

# THE COALITION FOR 21ST CENTURY PATENT REFORM

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## **Why The PTO's Use of the Broadest Reasonable Interpretation of Patent Claims in Post-Grant and Inter Partes Reviews Is Inappropriate Under the America Invents Act**

### *Executive Summary*

Contrary to the recommendations of all three of the major IP bar associations<sup>1</sup> and Section 9(c) of the “Discussion Draft” published by Chairman Goodlatte on May 23, 2013, the United States Patent & Trademark Office (PTO) has decided to construe patent claims challenged in Post-Grant Reviews (PGR) and Inter Partes Reviews (IPR) brought under the America Invents Act (AIA) on the basis of the “broadest reasonable interpretation” (BRI) standard used by the PTO in its initial examination of patent applications, rather than construing them in accordance with their “ordinary and customary meanings,” as they are in the courts.

When asked by Senator Franken on June 20, 2012 in a Senate Judiciary Committee hearing on the PTO's implementation of the AIA why the PTO is using BRI instead of harmonizing the standard of review to conform to that used in the courts and ITC, the PTO's witness, Director Kappos, provided three reasons:

- (1) The USPTO “has applied the broadest reasonable interpretation standard literally for decades. For all the time we've been running post grant processes, we've uniformly used this one single standard;”
- (2) The “broadest reasonable interpretation standard is the standard called for by the AIA,” because Congress “has directed us to evaluate for patentability not for validity, and an evaluation for patentability is an evaluation that applies the broadest reasonable interpretation standard;” and,

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<sup>1</sup> All three of the major IP law associations-- the American Bar Association IP Law Section, the American Intellectual Property Law Association and the Intellectual Property Owners Association -- submitted proposed regulations and made subsequent comments to the PTO's proposed regulations for implementing the AIA. These proposed regulations originated from a joint committee of six experts appointed by these associations at the request of the PTO's Director. See “Comments and Proposed Regulations of the Committee Appointed by the ABA IPL, AIPLA and IPO Relating to Post-Grant Review, Inter Partes Review and Transitional Program for Covered Business Method Patents Under the Leahy-Smith America Invents Act” available at [www.uspto.gov/patents/law/comments/x\\_aia-a\\_abaaiplaipo\\_20111118.pdf](http://www.uspto.gov/patents/law/comments/x_aia-a_abaaiplaipo_20111118.pdf) ; see also “Comments of the Committee Appointed by the ABA-IPL, AIPLA and IPO on the United States Patent and Trademark Office's Proposed Regulations Relating to Post-Grant Review, Inter Partes Review and the Transitional Program for Covered Business Method Patents Under the Leahy-Smith America Invents Act” available at [http://www.uspto.gov/aia\\_implementation/comment-aba-aipla-ipo.pdf](http://www.uspto.gov/aia_implementation/comment-aba-aipla-ipo.pdf).

(3) Use of the BRI standard is in the interest of the public and patent owners because “these post grant processes continue to give patent holders the right to amend their claims, and in that context it’s the mission of the USPTO to look out for the public’s best interest to apply the claims using their broadest reasonable interpretation so that the claims can be viewed clearly in the future giving the applicant then an opportunity to narrow or add precision to their claims as they need to, generating patents that are as clear and defensible as possible.”<sup>2</sup>

This paper considers each of these posited justifications for using BRI, and concludes that:

(1) BRI is the not the “one single standard” the PTO has used in post issuance proceedings; to the contrary, in certain reexamination and reissue proceedings, the PTO has long construed the patent claims in accordance with their “ordinary and customary” meanings,” as they are in court;

(2) The AIA does not direct the PTO to use BRI in PGR and IPR proceedings because (a) PGR and IPR are not examinational proceedings for determining “patentability,” but are adjudicative proceedings to assess the merits of third party challenges seeking to have previously granted claims declared to be invalid, and (b) provisions of the AIA and its related legislative history are inconsistent with the application of BRI in PGR and IPR;

(3) The use of BRI in PGR and IPR is inappropriate because a major premise for allowing the PTO to use BRI --- that patent owners will not be harmed because there is a sufficient opportunity for patent owners to amend their claims as needed in response to adverse PTO rulings on patentability<sup>3</sup> --- is lacking in PGR and IPR,<sup>4</sup> and

(4) The use of BRI is neither in the public’s nor the patent owner’s best interests because the PTO’s use of BRI would

(a) negate a principal purpose of PGR and IPR, which is to serve as a check to determine whether the PTO is granting patents with claims that will stand up in court,

(b) preclude members of the public from basing their patent challenges on the claim interpretations that are applicable in court, and will lead to many unnecessary PRG and IPR proceedings,

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<sup>2</sup> <http://www.judiciary.senate.gov/hearings/hearing.cfm?id=d1d944e8c0b3e2a582633afaeb6ba43a> at minute 94.

<sup>3</sup> But see *Idle Free Systems, Inc. v. Bergstrom Inc.*, \_\_Westlaw\_\_ (PTAB 2013) at 5, “...in the absence of special circumstance, a challenged claim can be replaced by only one claim, ...”

(c) force many patent owners to cancel existing claims and propose substitutes, thereby causing forfeitures of patent rights that would not have been required had the PTO construed the original patent claims as they are in court, and

(d) prejudice the public and many accused infringers when the patentabilities of then-more-broadly-construed claims are confirmed in PGR and IPR, resulting in judicial decrees of infringement liability that would not have occurred had the PTO applied judicial claim construction principles.

## *Discussion*

### **1. BRI is Not the “One Single Standard” that the PTO Uses in Post Issuance Proceedings**

#### **a. Claim Construction In General**

The approach used by practitioners and the courts for interpreting patent claims, and for assessing their validity and infringement, is the subject of well-developed judicial precedent. As explained in the *en banc* decision of the Federal Circuit in *Phillips v. AWH Corp.*, the rules for interpreting a claim are framed by two of the paragraphs of 35 U.S.C. § 112:

The first paragraph of section 112 of the Patent Act, 35 U.S.C. § 112, states that the specification

shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same . . .

The second paragraph of section 112 provides that the specification

shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.<sup>5</sup>

Noting that “[t]he role of the [patent’s] specification in claim construction has been an issue in patent law decisions for nearly two centuries,” *Phillips* affirms that “[i]t is a ‘bedrock principle’ of patent law that ‘the claims of a patent define the invention to which the patentee is entitled the right to exclude.’”<sup>6</sup>

*Phillips* goes on to explain that terms of a claim should generally be given their “ordinary and customary meaning” which is the “meaning that a term would have to one of ordinary skill in the art in question at the time of the invention.”<sup>7</sup> How a person of ordinary skill in the field understands a claim includes what that person would understand from the claim itself, from the

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<sup>5</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005).

