

Claim Constructions In PTAB Vs. District Court

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This is the third article in WilmerHale's series of Expert Analysis pieces concerning post-grant issues — the first, "Lessons From Inter Partes Review Denials," was published Aug. 7, while the most recent, "When Inter Partes Review Meets Hatch-Waxman Patents," published Sept. 9.

With the advent of post grant proceedings implemented by the U.S. Patent and Trademark Office according to the America Invents Act of 2011, there has been much focus on claim construction issues and the interplay between the PTO proceedings and parallel district court proceedings involving the same patents. The increased focus on claim construction is due, at least in part, to the implementing PTO rules for the AIA. Specifically, the rules require that the Patent Trial and Appeal Board use a "broadest reasonable construction in light of the specification of the patent in which it appears" standard when performing claim construction[1] This claim construction standard has been in place for decades, but it is the first time the PTO has articulated this standard in a rule promulgated by the office.[2]



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Litigants and patent practitioners are seeing the interplay between claim construction standards in new ways and in real time as patent issues are adjudicated post-AIA. In this article, we evaluate a few instances where the board and a district court have evaluated the same claims under the different standards. Based on this current precedent, we conclude with guidance for the practitioner when facing such circumstances.

Rationale for PTO Construction Standard

The PTO's construction standard is long-standing, both for original examination and during post-grant proceedings.[3] The most common articulation is that "claims under examination before the PTO are given their broadest reasonable interpretation consistent with the specification." [4] Moreover, according to the board, this broadest reasonable interpretation (or "BRI") standard means that "claim terms generally are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure." [5]

The PTO addressed its rationale for the BRI standard in promulgating its final post-AIA rules, and the Federal Circuit has also articulated a similar rationale for this standard.[6] And the Federal Circuit

continues to apply the BRI standard to appeals arising from PTO proceedings involving unexpired claims.[7] Thus, for PTO proceedings, the board (and the Federal Circuit) will give a claim term “its broadest reasonable construction in light of the specification of the patent in which it appears.”[8]

Claim Construction Standards Used in District Court Have Developed in Parallel

In contrast to the BRI standard at the PTO, district courts construe patent claims according to the principles the Federal Circuit articulated in its en banc decision in *Phillips*.[9] Under *Phillips*, claim terms are given “the meaning that [a] term would have to a person of ordinary skill in the art in question at the time of the invention.”[10] This determination is based on the entire record before the court, taking into consideration both intrinsic evidence (the claims, specification and prosecution history) as well as extrinsic evidence (dictionary definitions and expert testimony). The Federal Circuit has often recognized that, as a result, the patent system has two claim construction standards: (1) the BRI standard applied by the PTO in office proceedings; and (2) the *Phillips* standard used by district courts in actions involving validity and infringement.[11] Interestingly, even for the claims that a district court has previously construed the PTO will use the BRI standard and is not required to adopt the district court’s construction.[12]

These two parallel systems have been the subject of much interest among practitioners, and recently prompted the Federal Circuit to address the relationship between the two standards in a nonprecedential decision just last month. As the Federal Circuit observed: “The broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the *Phillips* standard. But it cannot be narrower.”[13] Both the board and the Federal Circuit acknowledge that there is a difference between the two standards. However, they both stress that the analysis of the meaning of the claim terms is guided by the common goal that the terms should be given the meaning as the terms would be understood by the person of ordinary skill in the art (“POSITA”) in light of the patent specification.

We are getting “early results” on the application of different standards in the PTO and district courts in the post-AIA world. Based on some of these early results presented below there may not be a wide variance between the standards in ordinary circumstances.

Comparison of Claim Constructions in District Court and by the Board

The number of cases where a claim term has been construed by both the board and a district court is limited. This is likely due to the increasing willingness post-AIA among district courts to stay co-pending patent litigation while post-grant proceedings before the board are underway. Current statistics suggest a rate of stay running at about 60 percent in patent litigations across the country.[14]

That said, the cases in which claim terms have been construed by both the board and a district court are enlightening. In some cases, the board adopted the identical constructions of the district court and in other cases there was some difference between the board and district court’s claim constructions.[15] Examples of such cases, and the rationale that the board and district court articulate for their respective claim construction outcomes, are discussed further below. These examples provide insight into the practical implications of the different claim construction standards.

