Claim Construction Deconstructed—Another Layer of Diverging Standards

The America Invents Act (AIA) implemented post-grant proceedings at the Patent Trial and Appeal Board (PTAB) as an alternative to litigation at district courts in the federal circuit. Since its institution, much focus has been placed on the different standards of claim construction used by the PTAB and the district court when construing patents at issue. Whereas the PTAB is to evaluate claims under the broadest reasonable interpretation in light of the specification without any underlying presumption of validity, the district courts are to construe claims in light of the plain and ordinary meaning with the presumption that an asserted claim is valid. Despite this opportunity for diverging claim constructions, a place for resolution of the discrepancies remained at the Federal Circuit, which, until recently, reviewed all claim construction issues *de novo*. However, on Jan. 20, 2015, the Supreme Court's holding in *Teva Pharm. USA*, *Inc. v. Sandoz, Inc.* added another level of intricacy and increased the level of unpredictability for practitioners seeking to meaningfully construe patent claims.

At issue in *Teva* is whether the phrase "molecular weight" satisfies the definiteness requirement under 35 U.S.C. § 112, second paragraph. During the prosecution of the patent at issue, Teva overcame a rejection under 35 U.S.C. § 112 alleging the term is indefinite by arguing that the skilled artisan would recognize the term as meaning an average molecular weight (M_w). However, during the prosecution of a different but related patent, Teva argued that the skilled artisan would recognize the term as meaning peak molecular weight (M_P). During litigation, Teva provided, *inter alia*, expert testimony declaring that a skilled artisan, reading the specification of the patent at issue, would recognize that the definition provided during its prosecution was correct, that the definition provided during the prosecution of the related case was incorrect, and therefore an ordinarily skilled artisan would not rely on the latter. Sandoz argued, and provided expert testimony, that the term molecular weight may mean either M_w or M_p, and as such, the skilled artisan would not be able to definitively determine whether subject matter fell within the scope of the claims. Relying on the expert testimony provided by Teva, and presuming the validity of the patent at issue, the district court found the term definite. On appeal, the Federal Circuit construed the term *de novo*, and overturned the district court's finding.

The Supreme Court remanded the case to the Federal Circuit and mandated that where there are no factual issues underlying a district court's claim construction, the Federal Circuit Court of Appeals may review a district court's construction of the claims *de novo*. However, any dispositive factual findings underlying the district court's claim construction now requires review under the clear error standard according to the Federal Rules of Civil Procedure. Notably, this standard is different than the mandated deference given to the PTAB as an administrative agency. *See, Dickinson v. Zurko*, 527 U.S. 150, 164-165 (1999).

In *Dickinson v. Zurko*, the U.S. Supreme Court stated that the clearly erroneous standard of review under Rule 52(a) "govern appellate court review of findings of fact made by a district court judge." *Id.*, at p. 153. However, the Supreme Court held that the standard of review for a decision from a federal

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administrative agency in the United States, such as the USPTO, is specified in the Administrative Procedure Act (APA), specifically in 5 U.S.C. § 706. *Id*. at p. 152. As such, factual findings of the PTAB are given deference unless those findings are unsupported by substantial evidence, or are arbitrary or capricious. *See, id.*, *at p.161*; *see also Kappos v. Hyatt* 132 S. Ct. 1690, 1694 (2012) (restating the "Federal Circuit should set aside the PTO's factual findings only if they are 'unsupported by substantial evidence'"). Evidence is substantial if "a reasonable mind might accept a particular evidentiary record as adequate to support the finding." *Dickinson* v. *Zurko*, at p. 162.

Now that the high court has enunciated that the Court of Appeals must accord different standards of deference to factual findings depending on whether a district court or the PTAB is the factfinder, the subtle difference between the agency/court standard and the court/court standard may very well produce different outcomes. *See*, *Dickinson v. Zurko.* Patent practitioners should remain mindful of the Supreme Court's additional level of complexity and unpredictability when determining the most beneficial forum for a patent challenge.

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