<sup>6</sup> *Id.* at 1312.

<sup>7</sup> *Id.*

specification of the patent, and from his reading of the prosecution history of the patent.<sup>8</sup> The prosecution history of the patent, which consists of the complete record of the proceedings before the PTO including the prior art cited during the examination of the patent, is always consulted because it “provides evidence of how the PTO and the inventor understood the patent” and can “often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of the prosecution, making the claim scope narrower than it otherwise would be.”<sup>9</sup> In certain circumstances, “extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, the state of the art,” and appropriate expert testimony concerning the meanings of those terms are also utilized in construing the claims.<sup>10</sup>

### **b. The PTO’s Current Use of BRI in Reexamination Proceedings**

An exception to the general rule of claim construction is the “broadest reasonable interpretation” (BRI) of claims that the PTO uses in its examination of patent application claims prior to their grant. This approach considers only the text of the claims of a patent application and the application’s specification, while ignoring all other intrinsic and extrinsic evidence, at least until it is presented to the PTO by an applicant in connection with the examination. The PTO also uses BRI in most reissue, ex parte and inter partes reexamination proceedings, which the PTO treats in the same way as original applications.<sup>11</sup> As the PTO’s Manual of Patent Examining Procedure (“MPEP”) § 2258 G explains with respect to reexaminations:

Original patent claims will be examined *only* on the basis of prior art patents or printed publications applied under the appropriate parts of 35 U.S.C. 102 and 103. See MPEP § 2217. During reexamination, claims are given the broadest reasonable interpretation consistent with the specification and limitations in the specification are not read into the claims (*In re Yamamoto*, 740 F.2d 1569, 222 USPQ 934 (Fed. Cir. 1984)).

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<sup>8</sup> As explained in *Phillips*: “Importantly, the person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification. This court explained that point well in *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1477 (Fed. Cir. 1998): “It is the person of ordinary skill in the field of the invention through whose eyes the claims are construed. Such person is deemed to read the words used in the patent documents with an understanding of their meaning in the field, and to have knowledge of any special meaning and usage in the field. The inventor’s words that are used to describe the invention—the inventor’s lexicography—must be understood and interpreted by the court as they would be understood and interpreted by a person in that field of technology. Thus the court starts the decision making process by reviewing the same resources as would that person, viz., *the patent specification and the prosecution history.*” See also *Medrad, Inc. v. MRI Devices Corp.*, 401 F.3d 1313, 1319 (Fed. Cir. 2005) (“We cannot look at the ordinary meaning of the term . . . in a vacuum. Rather, we must look at the ordinary meaning in the context of the written description and the prosecution history.”); *V-Formation, Inc. v. Benetton Group SpA*, 401 F.3d 1307, 1310 (Fed. Cir. 2005) (intrinsic record “usually provides the technological and temporal context to enable the court to ascertain the meaning of the claim to one of ordinary skill in the art at the time of the invention”); *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1351 (Fed. Cir. 2004) (proper definition is the “definition that one of ordinary skill in the art could ascertain from the intrinsic evidence in the record”).

<sup>9</sup> *Id.* at 1317; see also *Vitronics*, 90 F.3d at 1582-83.

<sup>10</sup> *Phillips*, 415 F.3d at 1314.

<sup>11</sup> See the Director’s blog post at [www.uspto.gov/blog/director/entry/ensuring\\_quality\\_inter\\_partes\\_and](http://www.uspto.gov/blog/director/entry/ensuring_quality_inter_partes_and).

Using BRI, the claims are interpreted as broadly as reasonably possible considering only the language of the patent's specification, while ignoring any prior prosecution history, expert testimony as to the meaning of the claim terms to those of ordinary skill in the art, or limitations in the specification that may result in a narrowed claim interpretation. As the PTO recently blogged:

Using this [BRI] standard, we give patent claims in front of the USPTO their broadest reasonable interpretation. This approach has for decades been uncontroversial, because it represents good policy and strikes a fair balance. It ensures that the public can clearly understand the outer limits applicants and patentees will attribute to their claims. *And since applicants and patentees have the opportunity to amend their claims when working with the USPTO*, they are able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system. (Italics added).

As noted in the MPEP, the PTO's authority for using BRI in is based on *In re Yamamoto*, which explains:

The PTO broadly interprets claims during examination of a patent application since the applicant may "amend his claims to obtain protection commensurate with his actual contribution to the art." *In re Prater*, 56 C.C.P.A. 1381, 415 F.2d 1393, 1404-05, 162 U.S.P.Q. (BNA) 541, 550 (1969). This approach serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified. Applicants' interests are not impaired since they are not foreclosed from obtaining appropriate coverage for their invention with express claim language. *Id.* at 1405 n.31, 162 U.S.P.Q. at 550 n.31.<sup>12</sup>

*Yamamoto* distinguishes the PTO approach from the claim constructions applied in the federal courts on the basis that in reissue and reexamination proceedings, applicants have the ability to freely amend their claims to arrive at their proper scopes:

An applicant's ability to amend his claims to avoid cited prior art distinguishes proceedings before the PTO from proceedings in federal district courts on issued patents. When an application is pending in the PTO, the *applicant has the ability to correct errors in claim language and adjust the scope of claim protection as needed*. This opportunity is not available in an infringement action in district court. District courts may find it necessary to interpret claims to protect only that which constitutes patentable subject matter to do justice between the parties. *Id.* at 1404, 162 U.S.P.Q. at 550.<sup>13</sup>

In finding that the use of BRI is as appropriate in reexamination proceedings as in reissue proceedings, *Yamamoto* rests its conclusion on the fact that the right to amend the claims is

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<sup>12</sup> *In re Yamamoto*, 740 F.2d at 1571.

