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Client Alert Commentary

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Supreme Court Affirms PTAB's "Broadest Reasonable" Claim Construction Standard

Supreme Court sides with Patent Office's rulemaking authority.

On Monday, June 20, 2016, the US Supreme Court issued its eagerly awaited *Cuozzo*[1] decision, affirming the Federal Circuit's decision.[2] Specifically, the Court:

- Unanimously affirmed the Patent Office's application of the broadest reason interpretation (BRI) in claim construction in PTAB proceedings — finding it to be a reasonable exercise of the Patent Office's rulemaking authority.

- In a majority opinion, against the dissent of two justices, confirmed that the America Invents Act (AIA) bars challenges to the Patent Office's decision to institute *inter partes* review. 35 U.S.C. § 314(d)

BRI Claim Construction Standard

The Supreme Court upheld the Patent Office's use of the BRI standard, rejecting Cuozzo's argument that the Patent Office should be required to use ordinary meaning, the standard used in district courts.

Justice Stephen Breyer, writing for a unanimous Court, analyzed the Patent Office's use of BRI under *Chevron* deference, which holds that agencies have leeway to enact reasonable rules when a statute is ambiguous. Because the AIA does not specify the proper claim construction standard for inter partes review, the Court found it was reasonable for the Patent Office to use BRI, consistent with the Patent Office use in other contexts for over 100 years.

The Court concluded that the Patent Office's regulation requiring BRI "represents a reasonable exercise of the rulemaking authority that Congress delegated to the patent office." *Cuozzo*, J. Breyer Op. at 17. "For one thing, construing a patent claim according to its broadest reasonable construction helps to protect the public. A reasonable, yet unlawfully broad claim might discourage the use of the invention by a member of the public." *Id.*

In reaching this conclusion, the Court rejected Cuozzo's arguments that BRI results in too many patents being invalidated. First, the opportunity to amend means that the use of BRI is "not unfair to the patent holder in any obvious way." *Id.* at 18–19. Second, the patent system has long recognized different tracks in the Patent Office and district courts, supporting the use of different claim construction standards.

No Appeal of Institution Decision

The Court also decided that the Patent Office's decision whether to institute AIA review cannot be challenged on appeal — although this ruling drew a dissent by two justices.

Justice Breyer's majority opinion emphasized the express language of the statute, which says that the Patent Office's institution decision is "*final and non-appealable*." Thus, a contrary ruling "would undercut one important congressional objective, namely, giving the Patent Office significant power to revisit and revise earlier patent grants." *Id.* Aa 8. As he wrote: "We doubt that Congress would have granted the patent office this authority . . . if it had thought that the agency's final decision could be unwound under some minor statutory technicality related to its preliminary decision to institute inter partes review." *Id.*

The Court did conclude that while ordinary issues in institution decisions are not reviewable, serious constitutional questions about whether the Patent Office exceeded its authority might still be reviewable under the Administrative Procedures Act. The majority's opinion "do[es] not categorically preclude review of a final decision where a petition fails to give 'sufficient notice' such that there is a due process problem with the entire proceeding, nor does our interpretation enable the agency to act outside its statutory limits by, for example, cancelling a patent claim for 'indefiniteness under §112.'" *Id.* at 11.

Justice Samuel Alito wrote the dissent, joined by Justice Sonia Sotomayor. In his view, the Patent Office's decision to institute inter partes review cannot be immediately appealed, but findings in such decisions should be reviewable during an appeal of a final decision.

Conclusion

Cuozzo likely leaves the status quo in place, and PTAB proceedings at the Patent Office remain a powerful tool for challenging patents. The Patent Office and courts will continue to try to find a proper balance between the rights of petitioners and patent owners.

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Endnotes

[1] *Cuozzo Speed Technologies, LLC v. Lee*, No. 15-446, slip. op. (June 20, 2016); 579 U.S. ___ (2016), *available at* http://www.supremecourt.gov/opinions/15pdf/15-446_ihdk.pdf.

[2] *In re Cuozzo Speed Technologies, LLC*, 793 F. 3d 1268 (Fed. Cir. 2015)