

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re: Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board

Docket No. PTO-P-2014-0031
79 Fed. Reg. 36474

COMMENTS OF PUBLIC KNOWLEDGE

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Public Knowledge respectfully submits these comments in response to the Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board dated June 27, 2014.¹ These comments respond to issues 1 and 2 of the Request for Comments, relating to the broadest reasonable interpretation standard and motion to amend practice, respectively.

Public Knowledge is a nonprofit organization that promotes the public interest in the areas of law and technology policy, particularly in the area of intellectual property law. Briefly, Public Knowledge supports the application of the broadest reasonable interpretation standard in all proceedings before the Board involving unexpired patents, because that standard best promotes the public interest in clarity of patents. These comments also briefly remark on the useful value of amendment practice, and the high rate of claim cancellation before the Board.

I. The Broadest Reasonable Interpretation Standard Best Serves the Public Interest, and the Board Should Continue Applying that Standard

The public interest is best served when the Board applies the broadest reasonable interpretation standard in construing claims. Patent documents are intended to be disclosures of new inventions that inform those of ordinary skill in the art of the nature of those inventions and, perhaps more importantly, of the scope of the patent monopoly that

¹ The deadline was extended to October 16, 2014, by 79 Fed. Reg. 56776 (Sept. 23, 2014).

circumscribes those inventions.² Thus, the public interest favors patents that “apprise the public of what is still open to them.”³

The broadest reasonable interpretation standard best serves that interest in clarity. Under the broadest reasonable interpretation, generally “words of the claim must be given their plain meaning,” namely “the ordinary and customary meaning given to the term by those of ordinary skill in the art at the time of the invention.”⁴ In other words, words in a claim mean what they ordinarily mean. This in itself is a paragon of clarity.

Indeed, the Commissioner of Patents long ago recognized the public value in giving claims “the broadest interpretation which they will support,” because “a claim which does not carry its true meaning on its face misleads those affected by the patent instead of guiding them to its true scope.”⁵ The Federal Circuit has similarly held that the broadest reasonable interpretation approach “serves the public interest.”⁶ The Board should continue to apply that approach to claim construction.

A. The District Court Standard Claim Construction Is Inconsistent with Clarity

By contrast, the so-called *Phillips* or district court claim construction standard does not lend to clear, readable patents. That standard, first articulated in *Phillips v. AWH Corp.*,⁷ incorporates into claim construction wide-ranging evidence such as expert witness testimony, minutiae of the file wrapper, fine parsing of the patent specification, and extrinsic references.

As an example, consider a patent claim directed to a method of managing a savings account with an interest rate that is “directly responsive to the rate of inflation.”⁸ Under the broadest reasonable interpretation, any direct relationship between the rates would be within the scope of the claim element. In contrast, under the *Phillips* standard, “directly responsive” might be limited to a particular formula relating inflation to the interest rate.⁹ One would have

² *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014) (“At the same time, a patent must be precise enough to afford clear notice of what is claimed . . .”).

³ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996) (quoting *McClain v. Ortmyer*, 141 U.S. 419, 424 (1891)).

⁴ U.S. Patent & Trademark Office, *Manual of Patent Examination Procedure* § 2111.01(I) (2014).

⁵ *Podlesak & Podlesak v. McInerney*, 123 Off. Gaz. Pat. Off. 1989, 1990 (1906), available at <http://babel.hathitrust.org/cgi/pt?id=wu.89094999596;view=1up;seq=325>.

⁶ *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (“This approach serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified.”).

⁷ 415 F.3d 1303 (Fed. Cir. 2005).

⁸ This example is based on *In re Trans Tex. Holdings Corp.*, 498 F.3d 1290 (Fed. Cir. 2007).

⁹ *Id.* at 1299.

to consult all of the sources listed above to determine the claim’s meaning under the latter standard—a difficult, time-consuming process at best.