<sup>13</sup> *Id.* at 1572 (italics added).

guaranteed by 35 USC § 305, which authorizes an inventor to make “*any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited . . . or in response to a decision adverse to the patentability of a claim of a patent.*” (italics added).<sup>14</sup>

**c. The PTO Does Not Use BRI in Reexamination Proceedings When the Claims are Not Eligible for Amendment**

When the claims in a reexamination proceeding are not eligible for amendment, which is the case when a patent has expired (but is still being reexamined because of issues relating to its pre-expiration validity), the PTO uses the narrower interpretation that would be applied in the courts. As the PTO’s MPEP § 2258 G explains,

In a reexamination proceeding involving claims of an expired patent, claim construction pursuant to the principle set forth by the court in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005) (words of a claim “are generally given their ordinary and customary meaning” as understood by a person of ordinary skill in the art in question at the time of the invention) should be applied *since the expired claim are not subject to amendment.*” (italics added)

In MPEP section 2666.01, the PTO expressly acknowledges that the principles set forth in *Phillips* will result in narrower claim constructions:

Once the patent expires, a narrow claim construction is applied. See MPEP § 2258, subsection I.G. "Claim Interpretation and Treatment."

This approach allows the PTO to determine the meaning of claim terms as they are understood by one of ordinary skill in the art, to read in limitations into the claims when appropriate, and to construe the claims in keeping with limitations that may result from the patent owner’s arguments made during earlier proceedings.

BRI is thus not the “one single standard” that the PTO uses in post issuance proceedings. While less common, the PTO is already using the judicial claim construction principles set forth in *Phillips* when the patent owner does not have the right to amend the claims at issue. As no problems have arisen from the longstanding, concurrent use of two claim construction standards in the PTO, it would not appear that the PTO would experience any difficulty applying judicial claim construction principles in PGR and IPR proceedings.<sup>15</sup>

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<sup>14</sup> But see *Idle Free Systems, Inc. v. Bergstrom Inc.* at 3

<sup>15</sup> The PTO has also posited that it would be unworkable for the PTO to continue to use BRI in examinations, reexaminations and reissues, while using the court interpretation in IPR and PRG. See the Director’s blog post at [www.uspto.gov/blog/director/entry/ensuring\\_quality\\_inter\\_partes\\_and](http://www.uspto.gov/blog/director/entry/ensuring_quality_inter_partes_and). Yet the PTO is already using the judicial interpretations of claims in certain reexaminations and reissues, apparently without difficulty. Since the courts and ITC will continue to apply the judicial interpretation to patent claims, it would appear to be far more important for PGR and IPR to conform to the standards used in these other adjudications, rather than to use BRI because it is the most common approach used in examinational proceedings.

## 2. In PGR and IPR Congress Has Not Directed the USPTO “to Evaluate for Patentability and Not for Validity”

The PTO has further posited that the “AIA directs” the PTO to use BRI because the AIA “has directed us to evaluate for patentability not for validity, and an evaluation for patentability is an evaluation that applies the broadest reasonable interpretation standard.”<sup>16</sup> The PTO’s rationale is thus based on two assumptions: (1) that patentability evaluations are different from validity evaluations, and (b) that the AIA directs the PTO to evaluate for the former, not the latter.

### a. Differences Between Patentability and Validity Evaluations

The principle function of the PTO is to conduct patent examinations -- proceedings to decide whether patent claims presented by applicants for examination are “patentable.” Once a patent has been granted by the PTO, and a controversy arises concerning its infringement, accused parties may challenge the correctness of the PTO’s patentability determinations in the district courts by raising one or more of the invalidity defenses specified under 35 USC § 282. In these court proceedings, each patent claim is presumed to be valid “independently of the validity of other claims” and the “burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” *Id.* If the challenger fails to carry his burden in court, the patent claim will be declared “not invalid.”<sup>17</sup> Thus, the major difference between patentability and “unpatentability” (invalidity) evaluations is that in patentability evaluations the claim is examined by the PTO without regard to whether or not the PTO has previously determined it to be patentable, whereas in “unpatentability” proceedings the PTO’s prior determination of patentability is accepted, and the burden of proving unpatentability (invalidity) is placed on the third party challenger.

While *ex parte* reexamination and reissue proceedings involve patent claims previously granted by the PTO, the courts construe them to be patentability proceedings because they involve return of the patent to the PTO for further examination under essentially the same rules and procedures as are used during their initial examinations, and (except for a short time at the outset for reexaminations prompted by a third party) do not involve ongoing participation by parties other than the patent owner and the PTO. As explained by the Federal Circuit speaking *en banc* in *In re Etter*:

In a very real sense, the intent underlying reexamination is to “start over” in the PTO with respect to the limited examination areas involved, and to *re* examine the claims, and to *examine* new or amended claims, as they would have been considered if

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<sup>16</sup> <http://www.judiciary.senate.gov/hearings/hearing.cfm?id=d1d944e8c0b3e2a582633afaeb6ba43a> at minute 94.

<sup>17</sup> *In re Baxter Int’l, Inc.*, 678 F.3d 1357, 1362 (Fed Cir. 2012) (“Should the challenger fail to meet that burden, the court will not find the patent ‘valid,’ only ‘that the patent challenger did not carry the burden of establishing invalidity in that *particular* case before the court.”) (emphasis original).

they had originally been examined in light of all of the prior art of record in the reexamination proceeding. (at 857, italics in original).<sup>18</sup>

*Etter* distinguishes litigation from reexamination in several respects:

. . . litigation and reexamination are distinct proceedings, with distinct parties, procedures and outcomes. In the former, a litigant who is attacking the validity of a patent bears the burden set forth in section 282. In the later, an examiner is not attacking the validity of a patent, but is conducting a subjective examination of the claims in light of the prior art.<sup>19</sup>

Inter partes reexamination, which was enacted 14 years after *Etter* and has now been abolished by the AIA, was an attempt to inject ongoing involvement by third parties into a patentability proceeding that was essentially based upon the model of ex parte reexamination. Thus, notwithstanding the continued involvement of the requester in the proceeding, the PTO does not consider inter partes reexaminations to be “contested” cases.<sup>20</sup>

In Congress’s opinion, inter partes reexamination failed because it was not practical to incorporate adversarial participation into a procedure which, like patent examination itself, allowed repeated amendments of the claims at issue, with rights of appeal available to the requester and patent owner alike. Indeed, during the debate that led Congress to abandon inter partes reexamination, it was noted that this approach had not worked as intended, because it lead to protracted and unwieldy proceedings.<sup>21</sup> Third parties were generally reluctant to use inter partes reexamination, and very few of those proceedings that were instituted ever reached a final determination on the merits, even after many years of pendency.