Examples of the Board Adopting the District Court’s Claim Construction

In many ways, the most interesting cases are those where a district court and the board reach the same

claim construction, but take a different analytical path to reach that result due to the differing standards each one uses:

Google v. Simpleair

In *Google Inc., v. Simpleair Inc.*, CBM2014-00054, May 13, 2014, Paper No. 19, for example, the board denied institution of a covered business method patent review, but in doing so adopted all of the district court's constructions of the patent at issue. Both parties suggested the adoption of the district court's construction and this may have made the board more comfortable adopting the constructions. However, the board was careful to evaluate the district court's claim construction order and held that "the constructions of each claim term are consistent with their broadest reasonable interpretation in light of the specification. Accordingly, ... we adopt the District Court's constructions of the claims terms." [16]

Kyocera v. Softview

Similarly, in *Kyocera Corp., Motorola Mobility LLC v. Softview, LLC* IPR2013-00004; IPR2013-00257, March 21, 2014, Paper No. 53, the board stated in its final written decision that "[a]s discussed in our Decision to Institute, we construed the claim terms as the Petitioner represented they were construed by the District court in co-pending litigation." [17] Again, this was after the Board "determined that [the constructions were] consistent with the broadest reasonable construction." [18]

The lesson of cases like *Google* and *Kyocera* appears to be that the board will adopt district court constructions, but this is only likely where those constructions undisputed and they conform to the BRI standard. [19] In cases where the meaning of a term remains disputed (particularly due to prior art considerations not addressed in the district court), or where a broader construction is reasonable, litigants can expect a more fulsome claim construction analysis from the board.

Examples of Variations Between Constructions at the District Court and Board

When the meaning of a claim term has been disputed, there are examples where the Board has reached a construction that varies from the construction of the district court. Nevertheless, despite reaching differently worded constructions, the practical effect of the board's and district court's constructions remain largely the same in most instances.

Rackspace Hosting v. Rotatable Technologies

In *Rackspace Hosting v. Rotatable Tech.* IPR2013-00248, Oct. 1, 2013, Paper No. 10, the board proposed claim constructions of terms that were previously defined by the district court. First, the board concluded that a term contained in the preamble ("computer display window") was a limitation of the claim. [20] The district court had also reached the same conclusion. [21] The difference came in the method of analysis. The board reached its conclusion based on the antecedent basis required of the claim language, whereas the district court reviewed the file history and relied on the "patentee's own admission" that the term provided antecedent basis for other language in the claim and distinguished the claim over the art. [22] In short, different approach — same result.

The district court and the board then determined the meaning of the term "computer display window." The court looked to the specification that indicated that the term would be understood to include a graphical user interface ("GUI"). However, the court declined to read in additional limiting language,

sought by the defendants, because “nowhere does the patented invention implicate” the additional limitation. The court then defined the term “computer display window” to mean “a GUI displayable on a monitor or a screen.”

The board also defined this term, but using different rationale. It noted that the specification did not provide an express definition of term. The board declined to adopt either parties proposed definitions and instead relied on the understanding of the term “window” at the time of the invention as shown in a technical dictionary. The board concluded that the proper definition was “a division of a display screen in which a set of information is displayed.”[23]

While both constructions incorporate the concept of displaying information on a monitor, screen or display, the differences in language leave open the question whether certain prior art disclosures could satisfy one construction but not the other. As you might expect, the board’s broader construction (lacking a specific “GUI” requirement) permits a potentially broader scope of invalidating art.

