

The Patent Trial and Appeal Board’s Evolving Impact on Claim Construction

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I. Introduction

Claim construction – the process by which the meanings of terms in a patent claim are determined – is central to nearly every patent case.¹ Both validity and in-

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¹ KIMBERLY A. MOORE, TIMOTHY R. HOLBROOK, & JOHN F. MURPHY, PATENT LITIGATION AND STRATEGY 321 (West, 4th ed. 2013).

fringement hinge on the meaning of the patent claims.² The development of the various doctrines governing claim construction generally has been the province of the courts. Although examiners, formerly the Board of Patent Appeals and Interferences (BPAI), and now the Patent Trial and Appeal Board (PTAB) at the U.S. Patent and Trademark Office (USPTO) often construe claims, they have had little impact on the development of claim construction doctrine more broadly. There are reasons for this lack of impact. Before the advent of quasi-adversarial procedures at the USPTO, examination tended to emphasize explicit claim construction less, focusing more on the give and take between the examiner and the applicant.³ Unlike the district courts, the USPTO also only deals with validity and not infringement, so the agency only confronts part of the claim scope issue. The USPTO also applies a unique claim construction standard for patent applications and extant patents, the “broadest reasonable interpretation” (BRI) standard.⁴ The rationale for this standard is that the USPTO is assessing the outer reaches of a patent claim to determine its validity, and the applicant is free to amend the claim to narrow its scope in response. This standard differs from that used in the district courts during litigation proceedings.

This situation seems poised to change. Because the relatively-new *inter partes* review (IPR) and post grant review (PGR) procedures are designed in ways to act as a cheaper alternative to district court litigation as to validity, these proceedings are garnering more attention and influence. The PTAB engages in far more formal claim construction than examiners had in the past. Recent decisions suggest that it is beginning to resist a key aspect of claim construction: prosecution disclaimer.⁵ If the PTAB begins to reject such disclaimers, then the district courts may come to view the record at the USPTO far differently regarding its claim construction. Moreover, the PTAB’s formal constructions potentially could serve as issue preclusion in related district court litigation, even with the BRI standard.

This Article explores the potential impact the PTAB could have on broader claim construction doctrine. It starts by offering an overview of claim construction in the courts and in the USPTO. It then considers the potential unintended consequence of a particular Federal Circuit decision, *Marine Polymer*. *Marine Polymer* decided a seemingly narrow question: whether the defense of intervening rights could be triggered only by a narrowing amendment at the USPTO or whether a dis-

² *Id.*

³ *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1297, 1300 (Fed. Cir. 2015) (Newman, J., dissenting from rehearing en banc) (“Specifically, we have long explained that the broadest reasonable interpretation standard is a useful tool, prior to patent issuance, for clarifying the metes and bounds of an invention during the back-and-forth between the applicant and examiner when claims are not yet in their final form.”); *In re Buszard*, 504 F.3d 1364, 1368 (Fed. Cir. 2007) (“In other words, unlike a district court in an infringement suit, there is no need for the Board [or this court] to engage in a complicated, in-depth claim construction analysis during patent prosecution.”).

⁴ *Cuozzo Speed Techs., LLC v. Lee*, No. 15-446, 2016 WL 3369425, at *10 (U.S. June 20, 2016).

⁵ See generally Todd R. Miller, *The “Doctrine of Prosecution Disclaimer” in Construing Patent Claims*, 86 J. PAT. & TRADEMARK OFF. SOC’Y 931 (2004).

claimer of claim scope could also create intervening rights. The court decided the former such that disclaimers of claim scope, absent an amendment, do not trigger intervening rights. A number of PTAB decisions have taken this holding more broadly, prohibiting parties in IPR proceedings from arguing for any disclaimer. Patent holders in this position can be in a bit of a bind because the PTAB has also been very reluctant to allow patent claim amendments during IPR proceedings. If the Federal Circuit agrees with the PTAB's approach, it could signal a waning of the use of prosecution disclaimer.

The PTAB's approach presents some interesting issues that the next part of the Article explores. It examines the difference between a formal claim construction by an examiner or the PTAB versus the seemingly implicit construction that is reflected in prosecution disclaimer doctrine. At times the Federal Circuit has noted it is not bound by USPTO constructions yet, in estoppel-like fashion, it does bind the patent holder to potentially narrowing arguments made during a USPTO proceeding. What really is the difference? And if the USPTO is increasingly performing formal claim construction, what role, if any, remains for prosecution disclaimer? The estoppel provisions, and collateral estoppel, may step in to eliminate the use of prosecution disclaimer, as we have previously seen in claim construction, at least for those patents that go through IPR proceedings.⁶

Finally, this Article explores the potential for issue preclusion to arise from PTAB claim constructions. The Supreme Court recently affirmed the use of BRI in IPR proceedings, which means the claim construction standard between PTAB post-issuance proceedings and district courts will continue to differ.⁷ Nevertheless, the potential for issue preclusion remains. The Supreme Court held, in *B & B Hardware, Inc. v. Hargis Industries, Inc.*, that a decision by the Trademark Trial and Appeal Board (TTAB) can preclude relitigation of the issue of likelihood of consumer confusion, even though that standard varies widely across the country.⁸ This Article considers the parallel situation of PTAB claim construction determinations in light of that Supreme Court precedent, concluding that issue preclusion very well may arise from PTAB claim construction determinations.