On the other hand, court and International Trade Commission actions involving assertions of unpatentability by third parties are widely recognized adjudications for determining whether patent claims previously determined to be patentable by the PTO are invalid. As such, they are validity proceedings, not patentability proceedings. Unlike examinations and reexaminations, once a determination on the merits of the defense raised pursuant to 35 USC 282 is made in the courts or by the ITC, the patent owner does not enjoy the rights granted by 35 USC § 305 to propose “any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed . . . in response to a decision adverse to the patentability of a claim of a patent,” or the rights granted by 35 USC § 314 “to propose any amendment to the patent and a new claim or claims.” If the defense is successful, the claim is adjudged “invalid,” i.e., unpatentable; if it is not, it is adjudged “not invalid.”

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<sup>18</sup> *In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985) (en banc).

<sup>19</sup> *Id.* at 858-59.

<sup>20</sup> 37 C.F.R. § 41.2 (“An appeal in an inter partes reexamination is not a contested case.”).

<sup>21</sup> 157 Cong. Rec. S5326 (daily ed. Sept. 9, 2011) (statement by Sen. Leahy) (“The current inter partes reexamination process has been criticized for being too easy to initiate and used to harass legitimate patent owners, while being too lengthy and unwieldy to actually serve as an alternative to litigation when users are confronted with patents of dubious validity.”).

In summary, the principal difference between “patentability” and “validity” proceedings is that patentability proceedings involve the PTO’s evaluation of the patentability of a claim (whether in the first instance or “starting over” as in reissue and reexamination proceedings), whereas validity proceedings involve assertions by third parties carrying a burden of proof to show that claims previously adjudged by the PTO to be patentable are unpatentable, i.e., invalid.

**b. The AIA Does Not Direct The PTO To Use BRI in PGR and IPR**

Both Congress and the Administration viewed the PGR and IPR proceedings created by the AIA not as patentability proceedings, but as alternatives to litigation for reviewing questions of patent validity. The legislative history and text of the AIA are inconsistent with the notion that the claims of a challenged patent should be construed differently in PGR and IPR than they are in the courts, and with the idea that information beyond that allowed to be considered using BRI should be ignored in these proceedings.

The PTO’s recent statement that that IPR and PGR proceedings are patentability, not validity, reviews, directly conflicts the position of the Administration at the time the AIA was pending before Congress. In a May 31, 2011 letter to Chairman Smith supporting H.R. 1249 (and its Senate counterpart, S. 23), then Secretary of Commerce Gary Locke set forth the position of the Administration on the post-issuance review proceedings in these bills, which were essentially identical to those enacted by the AIA. Secretary Locke explained that

[T]he Administration supports establishing a new post-grant review proceeding and retooling the existing post-grant *inter partes* reexamination procedure. These proceedings will serve to minimize costs and increase certainty by offering efficient and timely alternatives to litigation ***as a means of reviewing questions of patent validity***. Such proceedings also will provide a check on patent examination, ultimately resulting in higher quality patents.

. . . The bill also establishes a time-limited ***transitional post-grant review proceeding which would enable the USPTO, upon petition, to review the validity of a limited range of business method patents*** . . . .<sup>22</sup>

The Administration’s interpretation of the AIA as explained by Secretary Locke is consistent with the text of the AIA, which specifies that in PGR and IPR proceedings, it is the PTO’s responsibility to decide whether petitioners have carried their burden of proof as to the unpatentability, i.e., invalidity, of one or more of the challenged claims.<sup>23</sup> Indeed, both proceedings follow a classic adversarial model where the petitioner sets forth the grounds upon

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<sup>22</sup> Locke letter to Smith at 3 (bolding and italics added).

<sup>23</sup> 157 Cong. Rec. S1041 (daily ed. March 1, 2011) (statement by Sen. Kyl) (“Senators Feingold and COBURN and I also recommended that the Patent Office be allowed to operate *inter partes* reexamination as an adjudicative proceeding, where the burden of proof is on the challenger and the office simply decides whether the challenger has met his burden. The present bill makes this change, repealing requirements that *inter partes* be run on an examinational model and allowing the PTO to adopt an adjudicative model.”) (capitalization of Mr. Coburn’s name in the original).

which the challenge to the validity or “unpatentability” of the claims of a patent is based, the patent owner is allowed a response, and the Director determines whether the criteria for instituting a proceeding have been met. Once declared, the patent owner has a further opportunity present evidence and argument in opposition to the petitioner’s challenge, and the petitioner is given an opportunity for rebuttal. Under the PTO’s proposed rules, these later proceedings are termed a “trial,” which is to be held before a newly constituted “Patent Trial and Appeal Board” composed of administrative law judges.

AIA 316(e) and 326(e) set forth “Evidentiary Standards” applying to these proceedings that place the burden of proof of “unpatentability” on the challenger:

In [an inter partes] [a post grant] review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

Under AIA 311(b), IPR is restricted to certain types of unpatentability challenges:

A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

Under AIA § 322(b), the scope of PGR is more expansive, extending to the same invalidity grounds that accused infringers are permitted to raise in court:

A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

Section 18(a)(1)(C) of the AIA, which extends the scope of PGR proceedings to certain covered business method patents, similarly references a “petitioner...*who challenges the validity* of 1 or more claims. . .” (italics added).

Finally, in PGR and IPR proceedings, as in court proceedings, the Patent Trial and Appeals Board will render only one decision on the unpatentability (invalidity) of the challenged claims, after which the patent owner will have no right to amend his patent claims (or to seek a trial *de novo* in federal district court), as he would were the patent in examination, reexamination or reissue.

The legislative history of the AIA is also replete with references to PGR and IPR as adjudicative, not examinational, proceedings designed to allow members of the public to have invalidity challenges that previously could only be heard in federal district courts determined quickly and inexpensively in the PTO.<sup>24</sup> The House Report is representative:

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<sup>24</sup> 157 Cong. Rec. S142 (daily ed. Jan. 25, 2011) (statement by Sen. Hatch) (“the Patent Reform Act of 2011 “would improve the system for administratively challenging the validity of a patent at the USPTO”); 157 Cong. Rec. S951 (daily ed. February 28,

The Act converts inter partes reexamination from an examinational to an adjudicative proceeding, and renames the proceeding “inter partes review.”<sup>25</sup>

The House Report notes that, “Petitioners bear the burden of proving a patent is invalid....,” further explaining:

The Act also creates a new post-grant opposition procedure that can be utilized during the first 12 months after the grant of a patent or issue of a reissue patent. Unlike reexamination proceedings, which provide only a limited basis on which to consider whether a patent should have issued, the *post-grant review proceeding permits a challenge on any ground related to invalidity under section 282*. The intent of the post-grant review process is to enable early challenges to patents. . . The Committee believes that *this new, early-stage process for challenging patent validity*. . . will make the patent system more efficient and improve the quality of patents and the patent system.<sup>26</sup>