To understand the scope of a patent, the *Phillips* standard demands that a reader scour through the technical literature and the file wrapper, and possibly consult with experts in the field. This imposes an enormous, unwarranted burden on the public, far from the intended purpose of patents as informational documents for those of skill in the art. The Board should not unnecessarily burden the public this way, and so should not apply the *Phillips* district court standard in its claim construction practice.

B. The Justifications for the District Court Claim Construction Standard Are Inapplicable to Proceedings Before the Board

District court claim construction tolerates discrepancies between claim language and actual meaning because patent litigation is a high-stakes, all-or-nothing proceeding. A court cannot amend a patent; it can only deem that patent valid or not.¹⁰ Thus, the Federal Circuit has said that courts “may find it necessary to interpret claims to protect only that which constitutes patentable subject matter to do justice between the parties,” rather than resorting to the harsh remedy of invalidation.¹¹ Similarly, the Federal Circuit has called for “formidable” claim construction tasks in order to “protect the inventive contribution of patentees, even when the drafting of their patents has been less than ideal.”¹² Protection of patents from undue invalidation justifies the flexible *Phillips* claim construction standard.

In contrast, where claims can be amended, the need for such bend-over-backwards claim construction is eliminated. If, in a proceeding before the Board, a patentee’s drafting is “less than ideal,” then the patentee can simply amend the claims.¹³ Indeed, the whole purpose of amendment practice is that “ambiguities should be recognized, scope and breadth of language explored, and clarification imposed.”¹⁴ These purposes would be best achieved, in the Federal Circuit’s opinion, by interpreting claims “as broadly as their terms reasonably allow.”¹⁵

¹⁰ See, e.g., *H-W Tech., L.C. v. Overstock.com, Inc.*, Nos. 2014-1054, -1055, slip op. at 6–7 (Fed. Cir. July 11, 2014) (“A district court can correct a patent only if, among other things, the error is evident from the face of the patent.” (internal quotations omitted)); *Yamamoto*, 740 F.2d at 1572.

¹¹ *Yamamoto*, 740 F.2d at 1572.

¹² *Exxon Res. & Eng’g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001).

¹³ *Yamamoto*, 740 F.2d at 1572.

¹⁴ *In re Zletz*, 893 F.2d 319, 321 (Fed. Cir. 1990).

¹⁵ *Id.*

Since the patent owner in any post-grant proceeding has the opportunity to amend, the broadest reasonable interpretation standard is more appropriate in those proceedings.

In a similar vein, some have suggested that it is unfair to subject patent owners to one claim construction standard for invalidity and another for infringement.¹⁶ But even to the extent that such an arrangement is unfair, it is entirely within the power of the patent owner to avoid differing claim constructions. If a patent claim is clear on its face, then the resulting construction will be the same under either the broadest reasonable interpretation or the *Phillips* standard. Thus, patent owners can simply amend their claims to unilaterally avoid any difficulty with differing claim construction standards.

An alternate justification for the *Phillips* standard is that it supposedly represents the “true” intentions of the patent applicant.¹⁷ But this is not the case. While patent owner *in hindsight* may desire a narrower claim construction once litigation is initiated, patent applicants uniformly desire broader over narrower claims. Again, the Commissioner of Patents said in 1906: “In presenting claims to the Office the object constantly sought is breadth.”¹⁸ Thus, the better view is that the true intent of the applicant is to obtain as broad a patent as is reasonable, and the Board’s claim construction standard should conform to that view.

Accordingly, because proceedings before the Board permit for amendments of the claims, the flexible *Phillips* standard is not justified for use in Board proceedings, and the broadest reasonable interpretation standard should be used instead.

II. Amendments in Proceedings Can Serve the Public Interest in Clarifying Patents and Thus Should Be Permitted for that Purpose

Public Knowledge believes that motions to amend should be liberally allowed, for at least two reasons. First, as explained above, the applicability of the broadest reasonable interpretation standard to Board proceedings is closely tied to the ability to amend claims, and so permitting amendments would more strongly justify the application of that claim

¹⁶ E.g., Comments of the Committee Appointed by the ABA-IPL, AIPLA and IPO at 8 (Apr. 9, 2012) (“If the BRI standard is applied in IPR and PGR, the patent owner will be faced with a broad construction in the validity litigation and a narrow construction in the infringement phase.”), available at http://www.uspto.gov/aia_implementation/comment-aba-aipla-ipo.pdf.