Interestingly, the only other significant claim construction difference between the board and the district court was in their respective treatment of means-plus-function claim terms.[24] The district court was persuaded that there was insufficient corresponding structure for the term “means for determining a rotation point” disclosed in the specification, resulting in a finding of invalidity under 35 U.S.C. § 112 ¶ 6. However, when the board analyzed the same term, it found the requisite support in the specification to conclude that the structure associated with this limitation was the disclosed algorithm on a computer for performing the claimed function required by the claim limitation. Here, the difference appears unrelated to a variance in the standard of claim construction. Rather it appears to be a difference in how each body viewed the application of the requirements of § 112 ¶ 6 — with the board taking the more lenient approach

Vibrant Media Inc. v. GE

In *Vibrant Media Inc. v. General Electric, Co.* IPR2013-00170, July 29, 2013, Paper No. 14, the board addressed the definition of many terms of U.S. Patent No. 6,581,065, but came to somewhat different outcomes from that of the district court. The district court’s decision focused on what it considered to be the “single issue: whether the claims must be construed narrowly so as to correspond in scope to the embodiments described in the specifications of the asserted patents.”[25]

Consistent with Federal Circuit precedent, the court answered this question “no.” It was not persuaded that “words or expression of manifest exclusion or restriction” required the narrowing of the claim terms or incorporating additional limitations in the claims.[26] To the contrary, it specifically defined the claims to be broader than the disclosed embodiments. For example, it defined the term “class codes” to mean “codes that can designate or identify a particular context or subject area, or control the number and type of a destination address.”[27]

The board, on the other hand, was persuaded that the claims were limited by definitional language used in the specification. It construed the term “class codes” more narrowly, for example, to mean “identifier or descriptors (including descriptive metadata) or any form, each identifying or referring to (1i) a particular area or type of subject or topic, and/or (2) a category or function of an associated destination address.”[28]

This unusual result (where tension exists between the board and district court outcomes) may be more attributable to differences in the parties’ litigation strategies than to the different standards employed.

Notably, in the district court proceeding, both sides briefed the meaning of the terms and the court heard oral argument which of the proposed constructions was correct. Before the board, however, the patent owner remained silent and only the petitioner chose to address claim construction. Provided with only the proposed definitions of the petitioner, each of which was grounded in the specification, the board chose to adopt those definitions finding that they were consistent with the “ordinary meaning of the claim terms and the specification.”[29] It is also notable that this result (a BRI construction narrower than a Phillips construction) may not be correct in view of the Facebook decision indicating that BRI can be equal to, but never more narrow than Phillips.

The lesson for the practitioner appears to be the importance of advocacy. Advocating for your client’s preferred construction is every bit as important at the Board as it is when appearing before a district court. Indeed, it may be outcome determinative.

Conclusion

The use of two claim construction standards is longstanding and repeatedly acknowledged by the Federal Circuit. The PTO has indicated a reluctance to modify the claim construction standard for post-grant proceedings because a change, in their view, would create administrative inconsistencies and inefficiencies. Even with two claim construction standards existing in parallel, our review of the decisions to-date where claim construction has occurred in both the district court and the board indicates that the constructions are similar if not the same. The similarity is most likely due to the fact that the district courts and the board are striving to interpret the claims with a common frame of reference. Specifically, both are trying to define the terms, disputed or undisputed, consistent with the POSITA’s understanding in view of the specification describing the invention.

As a tip to the practitioner, it is important to evaluate constructions under both standards early in parallel proceedings. Understand how the different constructions relate to each other, and consider how they each affect the invalidity and infringement theories of the case. Oftentimes, the best course will be to construe claim terms consistently under both standards — proposing the same constructions before the district court and the board. As the cases discussed above demonstrate, however, this is not universally true. The issues of claim construction will continue to evolve and, undoubtedly, continue to be explored as the Federal Circuit hears appeals from the board in increasing numbers.

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[1] 37 C.F.R. § 42.100(b), 200(b), 300(b) (2012).

[2] Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

[3] See *In re Yamamoto* 740 F.2d 1569 (Fed. Cir. 1984).

[4] *In re Abbott Diabetes Care Inc.*, 696 F.3d 1142, 1148 (Fed. Cir. 2012).

[5] *Jack Henry and Associates, Inc. v. Datatrans Corp.*, CBM2014-00056, July 10, 2014, Paper No. 17 (citing *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007)).