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2011) (statement by Sen. Hatch) (“The bill will also establish another means to administratively challenge the validity of a patent at the U.S. Patent and Trademark Office, USPTO—creating a cost-effective alternative to formal litigation, which will further enhance our patent system.”); 157 Cong. Rec. S952 (daily ed. February 28, 2011) (statement by Sen. Grassley) (“In addition, the bill would improve the current inter partes administrative process for challenging the validity of a patent. It would establish an adversarial inter partes review, with a higher threshold for initiating a proceeding. . . .”); 157 Cong. Rec. S1041 (daily ed. March 1, 2011) (statement by Sen. Kyl) (“The present bill imposes higher thresholds, requiring a reasonable likelihood of invalidity for inter partes review, and more-likely-than-not invalidity for post-grant review. Senators Feingold and COBURN and I also recommended that the Patent Office be allowed to operate inter partes reexamination as an adjudicative proceeding, where the burden of proof is on the challenger and the office simply decides whether the challenger has met his burden. The present bill makes this change, repealing requirements that inter partes be run on an examinational model and allowing the PTO to adopt an adjudicative model.”); 157 Cong. Rec. S1097 (daily ed. March 2, 2011) (statement by Sen. Hatch) (“The pending legislation also provides a new postgrant review opposition proceeding to enable early challenges to the validity of patents. This new but time-limited postgrant review procedure will help to enhance patent quality and restore confidence in the presumption of validity that comes with issued patents.”); 157 Cong. Rec. S1111( March 2, 2011) (statement by Sen. Leahy) (“[I]t decreases the likelihood of expensive litigation because it creates a less costly, in-house administrative alternative to review patent validity claims.”); 157 Cong. Rec. S1326 (daily ed. March 7, 2011) (statement by Sen. Sessions) (“Other reforms included in the bill will improve the quality of U.S. patents over the long term. The bill creates a new post-grant review of patents, which can be sought within the first 9 months after the patent is issued and used to raise any challenge to the patent. This will allow invalid patents that were mistakenly issued by the PTO to be fixed early in their life, before they disrupt an entire industry or result in expensive litigation. \* \* \* The bill also makes structural reforms to post-grant review that were sought by the PTO. It allows inter partes reexamination to be run as an adjudicative system, and elevates the threshold for starting post-grant proceedings. The PTO has insisted that a higher threshold is critical to its ability to administer these proceedings. By raising the threshold for starting an inter partes review to a showing of a “reasonable likelihood” that a patent is invalid, the bill will allow the PTO to avoid accepting challenges that were unlikely to win in any event.”); 157 Cong. Rec. S1352 (daily ed. March 8, 2011) (statement by Sen. Udall) (“Inter partes reexamines a proceeding at the Patent Office that allows for the validity of a patent to be challenged in an administrative proceeding. These proceedings are intended to serve as a less-expensive alternative to courtroom litigation and provide additional access to the expertise of the Patent Office on questions of patentability.”); 157 Cong. Rec. S1374-5 (daily ed. March 8, 2011) (statement by Sen. Kyl) (“In addition, the bill creates a new post-grant review in which a patent can be challenged on any validity ground during the first nine months after its issue.”); 157 Cong. Rec. S3768 (daily ed. June 14, 2011) (statement by Sen. Leahy) (“Section 18 of H.R. 1249 provides for a tailored pilot program which would allow patent office experts to help the court review the validity of certain business method patents using the best available prior art as an alternative to costly litigation.”); 157 Cong. Rec. S5326 (daily ed. Sept. 9, 2011) (statement by Sen. Leahy) (“The bill will also improve upon the current system for challenging the validity of a patent at the PTO. The current inter partes reexamination process has been criticized for being too easy to initiate and used to harass legitimate patent owners, while being too lengthy and unwieldy to actually serve as an alternative to litigation when users are confronted with patents of dubious validity.”).

<sup>25</sup> House Report, 112-98—Part 1, page 46.

<sup>26</sup>House Report 112-98—Part 1, Page 47 (italics and bolding added). See also *id.* at 75: “Subsections (a) and (d) [of Section 6 of the AIA], enact new chapters 31 and 32, which create adjudicative systems of post-grant and inter partes reviews.”

From the foregoing it is clear that the IPR and PGR proceedings were never intended to be “patentability” determinations, but rather adjudicative proceedings for deciding whether a petitioner has proven the “unpatentability,” i.e. the invalidity of one or more of the challenged patent claims.

The text of the AIA is also consistent with the view that PGR and IPR are intended as new processes for challenging validity, not as continuations of the examination process. The words “broadest reasonable interpretation” are nowhere mentioned in the AIA or in the legislative history of the bill other than in one offhand floor remark of Senator Kyl who made mention of a “broadest reasonable interpretation” not as one that would be applied by the PTO, but rather as one that might “now” be asserted by a patent owner in a post issuance proceeding<sup>27</sup> (which could only be in a reexamination proceeding, not in a PGR or IPR proceeding).

And to the contrary, various provisions of the AIA relating to PGR and IPR refute the suggestion that BRI may be used in connection with the construction of issued patent claims. Under the amendment to 35 U.S.C. § 301 made by AIA Section 6(g), for example, various new categories of information are specified that may now be submitted to the PTO for consideration in IPR and PGR proceedings. This provision opens these proceedings to the submission and introduction of intrinsic and extrinsic evidence that is relevant to claim construction, including “statements of the patent owner filed *in a proceeding before a Federal court or the Office* in which the patent owner took a position on the scope of any claim of a particular patent.” AIA § 301(a)(2)(italics added). Such information, which is of the type authorized for consideration under *Phillips* but not BRI as applied by the PTO, is to be used by the PTO solely for the purpose of construing challenged patent claims. As AIA § 301(d) states:

(d) LIMITATIONS – A written statement submitted pursuant to subsection (a)(2) [of 301] ...*shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim* in a proceeding that is ordered or instituted pursuant to section 304 [ex parte reexamination], 314 [IPR], or 324 [PGR]. (italics added).

