

Insights: Alerts

In re Cuozzo Speed Technologies, LLC (Fed. Cir., 2014-1301, 2/4/2015)

February 5, 2015

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In a 2-1 opinion, the Federal Circuit affirmed the Patent Trial and Appeal Board and found Cuozzo's claims obvious in the first appeal from a final written decision in an *inter partes* review. In doing so, the Federal Circuit found that it did not have the authority to review the PTAB's decision to institute the IPR, even after the PTAB's final written decision. The Federal Circuit also upheld the PTAB's "broadest reasonable interpretation" standard of claim construction, which can make it easier to invalidate a patent in an IPR than in federal district court.

Cuozzo's patent is directed to a speedometer "integrally attached" to a speed limit indicator that uses GPS data to show the pertinent speed limit. Garmin petitioned the PTAB for an IPR of Cuozzo's patent. The petition included various proposed grounds of unpatentability based on several prior art references. The PTAB instituted the IPR for independent claim 10 and its dependent claims 14 and 17, relying on a proposed ground of unpatentability that Garmin had asserted only for claim 17. The PTAB concluded in its final written decision that all three claims were unpatentable for obviousness over two combinations of references disclosing various speedometers and indicators of speeds that violate the pertinent speed limit. In doing so, the PTAB construed the claims using the "broadest reasonable interpretation" standard required by 37 C.F.R. § 42.100(b) and long acknowledged to govern United States Patent and Trademark Office (USPTO) proceedings. The PTAB also denied Cuozzo's motion to amend because (1) Cuozzo failed to establish that the proposed new claims were supported by the patent's written description, and (2) Cuozzo's amendment impermissibly enlarged the scope of the claims.

On appeal, Cuozzo argued that the PTAB improperly instituted the IPR on claims 10 and 14 because the PTAB relied on prior art that Garmin did not identify in its petition as grounds for the IPR as to those two claims (though the prior art in question was identified with respect to claim 17). The Federal Circuit found that 35 U.S.C. § 314(d), which provides that "[t]he determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable," prohibits review of the decision to institute an IPR, even after a final decision. The Federal Circuit reasoned that, on its face, the provision is not directed to precluding review only before a final decision; it is written to exclude all review of the decision whether to institute review. The Federal Circuit also found it irrelevant that the petition was defective (i.e., that it did not allege the same ground of unpatentability for the dependent claims as alleged for the independent claim) because a proper petition could have been drafted. Specifically, the Court determined that there was no bar to finding claims 10 and 14 unpatentable based on the references presented for claim 17. The Federal Circuit did

acknowledge that mandamus may be available to challenge the decision to grant a petition to institute IPR after the PTAB's final decision in situations where the USPTO has clearly and indisputably exceeded its authority. However, the Federal Circuit held that this was not the case here.

The Federal Circuit found that while the America Invents Acts is silent on its face about whether the broadest reasonable interpretation standard is appropriate in IPRs, the statute conveys rulemaking authority to the USPTO, and the USPTO had properly adopted broadest reasonable interpretation by regulation. Additionally, the Federal Circuit found that the broadest reasonable interpretation standard has been applied by the USPTO and its predecessor for more than 100 years in various types of USPTO proceedings. In the Court's view, there is no indication that the AIA was designed to change the claim construction standard that the USPTO has been applying. Therefore, the Federal Circuit found that "[i]t can therefore be inferred that Congress impliedly adopted the existing rule of adopting the broadest reasonable construction." In dismissing the argument about the difficulty in amending the claims, the Federal Circuit stated that "[a]lthough the opportunity to amend is cabined in the IPR setting, it is thus nonetheless available. The fact that the patent owner may be limited to a single amendment, may not broaden the claims, and must address the ground of unpatentability is not a material difference."

Next, the Federal Circuit reviewed the PTAB's claim construction according to the Supreme Court's decision in *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015). The Federal Circuit found that the PTAB correctly construed the term "integrally attached." Claim 10 recites both "a colored display" and "a speedometer integrally attached to said colored display." The PTAB therefore required that the speedometer and the colored display be "discrete parts physically joined together as a unit without each part losing its own separate identity" in order to give meaning to the term "integrally attached" in the claim. Under the PTAB's construction, the claims were obvious in view of the prior art, because at least one embodiment was obvious.

Last, the Federal Circuit found that the PTAB properly denied Cuozzo's motion to amend. The test for improper broadening of claim scope in an IPR is that a claim "is broader in scope than the original claims if it contains within its scope any conceivable apparatus or process which would not have infringed the original patent." Because proposed claim 21 would encompass an embodiment not encompassed by claim 10, it is broadening, and the motion to amend was properly denied.

Judge Newman dissented, finding that the majority's rulings were contrary to the legislative purpose of the AIA, which is for IPRs to act as a surrogate for district court litigation. Judge Newman wrote that the heavy legislative emphasis on the differences between reexamination and the new procedures under the AIA indicated that IPR is meant to be adjudicative. Therefore, the PTAB must apply the same procedural and substantive law as the district courts, and not the "broadest reasonable interpretation," which is a tool of examination. Judge Newman also found that the "purpose of the 'nonappealable' provision apparently is to bar interlocutory proceedings and harassing filings by those seeking to immobilize the patent or exhaust the patentee," and not to impede all judicial review.

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