II. Claim Construction in the Courts and at the USPTO

Claim construction is the means by which a decision-maker— a court, examiner, or the PTAB—assesses the meaning and scope of the claims in a patent. This section explores the methodology and standards used by the courts and the USPTO in construing patent claims.

⁶ An interesting empirical question is whether examiners in regular examination, reexamination, or reissuance proceedings are beginning to be more formal about their claim constructions in reaction to the more formal procedures used by the PTAB.

⁷ *Cuozzo*, 2016 WL 3369425, at *10.

⁸ 135 S.Ct. 1293 (2015); see *infra* notes 117-156 and accompanying text.

A. *Claim Construction in the Courts and the Phillips Hierarchy*

Claim construction is perhaps the single most important issue in patent litigation.⁹ It drives much of the argument in what have become known as *Markman* hearings in homage to the Supreme Court's decision giving judges, not juries, responsibility for interpreting a patent's claims.¹⁰ Claim construction, in theory, is relevant for both infringement and validity, and a court must interpret the claims as having the same scope for both inquiries. It is legal error to construe a claim one way for validity purposes and in a different way for infringement.

Unsurprisingly, the courts have produced a voluminous paper trail of judicial opinions interpreting patent claims. Commentators have also created a cottage industry of empirical and theoretical investigations into claim construction.¹¹ While one can question the consistency and predictability of claim construction within the courts, the methodology is well-established.

Patent claims are generally given their customary and ordinary meaning from the perspective of a person having ordinary skill in the art (PHOSITA) at issue.¹² When courts are construing the claims, in contrast to the USPTO, the goal is to "seek out the correct construction—the construction that most accurately delineates the scope of the claimed invention."¹³ The primary evidence used to construe a patent claim is the public record, known as the intrinsic evidence. This includes the patent claims, the patent specification, and the record before the USPTO of the prosecution of the patent application (known as the "prosecution history"). Intrinsic evidence is viewed as part of the purely legal aspect of claim construction, such that no deference is due a district court's evaluation of this record on appeal.¹⁴ A court

⁹ See Dan L. Burk & Mark A. Lemley, *Fence Posts or Sign Posts? Rethinking Patent Claim Construction*, 157 U. PA. L. REV. 1743, 1751 (2009) ("there is essentially always a dispute over the meaning of the patent claims.").

¹⁰ See *Markman v. Westview Instruments*, 517 U.S. 370 (1996).

¹¹ A very small sample includes: J. Jonas Anderson & Peter S. Menell, *Informal Deference: A Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 Nw. U. L. Rev. 1 (2013); Burk & Lemley, *supra* note 9; Richard S. Gruner, *How High Is Too High?: Reflections on the Sources and Meaning of Claim Construction Reversal Rates at the Federal Circuit*, 43 LOY. L.A. L. REV. 981, 984 (2010); Jeffrey A. Lefstin, *Claim Construction, Appeal, and the Predictability of Interpretive Regimes*, 61 U. MIAMI L. REV. 1033 (2007); Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231 (2005); Kristen Osenga, *Linguistics and Patent Claim Construction*, 38 RUTGERS L.J. 61 (2006); David L. Schwartz, *Practice Makes Perfect? An Empirical Study of Claim Construction Reversal Rates in Patent Cases*, 107 MICH. L. REV. 223 (2008).

¹² See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005) ("We have frequently stated that the words of a claim 'are generally given their ordinary and customary meaning.' We have made clear, moreover, that the ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art. . . .") (citations omitted).

¹³ *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 815 F.3d 734, 740 (Fed. Cir. 2016).

¹⁴ See *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015) ("As all parties agree, when the district court reviews only evidence intrinsic to the patent (the patent claims and specifications, along with the patent's prosecution history), the judge's determination will amount solely

may also rely on factual, extrinsic evidence such as treatises, other patents, dictionaries, and expert testimony.¹⁵

The starting point is, of course, the patent document itself. Most important are the claims in the patent, which serve to demarcate the scope of the patent holder's exclusive rights.¹⁶ The Federal Circuit has noted that a court should consider both the claims asserted in the case along with unasserted ones,¹⁷ as the language differences between them may shed light on the scope of the claims.¹⁸

In addition to the claims, the patent document also includes a description of the invention, known as the specification.¹⁹ The specification discloses and explains the claimed invention.²⁰ Because the patent is "a fully integrated written instrument,"²¹ a patent's claims, "must be read in view of the specification."²² "Thus, the specification is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term."²³ The patent applicant can act as her own lexicographer, using the specification to afford a term a unique, particular meaning.²⁴ A patent applicant can also disavow claim scope through representations made in the specification.²⁵ Such surrender can operate in a manner akin to the way the prosecution history is used to narrow claim

to a determination of law, and the Court of Appeals will review that construction *de novo*.").

¹⁵ *Id.*

¹⁶ See 35 U.S.C. § 112(b) (2013). See also Timothy R. Holbrook, *Patents, Presumptions, and Public Notice*, 86 IND. L.J. 779, 785 (2011) ("A claim acts as the metaphorical 'fence' that determines the scope of the patentee right.").

