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## Patent Owner Statements During IPR May Limit Claim Scope

***Federal Circuit holds that patent owner's statements can trigger prosecution disclaimers.***

On May 11, 2017 in *Aylus Networks, Inc. v. Apple Inc.*, the Federal Circuit addressed for the first time whether statements made during an IPR proceeding may give rise to a prosecution disclaimer.<sup>1</sup> Prosecution disclaimer is a claim construction doctrine that precludes patent owners from recapturing subject matter disclaimed either through claim amendment or the patentee's statements during prosecution. *Aylus* held that statements made by a patent owner during an IPR proceeding, whether before or after institution, may support prosecution disclaimer.<sup>2</sup>

### ***Aylus Networks, Inc. v. Apple Inc.***

Aylus Networks, Inc. sued Apple Inc. for infringement of a patent directed to systems and methods for streaming and displaying media content using combinations of networked components.<sup>3</sup> Apple filed two petitions for *inter partes* review (IPR) challenging several claims of Aylus's patent.<sup>4</sup> The Patent Trial and Appeal Board (PTAB) instituted review of most of the challenged claims but denied review of claims 2, 4, 21 and 23.<sup>5</sup> In doing so, the PTAB agreed with Aylus's argument made in its preliminary response that claims 2, 4, 21 and 23 required one and only one component of the claimed system, called the CPP, to negotiate media content delivery. Aylus then proceeded in district court on claims 2 and 21.<sup>6</sup> The district court relied on Aylus's statements to the PTAB in construing the asserted claims to require that only the CPP negotiate media content delivery and granted Apple summary judgment of noninfringement.<sup>7</sup> Aylus appealed, arguing that statements made in IPR proceedings, either pre- or post-institution, do not give rise to prosecution disclaimers.<sup>8</sup>

The Federal Circuit disagreed with Aylus, holding that statements made by a patent owner during an IPR proceeding may support a finding of prosecution disclaimer.<sup>9</sup> The court reasoned that although prosecution disclaimer arose in the context of pre-issuance prosecution, extending prosecution disclaimer to IPR proceedings will ensure that claims are not argued one way to maintain their patentability and in a different way against accused infringers to maintain infringement claims.<sup>10</sup> The appeals court's holding follows the holdings of various district courts that have addressed the issue.<sup>11</sup>

The Federal Circuit also held that, for prosecution disclaimer purposes, it did not matter that the disclaiming statements were made before institution (in a patent owner's preliminary response) as opposed to after institution (in a patent owner's response).<sup>12</sup> According to the court, the timing of the statements is a "distinction without a difference" because both are papers filed publicly with the USPTO and the public may take the patent owner at his or her word regardless of when the statement was made.<sup>13</sup>

## Conclusion

The Federal Circuit's decision in *Aylus* further underscores the critical interplay between parallel PTAB and district court proceedings. Patent owners must think critically about how to define the scope of their claims and the long-term implications of statements made during post-grant proceedings. Petitioners may try to challenge claims in ways that elicit a narrowing response from the patent owner. Thus, parties should fashion a comprehensive strategy across PTAB and district court proceedings that fully considers the consequences of statements and actions in either proceeding.

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If you have questions about this *Client Alert*, please contact one of the authors listed below or the Latham lawyer with whom you normally consult:

### **Bob Steinberg**

bob.steinberg@lw.com  
+1.213.891.8989  
Los Angeles

### **S. Giri Pathmanaban**

giri.pathmanaban@lw.com  
+1.650.470.4851  
Silicon Valley

### **Parker M. Tresemer**

parker.tresemer@lw.com  
+1.213.891.8052  
Los Angeles

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#### **Endnotes**

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<sup>1</sup> *Aylus Networks, Inc. v. Apple Inc.*, No. 2016-1599, slip op. at 8 (Fed. Cir. May 11, 2017).

<sup>2</sup> *Id.* at 14.

<sup>3</sup> *Id.* at 2.

<sup>4</sup> *Id.* at 6.

<sup>5</sup> *Id.*

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

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

<sup>8</sup> *Id.* at 7.

<sup>9</sup> *Id.* at 14.

<sup>10</sup> *Id.* at 10.

<sup>11</sup> *Id.* at 12 (citing *Ilife Techs., Inc. v. Nintendo of Am., Inc.*, No. 3:13-cv-04987, 2017 WL 525708, at \*7 (N.D. Tex. Feb. 9, 2017) (“[S]tatements during the IPR may be considered for prosecution disclaimer.”); *Signal IP, Inc. v. Fiat U.S.A., Inc.*, No. 14-cv-13864, 2016 WL 5027595, at \*16 (E.D. Mich. Sept. 20, 2016) (finding that “statements in the prosecution history, particularly during the recent IPR proceeding are unmistakable statements disavowing the plain and ordinary meaning of” a claim term)).

<sup>12</sup> *Id.* at 12-13.

<sup>13</sup> *Id.* at 13. The court’s finding is consistent with the regulatory definition of “proceeding” for purposes of IPR. See 37 C.F.R. § 42.2 (defining “proceeding” as “a trial or preliminary proceeding,” and defining “preliminary proceeding” as “begin[ning] with the filing of a petition for instituting a trial and end[ing] with a written decision as to whether a trial will be instituted”).