¹⁷ See Dawn-Marie Bey & Christopher A. Cotropia, *The Unreasonableness of the Patent Office’s “Broadest Reasonable Interpretation” Standard*, 37 AIPLA Q.J. 285, 304 n.95 (2009) (describing the district court standard as “the normal standard”).

¹⁸ *Podlesak & Podlesak v. McInnerney*, 123 Off. Gaz. Pat. Off. 1989, 1990 (1906), available at <http://babel.hathitrust.org/cgi/pt?id=wu.89094999596;view=1up;seq=325>.

construction standard. Second, it would serve the public interest to allow patent owners to amend their claims to more closely cover the scope of their inventions. Thus, where proposed amendments clarify claims, they will serve the public interest, so they should be permitted.

III. It Is Unsurprising that the Board Has Generally Invalidated Patents It Reviews, Despite Mistaken Criticism to the Contrary

As a separate matter, Public Knowledge briefly comments on a number of unfortunate and hyperbolic remarks relating to the Board's recent record of decisions. Most of these remarks quote Chief Judge Rader's accusation of the Board as being "death squads killing property rights," and criticize the Board for having canceled a large proportion of claims brought before it, implying that a high rate of cancellation indicates errors by the Board.¹⁹

Yet it is entirely unsurprising that a majority of patents challenged before the Board are found invalid. The proceedings are structured to ensure that only likely-invalid patents are brought before the Board. In fact, it would be surprising if any substantial number of patents before the Board were held fully *valid*, for at least these reasons:

- Review before the Board will only be granted where it is likely that at least one claim will be canceled.²⁰ By this alone, a majority of post-grant proceedings should end in cancellation of claims.
- The high fees for instituting an *inter partes* review or covered business method review are a strong deterrent for uncertain cases.²¹
- An unsuccessful review before the Board carries preclusive effects in district courts,²² so a party is unlikely to challenge a patent before the Board where there is a substantial possibility of failure.

¹⁹ See, e.g., Michelle A. Flores, *Is the PTAB Really a Patent Death Squad?*, Nixon Peabody (June 9, 2014), <http://web20.nixonpeabody.com/lifesciences/Lists/Posts/Post.aspx?ID=11>.

²⁰ See 35 U.S.C. § 314 (2013) ("The Director may not authorize an *inter partes* review to be instituted unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."); § 324 ("The Director may not authorize a post-grant review to be instituted unless . . . it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."). Covered business method review applies the same standard as post-grant review. Leahy-Smith America Invents Act of 2011, Pub. L. No. 112-29, sec. 18(a)(1), 125 Stat. 284, 329.

²¹ See 37 C.F.R. § 42.15(a)(1)–(2), (b)(1)–(2) (2014) (setting fees of \$9,000 for requesting *inter partes* review and \$14,000 for institution thereof; and \$12,000 and \$18,000 for requesting and instituting covered business method review, respectively.).

²² See 35 U.S.C. §§ 315(e)(2), 325(e)(2) (barring, in civil actions, assertion that a patent is invalid "on any ground that the petitioner raised or reasonably could have raised" during an *inter partes* or post-grant review).

In view of these factors, it can be expected that most proceedings before the Board will terminate with cancellation of claims. The fact that most proceedings do terminate with cancellation of claims is a sign that the post-grant proceedings are functioning correctly, and any criticism to the contrary is misguided.

IV. Conclusion

For the foregoing reasons, Public Knowledge respectfully recommends maintaining the broadest reasonable interpretation standard in trials before the Patent Trial and Appeal Board. Public Knowledge appreciates the opportunity to provide these comments, and thanks the USPTO for soliciting input from the public through this Request for Comments. If there are any further questions or remaining issues, the undersigned attorney is happy to provide further information or comments.

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