¹⁷ See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005) (en banc) ("Other claims of the patent in question, both asserted and unasserted, can also be valuable sources of enlightenment as to the meaning of a claim term.").

¹⁸ See *id.* ("Differences among claims can also be a useful guide in understanding the meaning of particular claim terms.").

¹⁹ See 35 U.S.C. § 112(b). Technically, the claims are part of the specification. The convention is to discuss the specification as if it is different from the claims, even though this is inaccurate.

²⁰ 35 U.S.C. § 112(a) (requiring a written description of the invention and of how to make and use it).

²¹ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 978 (Fed. Cir. 1995) (en banc) *aff'd*, 517 U.S. 370 (1996).

²² *Id.* at 979.

²³ *Vitronics Corp. v. Conceptor, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996).

²⁴ See *id.* ("Although words in a claim are generally given their ordinary and customary meaning, a patentee may choose to be his own lexicographer and use terms in a manner other than their ordinary meaning, as long as the special definition of the term is clearly stated in the patent specification or file history.").

²⁵ See *Hill-Rom Servs., Inc. v. Stryker Corp.*, 755 F.3d 1367, 1371 (Fed. Cir. 2014) ("We depart from the plain and ordinary meaning of claim terms based on the specification in only two instances: lexicography and disavowal."); *SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337, 1341 (Fed. Cir. 2001) ("Where the specification makes clear that the invention does not include a particular feature, that feature is deemed to be outside the reach of the claims of the patent, even though the language of the claims, read without reference to the specification, might be considered broad enough to encompass the feature in question."). For a discussion of the evolution of this doctrine, see Timothy R. Holbrook, *Substantive Versus Process-Based Formalism in Claim Construction*, 9 LEWIS & CLARK L. REV. 123, 139-43 (2005).

scope, although such surrender is not volitional and may arise for reasons unrelated to patentability.²⁶

Turning to the role of the prosecution history in claim construction, a court may also consider the prosecution history of the patent to inform its analysis.²⁷ The prosecution history, while important, is viewed as secondary to the specification and claims.²⁸ Nevertheless, it is part of the intrinsic evidence and is to be considered if available and in evidence.²⁹ Anything within the prosecution record is considered part of the intrinsic record, including other patents and prior art cited during the prosecution.³⁰ The prosecution history of patents related to the patent-at-issue may also be considered.³¹

Generally, the use of the prosecution history is uncontroversial. The Supreme Court has long used the prosecution history to limit the scope of a patent,³² particu-

²⁶ See *Holbrook*, *supra* note 25, at 142-44. Cf. *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 30-31 (1997) (“In each of our cases cited by petitioner and by the dissent below, prosecution history estoppel was tied to amendments made to avoid the prior art, or otherwise to address a specific concern—such as obviousness—that arguably would have rendered the claimed subject matter unpatentable.”).

²⁷ See *Markman*, 52 F.3d at 980 (“[T]he court should also consider the patent’s prosecution history, if it is in evidence.”).

²⁸ See *Phillips*, 415 F.3d at 1317 (“[B]ecause the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes.”).

²⁹ *Id.* (“Nonetheless, the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be.”).

³⁰ See *Vitronics Corp.*, 90 F.3d at 1583 (“Included within an analysis of the file history may be an examination of the prior art cited therein.”).

³¹ See, e.g., *Regents of U. of Minnesota v. AGA Med. Corp.*, 717 F.3d 929, 942 (Fed. Cir. 2013) (“We have also held that a disclaimer made during the prosecution of a patent application may operate as a disclaimer with respect to later patents of the same family.”); *Netcraft Corp. v. eBay, Inc.*, 549 F.3d 1394, 1401-02 (Fed. Cir. 2008). The claim language in the related applications must be similar to trigger disclaimer. *Regents of U. of Minnesota*, F.3d 929 at 943 (“Thus, our cases establish that the two patents must have the same or closely related claim limitation language. If the language of the later limitation is significantly different, the disclaimer will not apply.”). Courts have also relied upon the prosecution histories of related patent applications from foreign patent offices, though such records would be extrinsic evidence. See, e.g., *Tanabe Seiyaku Co. v. U.S. Int’l Trade Comm’n*, 109 F.3d 726, 733 (Fed. Cir. 1997) (“In the present case, the representations made to foreign patent offices are relevant to determine whether a person skilled in the art would consider butanone or other ketones to be interchangeable with acetone in Tanabe’s claimed N-alkylation reaction.”); *Caterpillar Tractor Co. v. Berco, S.P.A.*, 714 F.2d 1110, 1116 (Fed. Cir. 1983). See generally Timothy R. Holbrook, *Territoriality Waning? Patent Infringement for Offering in the United States to Sell an Invention Abroad*, 37 U.C. DAVIS L. REV. 701, 714-17 (2004) (discussing examples of use of foreign prosecution histories). But see, *Pfizer, Inc. v. Ranbaxy Labs. Ltd.*, 457 F.3d 1284, 1290 (Fed. Cir. 2006) (“[T]he statements made during prosecution of foreign counterparts to the ‘893 patent are irrelevant to claim construction because they were made in response to patentability requirements unique to Danish and European law.”).

