

Insights: Alerts

PTAB Proposes Adopting Narrower Phillips Claim Construction Standard

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Consistent with Director Iancu's goal of providing greater predictability and certainty in the US patent system, the US Patent and Trademark Office (USPTO) on Tuesday proposed a [new rule](#) to change the standard for claim construction in post-grant Patent Trial and Appeal Board (PTAB) proceedings from the “broadest reasonable interpretation” to the narrower *Phillips*ⁱ “ordinary and customary meaning” standard used by district courts and the International Trade Commission (ITC). The proposal notes, consistent with the *Phillips* standard, that the PTAB will, when appropriate, also construe claims to maintain their validity. The rule also would require PTAB judges to “consider” any claim construction in earlier court or ITC proceedings. The Notice indicates that the rule would apply retroactively to pending proceedings, and would also apply to motions to amend. A 60 day comment period ends July 9, 2018.

This change in PTAB practice had been anticipated and was recently telegraphed in the *Tinnus Enterprises v. Telebrands* “Bunch-o-Balloons” case, currently on appeal to the Federal Circuit. In that case, the USPTO filed a brief as an Intervenor in August 2017, arguing that the USPTO should continue to employ a lower indefiniteness standard than used in district court proceedings.ⁱⁱ Shortly after Dir. Iancu was sworn in as Director, however, USPTO Solicitor Nathan Kelley filed a motion to withdraw, indicating:

The Director of the U.S. Patent and Trademark Office (“USPTO”) respectfully requests to withdraw as an Intervenor in this appeal and further requests that the brief filed by the Director in this appeal be withdrawn. The USPTO stands by the position that the indefiniteness approach advocated in our brief is correct in the context of examination. But because the PTAB's approach to claim construction and indefiniteness during post-issuance proceedings under the America Invents Act is something the agency is actively considering, the Director has decided not to advocate for a particular approach in this appeal.ⁱⁱⁱ

With the stated goals of continuing to improve predictability and consistency, we can predict that the USPTO may issue a similar Notice in the coming weeks adopting the Supreme Court's *Nautilus*^{iv} indefiniteness standard for post-grant PTAB proceedings.

This is the second tick in a pendulum swing back toward stronger patents under new USPTO director Andrei Iancu, who wants to strengthen patents. The first tick was the [Berkheimer memo](#) setting standards for USPTO examiners that should make it harder to issue *Alice*^v (invalid claims on abstract ideas) rejections during patent prosecution.

Comments can be provided by email to PTABNPR2018@uspto.gov.

The proposed amendments are:

Each of §§ 42.100(b), 42.200(b), and 42.300(b) is proposed to be amended to replace the first sentence with the following: a claim of a patent, or a claim proposed in a motion to amend, “shall be construed using the same claim construction standard that would be used to construe such claim in a civil action to invalidate a patent under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.”

Each of §§ 42.100(b), 42.200(b), and 42.300(b) also is proposed to be amended to add the sentence “Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the . . . proceeding will be considered.”

The PTAB already uses the *Phillips* standard for patents that expire before a final written decision. The rule change proposal is in spite of the Supreme Court blessing the PTAB use of the broadest reasonable interpretation standard in the 2016 *Cuozzo*^{vi} decision.

Although the perception is that the new standard will not make a significant difference for most PTAB proceedings, the Federal Circuit indicated in *PPC Broadband* that, on occasion, it can.^{vii} Additionally, it may make judges more likely to grant stays since the same standard will be used. Stays are also more likely to be granted in view of the PTAB’s SAS Guidelines, implemented after the Supreme Court’s *SAS Institute* decision.^{viii} In those Guidelines, the PTAB indicated that it would eliminate the partial institution practice that left judges faced with the situation where all the claims in court aren’t being dealt with by the PTAB. In addition, it may lead to more consistency in different appeals from the PTAB and district court on the same claims.

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

ⁱⁱ*Tinnus Enterprises, LLC v. Telebrands Corp.*, No. 2017-1726, Appeal of PGR2015-00018, Brief of Intervenor-Dir. of USPTO (Fed. Cir. Aug. 29, 2017).

ⁱⁱⁱ*Id.*, Mot. to Withdraw at 1-2 (Mar. 29, 2018) (emphasis added).

^{iv}*Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S.Ct. 2120 (2014).

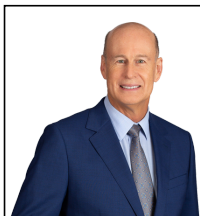
^v*Alice Corp. v. CLS Bank International*, 573 U.S. ___, 134 S. Ct. 2347 (2014).

^{vi}*Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 136 (2016).

^{vii}*PPC Broadband v. Corning Optical Comms.*, 815 F.3d 747 (Fed. Cir. 2016) (“[W]hile the Board’s construction is not the correct construction under Phillips, it is the broadest reasonable interpretation . . . , and because this is an IPR, under our binding precedent, we must uphold the board’s construction”).

^{viii}*SAS Institute Inc. v. Matal*, 16-969 (Fed. Cir. Apr. 24, 2018).

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