[6] Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents; Final Rule, 77 Fed. Reg. 48680, 48697-98; see *In re Rambus, Inc.* 753 F.3d 1253, 1255-56 (Fed. Cir. 2014).

[7] Claims are generally given their “broadest reasonable interpretation” consistent with the specification during reexamination. *In re Rambus, Inc.*, 753 F.3d 1253, 1255-1256 (Fed. Cir. 2014) (citing *In re Yamamoto*, 740 F.2d 1569 (Fed. Cir. 1984)).

[8] 37 C.F.R. § 42.100(b), 200(b), 300(b).

[9] *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

[10] *Id.*

[11] *Id.*

[12] *In re NTP, Inc.*, 654 F.3d 1268 (Fed. Cir. 2011); see also *Jack Henry*, CBM2014-00056, July 10, 2014, Paper No. 17 at 6 (“Petitioner argues that the district court’s interpretation should be adopted, but provides no persuasive analysis as to how the term is to be interpreted under the broadest reasonable interpretation standard, which is different from the standard used by a district court. Pet. 18-19. The district court’s interpretation limits the subsystem to a particular subsystem, whereas the claims and specification do not indicate which subsystem the subsystem identification information identifies. We decline to read a particular subsystem limitation into the claim.”)

[13] See *Facebook, Inc. v. Pragmatus AV, LLC*, 2014 WL 4454956, 4 (Fed. Cir. Sep. 11, 2014) (non-precedential) (stating that “[t]he broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the Phillips standard. But it cannot be narrower. Thus, the Board’s construction cannot be the broadest reasonable one;” see also *In re Montgomery* 677 F.3d 1375, 1380-81 (Fed. Cir. 2012) (quoting the BRI standard and then indicating that the specification does not suggest adding an additional limitation then citing Phillips).

[14] Arcamona, R. and Cavanaugh, D., *Stays to Litigation Pending IPR and CBM Review: Statistics, Trends, and Key Issues*, *Intellectual Property Today*, March 2014.

[15] The authors have found no cases where a district court has simply adopted a PTAB construction from post AIA proceeding.

[16] *Google Inc., v. Simpleair, Inc.*, CBM2014-00054, May 13, 2014, Paper No. 19, p. 7.

[17] *Kyocera Corp., Motorola Mobility LLC v. Softview, LLC*, IPR2013-00004; IPR2013-00257, March 21, 2014, Paper No. 53, p. 5.

[18] Kyocera, IPR2013-00004, Paper No. 12, p. 19.

[19] See also Foursquare Labs, Inc. v. Silver State Intell. Tech., Inc., IPR2014-00159, Aug. 1, 2014, Paper No. 6, p. (stating “[b]ased on the record, this is the broadest reasonable construction consistent with the written description of the '165 patent. We further note that this construction is consistent with the district court's construction of the term;” see also General Electric Co. v. TAS Energy, Inc. IPR2014-00161, May 13, 2014, Paper No. 10, pp. 5-6 (The Board acknowledging that the parties agreed upon a construction for a term in a district court proceeding and then proceeding to adopt an almost identical construction).

[20] Rackspace Hosting v. Rotatable Tech. IPR2013-00248, October 1, 2013, Paper No. 10, pp. 4-5; Rotatable Tech. LLC v. Nokia, et al., 2013 WL 3992930 *6 (E.D. Tex. Aug. 2, 2013). While the question of whether a limitation in the preamble of a claim is not normally considered a claim construction issues, the comparison of the approaches is informative.

[21] Rotatable Tech., 2013 WL 3992930 *6.

[22] Id.

[23] Id.

[24] In re Donaldson, 16 F.3d 1189, 192-195 (Fed. Cir. 1994) .

[25] General Electric, Co. v. Kontera Tech., Inc. and Vibrant Media, Inc., WL 4757516 *1 (D. Del., Sep. 3, 2013).

[26] Id.

[27] Id. at *2.

[28] Vibrant Media, Inc. v. General Electric, Co. IPR2013-00170, July 29, 2013, Paper No. 14, pp. 4-5.

[29] Id.