³² See *Schreiber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 220-221 (1940); *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 227 (1880) (“We do not mean to be understood as asserting

larly with respect to equivalents available to a patent holder under the doctrine of prosecution history estoppel.³³ The Supreme Court has only applied the prosecution history in this limiting fashion in the presence of actual claim amendments.

The Federal Circuit takes a more capacious view of the use of prosecution history and has extended its relevance beyond the Supreme Court's applications. Under the Federal Circuit's jurisprudence, arguments made during the prosecution history alone can result in the surrender of certain equivalents.³⁴ Such argument-based surrender differs from the Supreme Court's approach in terms of prosecution history estoppel because courts "do not presume a patentee's arguments to surrender an entire field of equivalents through simple arguments and explanations to the patent examiner."³⁵ The Federal Circuit justifies the use of the prosecution history in this way on the basis of public notice: "prosecution disclaimer promotes the public notice function of the intrinsic evidence and protects the public's reliance on definitive statements made during prosecution."³⁶

The Federal Circuit has dubbed the use of the prosecution history in this estoppel-like function "prosecution disclaimer."³⁷ The court has expressly drawn com-

that any correspondence between the applicant for a patent and the Commissioner of Patents can be allowed to enlarge, diminish, or vary the language of a patent afterwards issued. Undoubtedly a patent, like any other written instrument, is to be interpreted by its own terms. But when a patent bears on its face a particular construction, inasmuch as the specification and claim are in the words of the patentee, it is reasonable to hold that such a construction may be confirmed by what the patentee said when he was making his application."

³³ See, e.g., *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002) ("Estoppel is a 'rule of patent construction' that ensures that claims are interpreted by reference to those 'that have been cancelled or rejected.'") (quoting *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 220-221 (1940)); *Warner-Jenkinson*, 520 U.S. at 30 ("We can readily agree with petitioner that *Graver Tank* did not dispose of prosecution history estoppel as a legal limitation on the doctrine of equivalents."); see also *Omega Eng'g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1323 (Fed. Cir. 2003) ("The doctrine of prosecution disclaimer is well established in Supreme Court precedent, precluding patentees from recapturing through claim interpretation specific meanings disclaimed during prosecution."). The doctrine of equivalents affords protection to a patent that does not literally cover a particular device but nevertheless is viewed as insubstantially different. See *Warner-Jenkinson*, 520 U.S. at 1054 ("An analysis of the role played by each element in the context of the specific patent claim will thus inform the inquiry as to whether a substitute element matches the function, way, and result of the claimed element, or whether the substitute element plays a role substantially different from the claimed element."). See generally Timothy R. Holbrook, *Equivalency and Patent Law's Possession Paradox*, 23 HARV. J.L. & TECH. 1, 16 (2009) ("Specifically, if a limitation of the claim is not literally present in the accused device, there may yet be infringement if that component is considered equivalent to what was claimed.").

³⁴ See *Deering Precision Instruments, L.L.C. v. Vector Distribution Sys., Inc.*, 347 F.3d 1314, 1326 (Fed. Cir. 2003) ("To invoke argument-based estoppel, the prosecution history must evince a 'clear and unmistakable surrender of subject matter.'") (quoting *Eagle Comtronics, Inc. v. Arrow Comm'n. Labs., Inc.*, 305 F.3d 1303, 1316 (Fed. Cir. 2002)).

³⁵ *Conoco, Inc. v. Energy & Envtl. Int'l, L.C.*, 460 F.3d 1349, 1364 (Fed. Cir. 2006).

³⁶ *Omega Eng'g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1324 (Fed. Cir. 2003).

³⁷ See Holbrook, *supra* note 16, at 137-39 (exploring the evolution of prosecution disclaimer doctrine).

parisons between prosecution history estoppel as a limit on the doctrine of equivalents and prosecution disclaimer as a limit on literal claim scope.³⁸ The disclaimer can arise even if the USPTO did not rely upon the representations.³⁹ The standard for surrender, though, is exacting.⁴⁰ Claim scope is only lost if there is a “clear and unmistakable surrender.”⁴¹ If there is some ambiguity in the statement, then there will be no disclaimer.⁴² Any statements must be quite clear to trigger any sort of surrender.⁴³

The use of the prosecution history is not limited to the original prosecution before the USPTO. The Federal Circuit has held that such disclaimer can arise in subsequent proceedings at the USPTO, including reissuance,⁴⁴ *ex parte* reexamination,⁴⁵ *inter partes* reexamination,⁴⁶ and, seemingly, IPR⁴⁷ and PGR.⁴⁸

³⁸ See *Trivascular, Inc. v. Samuels*, No. 2015-1631, 2016 WL 463539, at *4 (Fed. Cir. Feb. 5, 2016) (“The same general tenets that apply to prosecution history estoppel apply to prosecution history disclaimer.”); *Alpex Computer Corp. v. Nintendo Co.*, 102 F.3d 1214, 1221 (Fed. Cir. 1996) (“Just as prosecution history estoppel may act to estop an equivalence argument under the doctrine of equivalents, positions taken before the PTO may bar an inconsistent position on claim construction under § 112, ¶ 6.”).

³⁹ See *Fenner Inv., Ltd. v. Celco P’ship*, 778 F.3d 1320, 1325 (Fed. Cir. 2015) (“However, the interested public has the right to rely on the inventor’s statements made during prosecution, without attempting to decipher whether the examiner relied on them, or how much weight they were given.”).

