995 (1947)).") See also, *SEC v. Chenery Corp.*, 318 U.S. 80, 94, 63 S.Ct. 454, 87 S.Ct. 626 (1943) ("courts cannot exercise their duty of [substantial-evidence] review unless they are advised of the considerations underlying the action under review."). Therefore, it is recommended that the PTAB issue an initial claim construction within its institution decision, updated in an Order preceding the due date for the Patent Owner's Statement and Motion to Amend. If the claim construction is later altered, the parties should be given an opportunity to re-brief the issues under the revised standard.

In conclusion, I applaud the effort to address a significant historical administrative liberty that results in in inaccurate claim construction, and therefore biased results, to achieve

correctness as an objective. While in limited cases, the discovery underlying a Philips claim construction, and the construction itself, is available for the Board prior to rendering its own interpretation, the rulemaking should address how a factual record may be developed within the USPTO supporting a rational and correct claim interpretation, to provide guidance to the Board and the participants in its proceedings, and how that claim interpretation is to be provided to the parties such that it can usefully guide the proceedings.

The foregoing represents the personal opinion of the author, and does not represent the position of Tully Rinckey PLLC or any of its clients.

Steven M. Hoffberg

OF COUNSEL

SHoffberg@tullylegal.com



Tully Rinckey PLLC

777 Third Avenue 22nd Floor | New York, NY 10017

(646) 201-9100 Phone | (518) 640-3668 Direct | (646) 705-0049 Fax

www.tullylegal.com

Confidentiality / Privilege Notice: This transmission, including attachments, is intended solely for the use of the designated recipient(s). This transmission may contain information that is confidential and/or privileged or otherwise protected from disclosure. The use or disclosure of the information contained in this transmission for any purpose other than that intended by its transmittal is strictly prohibited. If you are not an intended recipient of this transmission, please immediately destroy all copies received and notify the sender.