

AIA Claim Construction Change To Spur Revamped Strategies

By Ryan Davis

Law360 (October 10, 2018, 8:26 PM EDT) -- The U.S. Patent and Trademark Office said Wednesday that America Invents Act reviews will start using the same claim construction standard as district courts beginning Nov. 13, and while the change will not usually result in different outcomes in the reviews, it will reshape strategy for litigants, attorneys say.

Under the final rule that the USPTO published in the Federal Register, the Patent Trial and Appeal Board will no longer give patent claims their "broadest reasonable interpretation" in inter partes reviews and other AIA proceedings. Instead, it will use the narrower method of reading of claims now used in district court.

Patent owners have long sought to discard the broader reading of patent terms in AIA reviews, saying it makes it easier to invalidate patents in the PTAB than in court. The USPTO proposed the change in May and said Wednesday that it received 374 public comments, "a significant majority" of them in support of the plan.

"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," the office said. "Employing the same standard for AIA proceedings and district courts improves uniformity and predictability as it allows the different fora to use the same standards in interpreting claims."

The office initially proposed in May to make the change apply to all pending AIA reviews. After the comments raised concerns that changing the standard once a review had begun would be disruptive, the office said Wednesday it decided not to apply the change retroactively. Only petitions filed on or after Nov. 13 will operate under the new standard.

Following their long push to bring the PTAB's standard in line with district courts, including an unsuccessful appeal to the U.S. Supreme Court in 2016, patent owners will likely embrace the new rule, which will require the board to give a patent claim the "ordinary and customary meaning" it would have to "a person of ordinary skill in the art ... at the time of the invention."

"This change gives patent owners a lot more flexibility and another arrow in their quiver in terms of arguments they can make against invalidity," said Brad Scheller of Mintz Levin Cohn Ferris Glovsky and Popeo PC.

The new standard "opens the door for patent owners to argue claim construction a little more strongly in defending their patents, and say the claims should be construed more narrowly to avoid the prior art," said Justin Oliver of Fitzpatrick Cella Harper & Scinto.

When patent claims are given their broadest reasonable interpretation, there are theoretically more earlier inventions that can be used as prior art to find the patent invalid. Nevertheless, having the PTAB use the district court standard, which was established by the Federal Circuit's 2005 Phillips v. AWH Corp. ruling, is not expected to result in significantly fewer patents being invalidated, attorneys say.

"You would be hard-pressed to find a lot of cases at the PTAB where the decision on patentability rested on the claim construction standard, where the board would have reached a different conclusion under a different standard," Oliver said. "So I don't know that we'll see a big effect on the ultimate decisions on patentability at the board."

However, using the Phillips standard in both district court and the PTAB will require litigants to adopt different strategies than they have in the past, particularly since it restricts the ability to argue that the claims should be interpreted differently in separate proceedings.

Companies accused of infringement have often advocated for a narrower reading of the claims in court to avoid infringement and a broader one at the PTAB that is viewed as more likely to result in the patent being invalidated. The justification was that each proceeding used different standards, but that will soon no longer be the case.

"Now there's more pressure on defendants and petitioners not to have it both ways," said Eldora Ellison of Sterne Kessler Goldstein & Fox PLLC.

Aligning the standards will sharpen the focus on the interplay between what happens in court and what happens at the PTAB on claim construction, and mean that parties may be held to what they said during one proceeding in the other one.

"It takes away that easy waving of hands and ability to say, 'I know that happened in the other proceeding, but that had a different standard,'" Oliver said.

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," said Gregory Morris of Honigman Miller Schwartz and Cohn LLP.

"The rule takes a step toward making it less favorable for petitioners to use multiple venues as additional shots on goal to challenge the validity of a patent," he said.

Similarly, the rule change will likely mean that what the PTAB or a court says about claim construction may be more influential in the other forum. Previously, the board had been reluctant to adopt a claim construction ruling from a court that used a different standard, and vice versa.

The rule states that any prior claim construction decision in a civil action "will be considered if that determination is timely filed in the record" at the PTAB. That doesn't necessarily mean that the board is obligated to adopt the same construction as the court, but it provides incentive for parties to argue that the reading should be the same.

"My guess is that the board will strongly consider what the prior forum has done," Scheller said. "It will certainly be helpful to whoever is advancing the argument if they have a prior adjudication in their pocket."

Some litigants will likely maintain that if the infringement litigation is still pending, it is subject to appeal and the court's claim construction ruling shouldn't be applied. The PTAB will have to grapple with what to make of that argument.

The use of the district court claim construction standard at the PTAB may also lead to other shifts. For instance, the board may be more likely to consider statements made by the applicant during prosecution about how the claims should be construed, since it is no longer obliged to read the claims broadly.

Courts have generally been more willing than the PTAB to consider such statements, but now that the board will use the district court standard, it "will give more weight to statements made by applicants than would have been given under broadest reasonable interpretation," Ellison said.

Similarly, the PTAB may need to more frequently consider expert testimony about claim construction, something that has previously been more common in court, Scheller said.

"We haven't seen heavy expert input on claim construction up to this point, but the board will now have to deal with that with more granularity," he said.

The change in claim construction standards may also spur accused infringers to file petitions soon after an infringement suit is filed in court, said Christopher Douglas of Alston & Bird LLP.

"An early filing not only increases the likelihood of a stay of co-pending proceedings, thereby preventing a claim construction decision in the co-pending litigation, but it also allows petitioners greater flexibility to take fewer or no positions on claim construction in the petition," he said.

The broadest reasonable interpretation standard will still be available at the PTAB for a few more weeks, and it's possible that accused infringers will make an effort to take advantage of the standard in the time they have left by getting petitions in before the deadline.

"In the short term, I'm guessing we'll see kind of a bulge in filings in the next 30 days leading up to Nov. 13," Scheller said. "BRI is naturally more favorable to petitioners."

--Editing by Katherine Rautenberg.