⁴⁰ See *Avid Tech., Inc. v. Harmonic, Inc.*, 812 F.3d 1040, 1045 (Fed. Cir. 2016) (“When the prosecution history is used solely to support a conclusion of patentee disclaimer, the standard for justifying the conclusion is a high one.”).

⁴¹ *Omega Eng’g, Inc.*, 334 F.3d at 1323 (disclaimer if “the patentee unequivocally imparted a novel meaning to those terms or expressly relinquished claim scope during prosecution.”).

⁴² See *Cordis Corp. v. Medtronic AVE, Inc.*, 339 F.3d 1352, 1359 (Fed. Cir. 2003) (“The statement is amenable to multiple reasonable interpretations and it therefore does not constitute a clear and unmistakable surrender.”).

⁴³ See *Gammino v. Sprint Commc’ns Co., L.P.*, 577 F. App’x 982, 989 (Fed. Cir. 2014) (“Gammino’s repeated and unqualified statements that his claimed invention will block ‘all international calls’ extend beyond merely illuminating ‘how the inventor understood the invention,’ Phillips, 415 F.3d at 1317, and provide an affirmative definition for the disputed claim terms.”); *Golden Bridge Tech., Inc. v. Apple Inc.*, 758 F.3d 1362, 1366 (Fed. Cir. 2014) (“However, this is not a typical IDS, and GBT did more than simply disclose potentially material prior art. It submitted its own stipulated construction of a claim term in the context of the particular patents being reexamined (‘267 patent) and prosecuted (‘427 patent). This is a clear and unmistakable assertion by the patentee to the PTO of the meaning and scope of the term preamble.”).

⁴⁴ See *AstraZeneca UK Ltd. v. Watson Labs., Inc.*, 905 F. Supp. 2d 589, 594 (D. Del. 2012) (exploring and rejecting disclaimer from reissuance); *Paradox Sec. Sys. Ltd. v. ADT Sec. Servs., Inc.*, 710 F. Supp. 2d 590, 602 (E.D. Tex. 2008) (disclaimer during reissuance proceeding).

⁴⁵ See *Golden Bridge Tech.*, 758 F.3d at 1366 (Fed. Cir. 2014) (disclaimer triggered by reexamination).

⁴⁶ See *Grober v. Mako Prods., Inc.*, 686 F.3d 1335, 1341 (Fed. Cir. 2012) (“Statements made during reexamination can also be considered in accordance with this doctrine.”).

⁴⁷ *Samuels v. Trivascular Corp.*, No. 13-CV-02261-EMC, 2015 WL 7015330, at *6 n.3 (N.D. Cal. Nov. 12, 2015) (“At least two judges in this District have noted that prosecution disclaimer has viability in IPR proceedings, even though an IPR is technically an adjudicative proceeding rather than an examination.”); *Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, No. C-13-03587,

With IPRs and potentially PGRs more closely paralleling district court litigation, the role of claim construction at the USPTO is becoming more formal. The administrative judges of the PTAB generally offer specific claim construction determinations in response to the briefing of the parties in a manner very similar to the results of *Markman* hearings in district court litigation. The next section explores the rules of claim construction at the USPTO.

B. USPTO's Claim Construction Methodology

In construing a patent, the USPTO generally looks to the claim language and the specification, the two most important considerations per *Phillips*. During the initial examination, there is no prosecution history, of course, but even in post-grant settings for unexpired patents, however, the USPTO typically does not rely on earlier prosecution history in performing claim construction.⁴⁹ There is no formal rule against consulting earlier prosecution histories, and the Federal Circuit has suggested such consideration may be appropriate.⁵⁰ The PTAB has occasionally used earlier prosecution records in claim construction.⁵¹ But, for the most part, the PTAB

2014 WL 4802426, at *4 (N.D. Cal. Sept. 26, 2014) (“Statements made by Evolutionary Intelligence during the IPR could disclaim claim scope, aid the court in understanding the meaning of the terms, or otherwise affect the interpretation of key terms.”). Comments made by a patent holder during inter partes reexamination proceedings can limit claim scope. *See Grober v. Mako Prods.*, 686 F.3d 1335, 1341 (Fed.Cir.2012) (“When a patentee makes a ‘clear and unmistakable disavowal of scope during prosecution,’ a claim’s scope may be narrowed under the doctrine of prosecution disclaimer. Statements made during reexamination can also be considered in accordance with this doctrine. . . [T]he doctrine of prosecution disclaimer only applies to unambiguous disavowals.”); *Pragmatus AV, LLC v. Yahoo! Inc.*, No. C-13-1176 EMC, 2014 WL 1922081, at *5 (N.D. Cal. May 13, 2014) (“The same should be true now that inter partes review, rather than inter partes reexamination, is in effect.”).

⁴⁸ There have been very few PGR proceedings, so there has yet to be occasion to assess whether disclaimer will arise. Given the similarity to IPR, however, one would expect it to apply to those proceedings as well.

