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Federal Circuit Sides with Patent Office in First IPR Final Written Decision Review

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On February 4, the Federal Circuit affirmed the Patent Trial and Appeal Board's ("PTAB" or "Board") first *inter partes* review ("IPR") Final Written Decision. In fact, *In re Cuozzo Speed Technologies, LLC.* was the first appeal of any IPR Final Written Decision, and it related to the first IPR ever filed. As such, this case was significant not only for its substance, but for what the Federal Circuit said regarding some of the more controversial rules promulgated by the Patent Office for IPR proceedings. With regard to the substance of this case, the Federal Circuit agreed with the Board that the reviewed claims in Cuozzo's patent were invalid as obvious over the prior art. In this case, the claimed technology was directed to indicating speed limits at particular locations on GPS units. The 2-1 decision was written by Judge Dyk and joined by Judge Clevenger. Judge Newman dissented, in part, because she believed that several rulings of the PTAB were contrary to the legislative intent behind the creation of the PTAB and IPR proceedings.

One of the first issues resolved by the Federal Circuit was whether it could review the Board's decision to institute an IPR proceeding in the first place. Importantly, the Federal Circuit held that the statute barred any such review, even when the institution is contrary to the plain language of the statute. In this case, the Board instituted the review on grounds not specifically identified in the petition, although all of the art the Board cited was found therein. The Federal Circuit's decision, however, did not note this distinction as significant. Instead, it went on to state that even if the Board were to go beyond the statute and institute an IPR based on prior public use, such an action would not be appealable. The Federal Circuit suggested that mandamus might be available when the Board exceeds its authority, but even that was not certain. A petitioner would first need to demonstrate that mandamus relief was not barred by the statute, that it had a clear and indisputable right to the issuance of a writ, and that the writ was

appropriate under the circumstances. The Federal Circuit indicated that none of these elements had been demonstrated in this case.

The issue that was probably the most closely watched in this appeal was whether the PTAB properly adopted the “broadest reasonable interpretation” standard for claim construction. The Federal Circuit affirmed that it did. The use of this standard has been strongly criticized and is generally disfavored by the patent community. As Judge Newman pointed out in her dissent, IPR proceedings before the PTAB were meant to be a surrogate for district court litigations on validity. In district court litigations, the standard for claim construction is the “ordinary and customary meaning” taking into account both intrinsic and extrinsic evidence. Judge Newman complained that the goal of IPR proceedings has been frustrated because of the use of these two different standards. One of the justifications for the adoption of the broadest-reasonable-interpretation standard by the Patent Office was that a patentee can amend its claims in an IPR proceeding. As Judge Newman noted, however, the ability to amend claims has been almost entirely illusory. In over two years, only two sets of claim amendment motions have been granted by Board. In any event, the Federal Circuit held that adoption of the broadest-reasonable-interpretation standard was consistent with the legislative history, even though it had to admit that this was limited to an inference “that Congress impliedly adopted the existing rule of adopting the broadest reasonable construction.” The Federal Circuit also noted that adoption of this standard was within the rulemaking authority of the PTO as established by the statute, and a *Chevron* analysis dictates deference in this case.

With regard to whether this case contains any significant pronouncements about whether the PTAB is properly handling motions for claim amendments, the holding is fairly limited. Both the statute and the rules prohibit claim amendments that broaden the scope of the claims. The Federal Circuit cited cases in the reissue and reexamination context in clarifying 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 the proposed claim amendment in this case would have encompassed a new embodiment, the Federal Circuit affirmed the denial of the motion to amend.

A take home lesson from this case for anyone practicing before the PTAB is that you should not leave any of your cards on the proverbial table. If you are unsuccessful in challenging or defending a patent before the PTAB, you should not expect the Federal Circuit to come to your rescue with an easy reversal. This case makes clear the Federal Circuit’s willingness to defer to

the PTAB on issues of both substance and procedure. This may not be surprising, however, in view of the deluge of IPR appeals that the Federal Circuit is anticipating very shortly.

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The opinion can be found at <http://www.cafc.uscourts.gov/opinions-orders/search/report.html>.

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