

IP FRONTIERS

Patent office changes claim construction standard in inter-parties proceedings

The United States Patent and Trademark Office (USPTO) has decided that it will change the claim construction standard it previously used in inter-parties proceedings. On Nov. 13, 2018, the USPTO, in inter-parties reviews and post-grant reviews before the Patent Trial and Appeal Board (PTAB), began using the same claim construction standard used by the federal courts. As a result, the PTAB will no longer give patent claims their “broadest reasonable interpretation” in such reviews and proceedings. Instead, it will use the same claim construction standard used by the courts, namely, the *Philips* Standard. Under this standard, patent claim terms are given their ordinary and customary meaning as understood by a person of ordinary skill in the art at the time of the invention was made.

A patent confers upon its owner the right to prevent others from making, using, selling, importing or exporting their invention. The invention covered by a patent is defined by the claims, which are numbered and listed generally at the end of the patent. The claims define the invention. Accordingly, to be liable for patent infringement, the alleged infringer must include every element recited in any one claim, in its accused product or process. Conversely, in order to invalidate a patent claim based upon the prior art, the accused infringer or opposing party must show that the prior art contains each and every element of the patent claim, or an obvious variation there-



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of. In enforcing the patent, the patent owner has the burden of proving that it is more likely than not that the patent is infringed. The opposing party has the burden of proving invalidity of the patent by clear and convincing evidence.

There are two avenues for a party to try to invalidate another's patent, namely, via an action or lawsuit in the federal courts or an inter-parties proceeding before the U.S. Patent and Trademark Office. Patent infringement actions are brought exclusively in the federal courts. In such infringement actions, it is common that the alleged infringer defends the infringement claim by arguing that the patent is invalid, often based upon the prior art. Since 2011, with the advent of the America Invents Act (AIA), any person who believed the patent to be invalid over the prior art could bring an inter-parties proceeding, such an inter-parties review or post-grant review, before the PTAB of the U.S. Patent and Trademark Office to attempt to invalidate a patent.

In other words, since 2011 alleged infringers have two avenues to invalidate patent claims, either in the federal courts or at the PTAB. However, as explained below, these two avenues used different standards to interpret the meaning of a

patent claim term.

Determining whether a patent is invalid or infringed often depends upon the interpretation of a term within the patent claim. Accordingly, courts and the PTAB spend a considerable amount of effort in determining the meaning of disputed patent claim terms in a process known as “claim construction.” Oftentimes, the claim construction is dispositive in a patent invalidity or infringement case.

However, the courts and the PTAB have used different claim construction standards. The courts use the *Philips* Standard, which provides that ordinary patent claim terms are given their ordinary and customary meaning as understood by a person of ordinary skill in the art at the time the invention was made. Under this standard, the courts look at the patent specification as well as the prosecution history of the patent, as applied for, and determine whether a claim term should be read either broadly or more narrowly.

Conversely, the PTAB conducts claim term interpretation using the broadest reasonable interpretation standard. Under this standard, the broadest and most reasonable claim meaning is adopted. Many times, the *Philips* Standard and the broadest reasonable interpretation standard result in the same claim interpretation. However, there are times when these standards justify different claim term interpretations or meanings.

Because of these different standards, a party concerned about infringing an-

other's patent could be more likely to get a broader claim interpretation with the PTAB, as opposed to the courts — thus, making it easier to invalidate the patent claim. This has resulted in situations where the alleged infringers have selected to file for an inter-parties review before the PTAB as opposed to arguing invalidity in a federal court litigation. Furthermore, the AIA provided that an accused infringer who has been sued in a court for patent infringement, has up to one year to file an inter-parties review before the PTAB after the litigation has commenced.

This has resulted in alleged infringers filing for inter-parties reviews after they have been sued for patent infringement and courts staying infringement actions until the PTAB has determined whether or not the patent is valid. In some cases, the courts have not stayed the litigation and allowed the PTAB inter-parties review, which determines validity of the patent, to proceed at the same time as the district court litigation, where infringement is determined. In either situation, the district court's interpretation of a patent claim term could be different than PTAB's interpretation.

This has resulted in situations where a patent claim has been interpreted one way at the district court (to decide infringement) and a different way at the PTAB (to decide validity of the patent). Such a situation has been deemed unfair by many experts. It has also resulted in situations where, when a court did not stay its proceeding in favor of an inter-parties review, a court found a patent claim valid while the PTAB found the same patent claim invalid — a result that makes little sense.

In one such case, *Novartis A.G. v.*

Noven Pharm, Inc., 853 F.3d 1289 (Fed. Cir. 2017) the PTAB invalidated a claim term under the broadest reasonable interpretation standard while the district court found the same claim valid using the *Philips* Standard. As a result, the district court and PTAB have arrived at different conclusions regarding validity and/or infringement of the patent. This problem, coupled with the view that it was easier to invalidate a patent before the PTAB than in the district court because of the different claim construction standards, has prompted a movement to eliminate the PTAB broadest reasonable interpretation standard.

There has been a long fight to bring the PTAB's standard in line with district courts *Philips* Standard. This fight included an unsuccessful appeal to the U.S. Supreme Court in 2016 to declare the PTAB's inter-party review process unconstitutional. The Supreme Court, however, did not find the situation unconstitutional, but rather deferred to Congress, which created the situation. As a result, the USPTO has changed its rules and the PTAB will now use the *Philips* claim construction standard. According to the USPTO, "The scope of an issued patent should not depend on the happenstance of which court or governmental agency interprets it, at least as far as the objective rules go." "Employing the same standard for AIA proceedings and district courts improves uniformity and predictability as it allows the different forum to use the same standards in interpreting claims."

Since the PTAB and the courts will now use the same standard, it is more likely that claim construction decisions between the two will be consistent, making for less uncertainty when a patent is

involved in multiple proceedings. Similarly, the rule change could mean that the PTAB or a court's claim construction may be given deference in the other forum since the same standard is to be applied. Previously, the PTAB may have been reluctant to adopt a claim construction ruling from a court that used a different standard, and vice versa. Moreover, the change provides that the PTAB will consider any prior claim construction decision in a court action if that determination is timely filed at the PTAB. Although this does not require the PTAB to adopt the same construction as the court, it may help to achieve consistency in claim construction decisions between the PTAB and the courts.

Also, the PTAB may be more likely to consider statements made by the applicant during prosecution about how patent claims should be construed, since it is no longer required to read the claims broadly. Courts have generally been more willing than the PTAB to consider such statements. But now that the PTAB will use the *Philips* standard, the PTAB may give more weight to statements made by applicants than would have been given under broadest reasonable interpretation standard.

The Patent Office has decided not to apply the change retroactively. Only inter-parties proceedings filed on or after Nov. 13 will use the new standard. Patent owners will likely favor the USPTO's new rule requiring the PTAB to use the *Philips* Standard.

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