⁴⁹ *See* 37 C.F.R. § 42.100(b) (2015) (“A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”). Note the conspicuous failure to mention earlier prosecution records. *See, e.g., Corning Optical Comms. RF, LLC v. PPC Broadband, Inc.*, IPR2013-00342, 2014 WL 6680906, at *4 (Patent Tr. & App. Bd. Nov. 21, 2014) (discussing only claims and specification), *aff’d-in-part, vacated-in-part, and remanded* Nos. 2015-1361, 2015-1366, 2015-1368, 2015-1369, slip op. at 2 (Fed. Cir. Feb. 22, 2016).

⁵⁰ *See* *Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 978 (Fed. Cir. 2014) (“This court also observes that the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner. However, in this instance, the PTO itself requested Tivoli rewrite the ‘non-photoluminescent’ limitation in positive terms. Tivoli complied, and then supplied clarification about the meaning of the ‘inert to light’ limitation.”); *see also* *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015) (“The PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.”).

⁵¹ *See, e.g., Apple, Inc. v. VirnetX Inc.*, IPR2014-00481, 2015 WL 5047986, at *6 (Patent Tr. & App. Bd. Aug. 24, 2015) (discussing, though rejecting, disclaimer arguments made by patent owner); *Hulu, LLC v. Intertainer, Inc.*, Appeal 2015-005565, 2015 WL 5734596, at *7 (Patent Tr. &

does not rely upon prosecution records in the same way that district courts do, and it has made clear that they are not obligated in any way to follow such disclaimers.⁵² This failure to consider routinely earlier prosecution files further distances the USPTO claim construction from that of the courts.

Another key difference between the way the courts and the USPTO perform claim construction is the USPTO's application of the BRI for patent applications and unexpired issued patents.⁵³ It uses this standard not only in the initial examination but also in various post-issuance proceedings.⁵⁴ This has been the governing standard at the USPTO for over a century.⁵⁵ The USPTO uses this approach because the agency's role is to explore the outer boundaries of a patent or patent application to see where it may transgress the prior art.⁵⁶ Giving it the broadest, yet importantly reasonable, interpretation means that it will run afoul of more prior art, and the applicant can then amend the claims to narrow its scope and avoid that prior art.⁵⁷

App. Bd. September 29, 2015) (considering and rejecting prosecution disclaimer).

⁵² See *Apple*, 2015 WL 5047986 at *3 (noting “the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.”) (quoting *Tempo Lighting*, 742 F.3d at 978); *Hulu*, 2015 WL 5734596 at *7 (“Although the Office is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, the prosecution history of the ‘592 patent does not limit the construction of the link program to a single link program.”) (citation omitted).

⁵³ See 37 C.F.R. § 42.100(b); MPEP § 2111. It is possible for expired patents to be reviewed at the USPTO given that it could impact pre-expiration damages. If the patent has expired, the USPTO applies the *Phillips* standard, including any prosecution history, in large part because the patent holder no longer has the ability to amend the claims of an expired patent. See *In re Rambus, Inc.*, 753 F.3d 1253, 1256 (Fed. Cir. 2014) (“If, as is the case here, a reexamination involves claims of an expired patent, a patentee is unable to make claim amendments and the PTO applies the claim construction principles outlined by this court in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed.Cir.2005).”); MPEP § 2258(g).

⁵⁴ See *In re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984) (“The same policies warranting the PTO's approach to claim interpretation when an original application is involved have been held applicable to reissue proceedings because the reissue provision, 35 U.S.C. § 251, permits amendment of the claims to avoid prior art. The reexamination law, set forth below, gives patent owners the same right.”) (citations omitted); see also *Cuozzo Speed Techs., LLC v. Lee*, No. 15-446, 2016 WL 3369425, at *12 (U.S. June 20, 2016) (affirming use of BRI standard for IPRs). For a discussion of the implications of *Cuozzo*, see *infra* Section IV.

⁵⁵ See *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1276 (Fed. Cir. 2015) (“[T]he broadest reasonable interpretation standard has been applied by the PTO and its predecessor for more than 100 years in various types of PTO proceedings. . . . For more than a century, courts have approved that standard.”), *aff'd sub nom.*, *Cuozzo Speed Techs.*, 2016 WL 3369425.

⁵⁶ See *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

⁵⁷ See *PPC Broadband, Inc. v. Corning Optical Commc'n. RF, LLC*, 815 F.3d 734, 740 (Fed. Cir. 2016) (“While broadly construing claim language increases the likelihood that otherwise distinguishable prior art will render the claimed invention anticipated or obvious, the patentee can amend the claim language during prosecution—and narrow it if necessary—to clarify the scope of the invention and avoid rejection or cancellation of the claims.”); *In re Prater*, 415 F.2d 1393, 1404-05 (C.C.P.A. 1969) (“claims yet unpatented are to be given the broadest reasonable interpretation consistent with the specification during the examination of a patent application since the ap-

The BRI standard has been criticized, particularly as it is used in the post-grant procedures.⁵⁸ Moreover, one may question whether the difference in standard actually makes much difference.⁵⁹ Nevertheless, both the Supreme Court and the Federal Circuit blessed this standard for IPRs in the *Cuozzo* litigation.⁶⁰

Litigation at the USPTO, particularly in IPRs and PGRs, places a patent holder in a different posture than litigation in the courts. When asserting the patent against a potential infringer, often the patentee will argue for a broader construction so as to ensnare the accused device.⁶¹ Patentees at times have encountered a catch-22 in this regard, however. By advocating a broad construction, they open themselves up to invalidity challenges, to which the courts have been receptive.⁶² At the USPTO,

plicant may then amend his claims, the thought being to reduce the possibility that, after the patent is granted, the claims may be interpreted as giving broader coverage than is justified.”)