Since such information would not be relevant under BRI, the only reasonable conclusion is that the statute intends that such information be considered in connection with the determination of “the proper meaning” of a patent claim both when instituting and deciding PGR and IPR proceedings. As Senator Kyl explained:

This provision allows written statements of the patent owner regarding claim scope that have been filed in court or in the Office to be made a part of the official file of the patent, and allows those statements to be considered in reexaminations and inter partes and post-grant reviews for purposes of claim construction. This information should help the Office understand and construe the key claims of a patent.<sup>28</sup>

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<sup>27</sup> 157 Cong. Rec. S1375 (daily ed. March 8, 2011) (statement by Sen. Kyl) (Section 301 “should also allow the Office to identify inconsistent statements made about claim scope—for example, cases where a patent owner successfully advocated a claim scope in district court that is broader than the ‘broadest reasonable construction’ that he now urges in an inter partes review.”).

<sup>28</sup> *Id.*

Other sections of the AIA are consistent with the view that the PTO may not ignore prior proceedings relating to the patent claims at issue, as it would were BRI the operative standard. AIA § 324, relating to the relation of PGR and IPR to other proceedings or actions, states in relevant part:

In determining whether to institute or order a proceeding under this chapter [PGR], chapter 30, or chapter 31 [IPR], the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

During the March 8, 2011, Senate debate of the AIA, Senator Kyl explained that the purpose of this section was to ensure the PTO would consider the prior prosecution history of the patent, so that PGR and IPR proceedings would not become vehicles for the reconsideration of issues that were previously before the PTO:

In the second sentence of section 325(d), the present bill also authorizes the Director to reject any request for ex parte reexamination or petition for post-grant or inter partes review on the basis that the same or substantially the same prior art or arguments previously were presented to the Office. *This will prevent parties from mounting attacks on patents that raise issues that are substantially the same as issues that were already before the Office with respect to the patent.* The Patent Office has indicated that it currently is forced to accept many requests for ex parte and inter partes reexamination that raise challenges that are cumulative to or substantially overlap with issues previously considered by the Office with respect to the patent.

Senator Kyl further reported that that the PTO anticipated that it will be dealing with different claim constructions advanced by different petitioners challenging the same patent, and that the PTO's joinder decisions would turn on, among other factors, litigation-based constructions and rulings:

The Office also has indicated that it may consider the following factors when determining whether and when to allow joinder: differences in the products or processes alleged to infringe; *the breadth or unusualness of the claim scope that is alleged, particularly if alleged later in litigation; claim-construction rulings that adopt claim interpretations that are substantially different from the claim interpretation used in the first petition when that petition's interpretation was not manifestly in error;* whether large numbers of patents or claims are alleged to be infringed by one or more of the defendants; consent of the patent owner; a request of the court; a request by the first petitioner for termination of the first review in view of strength of the second petition; and whether the petitioner has offered to pay the patent owner's costs.<sup>29</sup>

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<sup>29</sup> 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (italics added).

These directives would have no meaning had it been the intention of Congress that the PTO ignore the prosecution history of the patent at issue and judicial claim construction rulings, as the PTO's BRI approach would mandate, in deciding whether a PGR or IPR should be instituted.

### **3. The AIA Does Not Provide Sufficient Opportunity for Patent Owners to Amend their Claims to Justify the Use of BRI in PGR and IPR**

The lynch pin for allowing the use of BRI under *Yamamoto* --- an applicant's right to amend the claims at issue as needed to overcome their rejections by the PTO --- is lacking as to both issued patent claims and any substitutes that may be added during PGR and IPR. In fact, in PGR and IPR proceedings, *the challenged claims of an issued patent may never be directly amended*. The patent owner's only options with respect to the original claims of a challenged patent are to have them examined in PGR and IPR in the forms they were issued, or to cancel them in their entirety.

AIA §§ 316(d) & 326(d) relating to amendments of a patent during IPR and PGR are worded differently from 35 USC § 305, which authorizes amendments in reexaminations. Section 305 not only permits the introduction of "a new claim or claims" in reexaminations, but also allows the patent owner to "propose any amendment to his patent," thus allowing direct amendment of originally issued patent claims. As explained in the ABA-IPL, AIPLA and IPO joint comments on the PTO's proposed AIA rules:

The "ability to amend" cited by the court in decisions such as *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) is the unlimited ability to amend as present during initial examination. The reexamination statutes provide that the patent owner is "permitted to propose any amendment to the patent and a new claim or claims" apart from claims which enlarge the scope of the patent. 35 U.S.C. § 305 and pre-AIA § 314(a). If an Examiner advances a new rejection in a reexamination, the action normally is not a final action or an action closing prosecution. Even after final action or action closing prosecution, the patent owner can make amendments necessitated by the new rejection. 37 C.F.R. § 1.116. If the Board advances a new rejection on appeal, prosecution is reopened and the patentee has a right to amend again. 37 C.F.R. §§ 41.50(b) and 41.77(b). Thus, the patent owner can amend as needed in response to newly adduced evidence. IPR and PGR as proposed do not afford such an unlimited right to amend.<sup>30</sup>

By contrast to this "any amendment" language, corresponding sections of the AIA provide no right to amend a challenged patent claim, only to file a motion to cancel it in its entirety. AIA § 326(d) is representative:

(d) Amendment of the Patent. – (1) In general. - During a post-grant review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

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<sup>30</sup> ABA-IPL, AIPLA and IPO joint submission of comments on the proposed rules, at page 7.

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.<sup>31</sup>

While “a reasonable number” of substitute claims may be added,<sup>32</sup> the PTO’s PGR and IPR rules still do not allow for the kind of iterative amendment process that would be required to authorize the use of BRI under *Yamamoto*. Only one opportunity to present substitute claims is guaranteed under AIA §§ 316(d) and 326(d), and any further amendment of those claims is allowed under subsection (d)(2) only “to materially advance the settlement of a proceeding” or “as permitted by regulations prescribed by the Director.”<sup>33</sup> As noted in the joint comments of the ABA-IPL, AIPLA and IPO:

IPR and PGR as proposed do not afford such an unlimited right to amend. In IPR and PGR, the patent owner is presumptively limited to only “one motion to amend the patent.” See AIA, 35 U.S.C. § 316(d)(1). Even this one amendment requires approval by the Board. Proposed Section 42.121. After the patent owner's amendment, the petitioner “may supplement evidence submitted with their petition to respond to new issues arising from” the patent owner’s one amendment. Practice Guide for Proposed Trial Sections, 77 F.R. §§ 6868, 6875. The Patent owner may not further amend to meet new arguments or new evidence advanced by the petitioner in a response or by an Administrative Patent Judge at trial.<sup>34</sup>

Moreover, the 12-18 month time constraints imposed by statute on PGR and IPR proceedings make an iterative amendment process of the kind needed to justify the use of BRI a practical impossibility. Given such short time frames, no right of amendment is, or could be, given to the patent owner to amend his claims following the Patent Trial and Appeal Board’s decision on the merits, thereby depriving the patent owner of the basis on which the fairness of BRI rests --- that a patent owner is not harmed because he may amend his claims in response to an adverse ruling on patentability.

