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June 13, 2014

The Potential Impact of *Nautilus v. Biosig Instruments* on AIA Trials

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The Supreme Court recently clarified the standard for determining invalidity of a patent claim for indefiniteness under 35 U.S.C. § 112, second paragraph. *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. __ (June 2, 2014). Specifically, the court unanimously held that “a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, fail to inform, with reasonable certainty, those of skill in the art about the scope of the invention.” *Nautilus*, slip op. at 1. This new “reasonable certainty” standard is much stricter than the overruled Federal Circuit standard, which only permitted a claim to be invalidated under 35 U.S.C. § 112, second paragraph if the claim was not “amenable to construction” and was “insolubly ambiguous.” *Id.*

I. Impacts on AIA trials

The impact of the new “reasonable certainty” standard may even be greater in an AIA trial (*i.e.* an *Inter Partes* Review (IPR), a Post Grant Review (PGR) or Covered Business Method review (CBM)) than in district court litigation for two reasons: (1) differences in the claim construction standard; and (2) differences in the burden of invalidity. First, claim construction is broader in AIA trials, which grant claims their “broadest reasonable construction in light of the specification of the patent in which it appears.” 37 C.F.R. §§ 42.100(b), 42.200(b), 43.300(b). In contrast, in litigation, claims are given their “ordinary and customary meaning.” See *e.g. Philips v. AWH Corp.*, 415 F.3d 1303, 1312-1313 (Fed. Cir. 2005).

Second, the burden for finding invalidity in an AIA trial is lower than it is for district court litigation. Rather than the clear and convincing standard used by district courts, the petitioner in an AIA trial must prove unpatentability by a mere “preponderance of the evidence” standard. 35 U.S.C. §§316(e), 326(e); AIA Section 18. In *Nautilus*, the Supreme Court noted that the “presumption of validity does not alter the degree of clarity § 112, ¶ 2, demands from patent applicants to the contrary; it incorporates that definiteness requirement by reference.” Slip op. at 13, footnote 10. However, the court left open “whether factual finding subsidiary to the ultimate issue of definiteness trigger the clear-and-convincing evidence standard.” *Id.* Thus, until there is further guidance from another court or the PTAB, it is likely that the factual findings subsidiary to a finding of definiteness only need to be shown by a preponderance of the evidence.

Nevertheless, when the lower standard for proving invalidity and broader claim construction are combined, it should now be even easier to show that a claim “fail[s] to inform, with reasonable certainty, those of skill in the art about the scope of the invention.”

A. Impact on Covered Business Method Reviews and Post Grant Reviews

Of course, not all of the proceedings are going to be affected the same. Failure to comply with the definiteness requirement under § 112, second paragraph, is only an enumerated ground of patent invalidity in a covered business method review. See AIA Section 18. Thus, patents that can be challenged by a covered business method review are directly affected by the new standard for indefiniteness. In light of the *Nautilus* decision, it may be easier for a petitioner to prove the invalidity of a covered business method patent for lack of definiteness.

In a Post Grant Review, invalidity may be based on failure to comply with the definiteness requirement under § 112 (b), which is similar to the pre-AIA standard under § 112, second paragraph. Thus, the Supreme Court’s standard is likely also going to apply to post-grant reviews. Accordingly, for both a Covered Business Method Review and a Post Grant Review, a petitioner only needs to show by a preponderance of the evidence that, based on the broadest reasonable construction, a claim fails to “reasonably inform” about the scope of the invention.

B. Impact on *Inter partes* review

Inter Partes Reviews are limited to invalidity challenges based on prior art grounds. See *e.g.* 35 U.S.C.

§ 311(b)). Thus, the PTAB has refused to consider arguments that claims are invalid under 35 U.S.C. § 112, second paragraph. See e.g. *Harmonic, Inc. v. Avid Technology, Inc.*, IPR2013-00252, slip op. at 18 (PTAB September 25, 2013 (Paper 12)). However, the prior art invalidity challenges require the Board to construe the challenged claims, which can bring indefiniteness into play. If a claim is indefinite, the Board is unable to construe the claim, and moreover, the validity cannot be determined. As a result, no final decision can be reached on the merits, resulting in the termination of the IPR proceeding. See e.g. *Blackberry Corporation v. Multimedia, LLC.*, IPR2013-00036 (PTAB March 6, 2014 (Paper 65)) (PTAB terminated proceeding because it was “unable to reach a determination on the alleged grounds of unpatentability over prior art”). The *Nautilus* decision increases the likelihood that a patent owner finds itself in a situation where the Board determines the claims to be indefinite in an *inter partes* review.

In summary, the *Nautilus* decision lowers the standard for finding of a claim as indefinite. Since the threshold for patent invalidity is even lower in an AIA trial, the decision makes it much more likely that a claim may be challenged for lack of definiteness in Covered Business Method Review or Post Grant Review. Moreover, for existing proceedings in which claims were alleged to be indefinite, the decision makes it more likely that the claim will not survive the challenge.