⁵⁸ *In re Cuozzo Speed Techs., LLC*, 793 F.3d at 1290-91 (Newman, J., dissenting) (“The new PTO regulation authorizing ‘broadest reasonable interpretation’ in these post-grant proceedings defeats ‘the will of Congress as expressed in the statute’ for it defeats the purpose of substituting administrative adjudication for district court adjudication.” (citation omitted)), *cert. granted sub nom. Cuozzo Speed Techs., LLC v. Lee*, No. 15-446, 2016 WL 205946 (U.S. Jan. 15, 2016). Dawn-Marie Bey & Christopher A. Cotropia, *The Unreasonableness of the Patent Office’s “Broadest Reasonable Interpretation” Standard*, 37 AIPLA Q.J. 285, 288 (2009) (“Not only does the BRI standard fail to provide the advantages touted by the courts that created the standard, the standard is contrary to both the patent statutes and the concept of a unitary patent system.”); Lauren Drake, Note, *Preventing Inequity: Extending Issue Preclusion to Claim Construction During Reexamination of Previously Litigated Patents*, 44 LOY. L.A. L. REV. 749, 762-63 (2011).

⁵⁹ *But see PPC Broadband*, 2016 WL 692368, at *4 (“This case hinges on the claim construction standard applied—a scenario likely to arise with frequency. And in this case, the claim construction standard is outcome determinative.”). As a formal matter, the BRI standard makes application of collateral estoppel based on PTAB claim constructions problematic given the differing legal standard. *See Drake, supra* note 51, at 759-60 (“To implement a form of issue preclusion in patent claim interpretation, the PTO must abandon the broadest reasonable interpretation standard in the limited context of reexamination proceedings of patents that have previously been interpreted during a *Markman* hearing.”); Michael Risch, *The Failure of Public Notice in Patent Prosecution*, 21 HARV. J.L. & TECH. 179, 192 (2007) (“This Article concludes that, while application of the rule does produce an iterative process that corrects some vague claims, the process fails to eliminate many types of ambiguous claims.”).

⁶⁰ *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1275-81 (Fed. Cir. 2015), *aff’d sub nom Cuozzo Speed Techs., LLC v. Lee*, . 15-446, 2016 WL 3369425, at *9, *12 (U.S. June 20, 2016).

⁶¹ There may be cases where the patentee argues for a narrower claim construction if the primary issue is invalidity and there is no question that the claim covers the accused device, even under the narrower construction. The patentee may also want a narrower construction in the face of a declaratory judgment action challenging the patent’s validity, particularly as a counterclaim, if infringement is not truly at issue.

⁶² *See Liebel-Flarsheim Co. v. Medrad, Inc.*, 481 F.3d 1371, 1380 (Fed. Cir. 2007) (“The irony of this situation is that Liebel successfully pressed to have its claims include a jacketless system, but, having won that battle, it then had to show that such a claim was fully enabled, a challenge it could not meet. The motto, ‘beware of what one asks for,’ might be applicable here.”); *Auto. Techs. Int’l, Inc. v. BMW of N. Am., Inc.*, 501 F.3d 1274, 1285 (Fed. Cir. 2007) (quoting *Liebel-Flarsheim* and noting “ATI sought to have the scope of the claims of the ‘253 patent include both mechanical and electronic side impact sensors. It succeeded, but then was unable to demonstrate that the claim was fully enabled. Claims must be enabled to correspond to their scope.”); *Sitrick v.*

however, only the validity of the patent is at issue. Patent holders therefore may want narrower constructions of claims to avoid the prior art and preserve the patent's validity. In IPRs and seemingly PGRs, the USPTO has significantly limited the ability of patent owners to amend the challenged claims.⁶³ Consequently, patentees may prefer to narrow the scope of their claims through arguments and disclaimer.

The USPTO is aware of the role prosecution disclaimer plays in claim construction. Recent cases, however, show that the USPTO, at least in IPRs and potentially PGRs, is stepping away from allowing such disclaimers, or at least away from allowing patent owners to argue for such disclaimers. The source for this shift, however, is a bit surprising as its genesis is in a case that generally is unrelated to claim construction and instead involves a defense to patent infringement.

III. Wither Prosecution Disclaimer?

A number of recent, albeit related, decisions by the PTAB have stated that patent owners will not be able to disclaim subject matter during the proceeding, effectively eviscerating the idea of prosecution disclaimer in IPRs and potentially PGRs. This holding seems at odds with *Phillips* and prior law that notes prosecution disclaimer applies to various proceedings. How did this PTAB panel get to this state of affairs? By interpreting an *en banc* Federal Circuit decision that had nothing to do with claim construction.