In situations where BRI forces the introduction of “substitute claims” when the use of the judicial construction would not have, the patent owner will inevitably be prejudiced because such substitutes can never provide protections equivalent to those of the original patent claims. First, no amendment of the patent under IPR or PGR “may enlarge the scope of the claims of the

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<sup>31</sup> See also AIA §§ 316(9) and 326(9), which authorize the Director to prescribe regulations for “setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims...”

<sup>32</sup> And as noted above in *Idle Free Systems, Inc. v. Bergstrom Inc.*, the “reasonable number of substitute claims” has become “only one claim”, *Id* at 5.

<sup>33</sup> In the PTO’s proposed rules, a motion to amend a substitute claim may be allowed for “good cause showing.” Practice Guide for Proposed Trial Rules, 77 Fed. Reg. 6868, 6874 (Feb. 9, 2012). The PTO’s “Practice Guide” further discourages proposed amendments filed later than the patent owner’s response or opposition to the petition, warning that “[a]mendments filed late in the proceeding may impair a petitioner’s ability to mount a full response in time to meet the statutory deadline for the proceeding. Hence, in evaluating good cause, the Board will take into account the timing of the submission with request made earlier in the proceeding requiring less compelling reasons than would be required for amendments later...” *Id.*

<sup>34</sup> ABA-IPL, AIPLA and IPO joint submission of comments on the proposed rules, at pages 8-9.

patent or introduce new matter,” so that from a practical standpoint, most substitute claims will be narrower than the original patent claims.<sup>35</sup> Second, the terms of substitute claims begin with their grants, and may be further limited as against preexisting infringements by the AIA’s intervening rights provisions.<sup>36</sup> As such, when the introduction of one or more substitute claims is forced solely because of the application of BRI, patent owners will lose any accrued patent damages, and will also likely be denied injunctive relief as to ongoing infringements.

In summary, use of BRI in PGR and IPR will lack the safeguards on which *Yamamoto*’s authorization of BRI depends. Without these safeguards, what remains amounts to a substantive change in the way patent claims are to be construed in PTO proceedings brought by third parties to deprive patent owners of their vested patent rights. As the bar associations have noted, this raises serious questions as to whether in forcing BRI into IPR and PGR the PTO is exceeding its rule making power, which is procedural, not substantive.<sup>37</sup>

#### **4. The Use of BRI in IPR and PGR Proceedings is Neither in the Public’s Nor the Patent Owner’s Best Interests**

There are a number of compelling reasons why the use of BRI is neither in the public’s or the patent owner’s best interests. First, the PTO’s use of BRI in PGR and IPR negates a principal purpose of PGR and IPR -- to serve as a quality control check on PTO performance by addressing the issue of whether the PTO is granting patents with claims that will stand up in court. PGR and IPR were enacted by the AIA along with several other initiatives intended to improve patent quality, including increased funding for the PTO and more objective standards under which patents are to be examined. PGR and IPR were provided as part of these quality initiatives to provide the public less expensive processes than litigation for weeding out patents that would not stand up in court. The use of BRI in PGR and IPR would negate this quality control function, as BRI mandates that prior PTO proceedings be ignored in construing the claims, so that neither the PTO nor the public will ever know if the PTO got the patentability issue right in the first place.

Second, the PTO’s use of BRI will preclude members of the public from being able to base their patent challenges on the claim interpretations that are applicable in court, and impose on the public and patent owners alike the burden of many PRG and IPR proceedings that would have been unnecessary had the patent claims been more narrowly construed.

The legislative history of the AIA reflects that Congress was seeking to avoid unnecessary PGR and IPR proceedings, not to encourage them. To prevent patentees from being

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<sup>35</sup> AIA §§ 316(d)(3) & 326(d)(3). In these respects, substitutes are treated similarly to amended claims in reexaminations.

<sup>36</sup> See AIA §§ 316 (d) & 318 (c) for IPR and §§ 326(d) and 328 (c) for PGR.

<sup>37</sup> ABA-IPL, AIPLA and IPO joint submission of comments on the proposed rules, at page 7: “To the extent that is the intent of the Office’s Proposed Rules would result in claim constructions that differ from those mandated under judicial precedent, these rules would also appear to exceed the authority of the Office, which does not enjoy substantive rule making power.” *Tafas v. Doll*, 559 F.3d 1345, 1352 (Fed. Cir. 2009).

harassed by such proceedings, and to protect the public from expending time and expense on petitions that are not likely meritorious, Congress raised the thresholds for instituting PGR and IPR above those used in reexaminations, and incorporated other safeguards allowing the PTO to decline to institute them even where those thresholds have been met. Congress was concerned that the 95% institution rate for inter partes reexamination was too high. As a result, both PGR and IPR abandoned the “substantial new question” threshold used in reexaminations in favor of higher threshold standards, with the expectation that the institution rates would drop substantially.<sup>38</sup> Nonetheless, the PTO estimates that, with BRI in place, about 90% of all PGR and IPR petitions will still result in proceedings being instituted. The PTO’s use of BRI will thus subject owners of patents with claims that would be found perfectly valid in the courts to many unnecessary PTO proceedings.

The use of BRI in PGR and IPR will also deprive members of the public from bringing petitions, and patent owners from defending against those petitions, based upon the claim constructions that would be used in the courts. The expansion of the challenged patent’s claims under BRI means that both sides will be subjected to still-relatively-expensive administrative proceedings that may only end up showing that the original determination of patentability was entirely correct, and that if the PTO had only interpreted the claim terms in accordance with their “ordinary and customary” meanings in the first place, the proceeding would not have had to be instituted. Given that it has been estimated that the cost to each party to complete an IPR or PGR will be between \$250,000 and \$750,000 or more, the PTO’s approach represents a tax on the inventor community that may impose an undue financial burden on some of its most vulnerable members – independent inventors, startups, small businesses and university tech transfer offices.

Third, the PTO’s use of BRI in PGR and IPR will force many patent owners to cancel claims and submit substitute claims, thus forfeiting substantial portions of their patent grant, when neither would have been required had the PTO construed them as they are in court. Patent owners will thus be deprived patent protection to which the PTO had earlier, correctly determined the patent owner was entitled.

