

What's Changed A Year After PTAB Claim Construction Swap

By Ryan Davis

Law360 (November 19, 2019, 10:24 AM EST) -- One year after the Patent Trial and Appeal Board changed the claim construction standard in America Invents Act reviews, attorneys say it's too soon to tell if the move will lead to different outcomes in any cases, but it has changed strategies for litigants.

In cases filed on or after Nov. 13, 2018, the PTAB has interpreted the claims of patents using the narrow standard used in district court, doing away with the so-called broadest reasonable interpretation standard, or BRI, that the board had used since the inception of AIA reviews.

Patent owners had argued that BRI made it too easy to invalidate patents, since reading claims broadly theoretically means that more earlier inventions could be used as prior art to find the patent invalid. Since it takes 18 months after a petition is filed for a final written decision to issue, it's premature to evaluate whether the change will result in more patents surviving review.

"We obviously don't have any final written decisions under the new rule yet, so its final impact remains to be told," said Kenneth Weatherwax of Lowenstein & Weatherwax LLP.

However, it has become clear that litigants have had to abandon strategies they had used in the past, when the board and district court operated under two different claim construction standards.

"It has helped in terms of streamlining and making things more efficient, and not allowing for playing one hand at the PTAB and playing a different hand at the district court," said Michael Specht of Sterne Kessler Goldstein & Fox PLLC. "That has definitely been an impact. You see that petitioners and patent owners have to be consistent at this point."

When district courts read patent claims more narrowly and the PTAB read them more broadly, it was possible for parties to argue that the claims should mean different things depending on the forum. Accused infringers, for instance, could seek a broad construction at the board in the hope of getting the claims invalidated, and a narrower one in court to avoid infringement.

That strategy wasn't always successful, but it's pretty much off the table now that there is one uniform standard, and what someone says in one forum will likely be treated as applying equally in the other.

"From perspective of a patent owner, I think the main difference should be to rein in the breadth of claim construction used by petitioners, since they will be easier to use against the petitioner in court," Weatherwax said.

Without the ability to argue that the same claims should have different meanings by virtue of the different standards, Specht said that “there's less gamesmanship between the two forums,” and parties on both sides have started to more carefully tailor their claim construction arguments.

“You have to have a more balanced view of what is the appropriate claim construction that serves your infringement and validity interests,” he said.

The change in standards at the PTAB may have only formalized the importance of maintaining consistency, since “even before changeover in the rules, the district courts were already pretty clearly putting pressure on petitioners to take consistent positions,” said Eliot Williams of Baker Botts LLP.

When litigants tried to justify taking two different positions, judges often looked at those arguments with disfavor, even though the court and the board were operating under different standards, he said.

In addition to altering strategies for litigants, the change in standards also seems to have resulted in both the PTAB and the courts more frequently taking into account how the other tribunal has construed claims in cases involving the same patents.

The U.S. Patent and Trademark Office's announcement of the claim construction change specifically stated that claim construction rulings by courts “will be considered” by the PTAB going forward. That didn't always happen in the past, where the board could dismiss a court's claim construction by noting it was made under a different standard, Specht said.

Since the change, “it appears as though the individual panels are making it clear that at least they're noting the claim construction from the district court, and considering those issues when they do their analysis,” he said.

Weatherwax said he has seen panels of the board adopt claim constructions issued by district courts since the change. The parties also tend to make sure to alert the board about how a court has construed the claims.

“I think the district court construction were less commonly brought before the board prior to the rule change,” he said. “Now, however, it seems almost de rigueur to do so.”

Similarly, courts might give greater credence to the PTAB's decisions about how claims should be interpreted going forward. But while judges and the board now operate under the same claim construction standard, that doesn't mean they will always interpret the claims in the same way.

“Both before and after the rule change, sometimes the board will simply view the proper construction differently or literally conclude that the district court was in error or vice versa,” Weatherwax said. “You can't promise that both tribunals will see the merits the same way.”

That is in part because the board and the court use a different evidentiary record and are answering different questions, Williams said, noting that claim construction is decided by courts in the context of a particular dispute about infringement. But now when the board and a court disagree under the same standard, they'll have to provide a rationale.

“If they're going to reach a different result than the district court, they're going to have to justify that with reasoning,” said Williams. “By the same token, the district courts were able to ignore the PTAB's

claim constructions decisions before the changeover for the same reason, but now they're going to have engage a little bit more with the PTAB's reasoning."

There is not yet a court decision holding that claim construction decisions by the board are binding on a the courts, or vice versa, but attorneys said that is an issue they'll be watching to see if the Federal Circuit addresses in the years to come.

Although the board has yet to issue any final decisions under the new standard, there are indications that the board's ultimate outcomes will not change much. Specht said his firm analyzed the rate at which the board decided to institute review in the year prior to the change and in the months after, and found that it stayed almost exactly the same.

At the time of the change, there was speculation that it would "be much more favorable to patent owners in the sense that the board would gravitate towards narrow claim construction, which therefore make it harder to get a PTAB proceeding instituted," he said. "I haven't seen that."

The board's eventual final decisions will be based on a fuller record than institution decisions and could be different. But since the board has continued to institute review at the same rate of around 60 percent after the change, the impact on outcomes may be limited, Specht said.

"It hasn't been long enough to get a sense whether this will impact final written decisions, but I would anticipate that it won't," he said.

Since nearly all claim construction decisions will now be made under the same standard, there may be no way of knowing how the outcome on any particular patent might have been different under the new standard compared to the old one, unless the PTAB chooses to specifically say that. So the impact of the change may always be somewhat mysterious.

"I think identifying a concrete difference in results is going to be very difficult to quantify," Weatherwax said.

--Editing by Rebecca Flanagan.