The House Report on the AIA in fact cautions the PTO to protect the inventor community from potential abuses that could arise as the result of the new IPR and PGR proceedings:

The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources. While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate

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<sup>38</sup> 157 Cong. Rec. S1375 (daily ed. March 8, 2011(statement by Sen. Kyl) (“Among the most important protections for patent owners added by the present bill are its elevated thresholds for instituting inter partes and postgrant reviews. The present bill dispenses with the test of ‘substantial new question of patentability,’ a standard that currently allows 95% of all requests to be granted. It instead imposes thresholds that require petitioners to present information that creates serious doubts about the patent’s validity. Under section 314(a), inter partes review will employ a reasonable-likelihood-of-success threshold, and under section 324(a), postgrant review will use a more-likely-than-not-invalidity threshold.”).

the purpose of the section as providing quick and cost effective alternatives to litigation. Further, such activity would divert resources from the research and development of inventions. As such, the Committee intends for the USPTO to address potential abuses and current inefficiencies under its expanded procedural authority.<sup>39</sup>

Fourth, the PTO's use of BRI in PGR and IPR will prejudice the public and many accused infringers when the patentability of the then-more-broadly-construed claims are confirmed, leading to judicial decrees of infringement liability that would not otherwise have occurred.<sup>40</sup> Such a result will be most common when the judicial construction would have narrowly construed the original patent claims because of arguments made during the original prosecution, but will not if those arguments are not repeated during the PGR or IPR. The result may discourage accused infringers from challenging patent in PGR or IPR for fear the asserted patent's claim may be effectively broadened through the application of BRI in construing its original text.

Moreover, such potential outcomes will disturb the "bedrock principle" of patent law that the claims of a patent as interpreted using applicable judicial precedent will "define the invention to which the patentee is entitled the right to exclude."<sup>41</sup> The public will no longer be able to rely on the scopes of issued patent claims as they were finally construed during their initial examinations, or to make their licensing, product development and related business decisions based on them.<sup>42</sup>

### *Conclusion*

The PTO's use of BRI in IPR and PGR proceedings is inconsistent with both the text of the AIA and its legislative history. Congress envisioned PGR and IPR as adjudicative, not examinational, proceedings for allowing members of the public to challenge the validity of patents in the PTO. Accordingly, in ruling on those challenges, the PTO should interpret the involved patent claims as they would be in court.

The use of BRI to interpret patent claims in IPR and PGR is now resulting in prejudice to petitioners, patent owners and the public at large. The principle justification for allowing the PTO to use BRI in its examinational proceedings --- that patent owners will not be harmed because there is a sufficient opportunity for patent owners to amend their claims as needed in

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<sup>39</sup> See <http://judiciary.house.gov/issues/Patent%20Reform%20PDFS/CRPT-112hrpt98-pt1.pdf>, at page 48.

<sup>40</sup> Elsewhere, the PTO has posited that it would be unworkable for the PTO to continue to use BRI in examinations, reexaminations and reissues, while using the court interpretation in IPR and PRG. See the Director's blog post at [www.uspto.gov/blog/director/entry/ensuring\\_quality\\_inter\\_partes\\_and](http://www.uspto.gov/blog/director/entry/ensuring_quality_inter_partes_and). As explained herein, the PTO is already using the court interpretation in certain reexaminations and reissues, and will continue to do so. Moreover, since the courts and ITC will continue to apply the judicial interpretation to patent claims, as discussed herein, claim construction consistency among all PTO proceedings is neither obtainable nor desirable.

<sup>41</sup> *Phillips*, 415 F.3d at 1312.

<sup>42</sup> Moreover, the AIA places no limit on the number of IPR proceedings that may be brought against a single patent by successive challengers, each of which, due to BRI, might expand the patent's scope, thereby leading to further uncertainty.

response to adverse PTO rulings on patentability --- is lacking in PGR and IPR. The use of BRI in PGR and IPR frustrates the Congressional intent of establishing them as checks to see if the PTO is granting patents that will stand up in court. Because claims are interpreted more broadly using BRI, its use in PGR and IPR is leading to the declaration of numerous unnecessary proceedings in which many patent owners are being forced to cancel their original patent claims and submit substitutes, thereby forfeiting substantial portions of their original patent grant. The public and accused infringers are further being prejudiced when the patentability of the then-more-broadly-construed claims are confirmed in PGR and IPR, resulting in judicial decrees of infringement liability that would not have occurred had the PTO applied judicial claim construction principles.

There is no good reason for the PTO to refuse to apply traditional judicial claim construction principles in construing claims in IPR and PGR proceedings. The PTO is already applying that precedent in certain post issuance proceedings, where a right to amend the claims is not available, and could easily do so in IPR and PGR. Given that the PTO will continue to use both BRI and judicial claim interpretation in various of its examinational proceedings, claim construction uniformity is not achievable within the PTO. Application of a uniform rule specifying that judicial claim construction principles apply to all adjudicative patent invalidity proceedings is achievable, and should be adopted by the PTO for PGR and IPR, as it has been in the courts and ITC.<sup>43</sup>

The Coalition has approximately 50 members from 18 diverse industry sectors and includes many of the nation's leading manufacturers and researchers. The Coalition's Steering Committee includes 3M, Caterpillar, General Electric, Johnson & Johnson, Eli Lilly and Procter & Gamble. Visit <http://www.patentsmatter.com> for more information.

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<sup>43</sup> To foreclose the possibility that the PTO may use BRI in IPR and PGR, the Coalition for 21<sup>st</sup> Century Patent Reform has proposed two technical amendments to clarify that, during PGR and IPR, issued patent claims should be construed the same way as they are in the courts. In particular it is proposed that the concluding sentence (shown in italics) be added at the end of sections 311 (b) and 321 (b): “(b) SCOPE.—A petitioner in a [post-grant] [inter partes] review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under [paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim)] [section 102 or 103 and only on the basis of prior art consisting of patent or printed publications]. *In such determinations of unpatentability, each claim of an issued patent shall be construed as though its validity were at issue as a defense under section 282(b).*” (Proposed amendments in italics; differences between existing sections 311(b) and 321(b) shown in brackets). Section 9(c) of the “Discussion Draft” published by Chairman Goodlatte on May 23, 2013, would reach the same result by adding the following language to both sections 316(a) and 326(a): “providing that for all purposes under this chapter, each claim of a patent shall be construed as such claim has been or would be in a civil action to invalidate a patent under section 282, including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art, the prosecution history pertaining to the patent, and prior judicial determinations and stipulations relating to the patent.”