A. *Marine Polymer and the Federal Circuit's Characterization of USPTO Practice*

If there is a single *en banc* Federal Circuit patent decision that has generated little conversation in the literature, it has to be *Marine Polymer Technologies, Inc. v. HemCon, Inc.*⁶⁴ The *en banc* court considered a number of issues, but the decision was rather fractured. The district court's judgment on damages was affirmed because the court was evenly split.⁶⁵ Importantly for this Article, however, a slim ma-

Dreamworks, LLC, 516 F.3d 993, 1000 (Fed. Cir. 2008) ("Because the asserted claims are broad enough to cover both movies and video games, the patents must enable both embodiments."). For an argument that instead of invalidating these claims, the courts should use the narrower interpretation that preserves the claim's validity, see Holbrook, *supra* note 19, at 802-03.

⁶³ *In re Cuozzo Speed Techs.*, 793 F.3d at 1287-88 (Newman, J., dissenting) ("patent owners are limited to 'one motion to amend,' and are presumptively limited to substituting one issued claim for one amended claim. 37 C.F.R. § 42.221(a)(3). There is no right of amendment in these new post-grant proceedings, and motions to amend are rarely granted."), *cert. granted sub nom.* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016).

⁶⁴ *See Marine Polymer Technologies, Inc. v. Hemcon, Inc.*, 672 F.3d 1350 (Fed. Cir. 2012) (*en banc*). As of February 15, 2016, the Westlaw database on law reviews and journals lists only sixteen articles that cite the decision.

⁶⁵ *Id.* at 1360 ("The damages award is therefore affirmed by an equally divided court.").

jority of the court did reach a decision on when the defense of intervening rights is available to an accused infringer.⁶⁶

Intervening rights are a statutory defense to patent infringement.⁶⁷ The courts, however, originally created the doctrine to protect infringers from a potential inequity arising from reissuance proceedings.⁶⁸ In reissuance, a patent holder can request that the USPTO reconsider the validity of the claims of a patent “patent is, through error, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent.”⁶⁹ Because the scope of the claims can change, someone relying on the original patent might think they do not infringe or that the original patent was invalid. Such concern is particularly true in the context of reissuance, where a patent holder can *expand* the scope of the patent if they file within two years of the patent issuing.⁷⁰ Imagine being a competitor, thinking you have successfully navigated around a patent, only to discover that you now infringe after it reissues.⁷¹ Courts recognized this potential inequity and created a defense as a result.⁷²

⁶⁶ *Id* at 1362-63.

⁶⁷ *See* 35 U.S.C. § 252, ¶ 2.

⁶⁸ *See Marine Polymer*, 672 F.3d at 1361 (“The doctrine of intervening rights first developed as courts recognized that permitting substantive changes to the scope of patent claims through post-issuance procedures left ‘the door . . . open for gross injustice’ where a third party, having already begun to make, use, or sell a given article, finds its previously lawful activities rendered newly infringing under a modified patent.”) (quoting *Sontag Chain Stores Co. v. Nat’l. Nut Co.*, 310 U.S. 281, 293-95 (1940)).

⁶⁹ 35 U.S.C. § 251 (2011). Before the AIA, any such error had to be made without deceptive intent; the AIA removed that requirement. *See* AIA, PL 112-29, September 16, 2011, 125 Stat 284 § 20(d)(1)(B) (striking “and without deceptive intent”).

⁷⁰ *See Sontag Chain Stores Co. Ltd. v. Nat’l Nut Co. of California*, 310 U.S. 281, 293-94 (1940) (“Recapture within two years of what a patentee dedicates to the public through omission is permissible under specified conditions, but not, we think, ‘at the expense of innocent parties.’”); *see also Ashland Fire Brick Co. v. Gen. Refractories Co.*, 27 F.2d 744, 746 (6th Cir. 1928) (“because the claims of the original patent were limited as to the form of conveyor, and because after the issue of the original patent and with knowledge of it and expressly appreciating its limited character, indeed, being governed therein by the advice of patent counsel, the defendant built a noninfringing brick machine, and still before the reissue application another one, at a substantial expense, and put them into commercial use on a large scale by extensively selling their product, and thus made them substantially material to its manufacturing business, the defendant thereby acquired at least a right to continue to use these two machines as if it held a license therefor under the reissued patent.”). The Supreme Court cited *Ashland Fire Brick* approvingly in *Sontag*. *See Sontag*, 310 U.S. at 294-95.

⁷¹ *See* Timothy R. Holbrook, *Liability for the “Threat of A Sale”*: *Assessing Patent Infringement for Offering to Sell an Invention and Implications for the on-Sale Patentability Bar and Other Forms of Infringement*, 43 SANTA CLARA L. REV. 751, 769 (2003) (“Because the scope of a patent’s claims can change as a result of reissue, competitors who may have relied upon the original patent in order to design around or otherwise compete with the patentee may have concerns as to the scope of the patent and their potential liability. The reissued patent could now cover activities that the original patent did not, which could unfairly ensnare a competitor who was not infringing the

Congress codified this defense in the 1952 Patent Act⁷³ by adopting 35 U.S.C. § 252, the second paragraph of which created intervening rights. With the advent of ex parte reexamination proceedings in 1980,⁷⁴ Congress expanded intervening rights to those proceedings as well.⁷⁵ When Congress created IPRs, it also extended intervening rights as a defense to amended and new claims arising from those proceedings.⁷⁶ Congress did the same with IPRs, PGRs, and covered business method proceedings.⁷⁷

There are two types of intervening rights: absolute and equitable.⁷⁸ The former is an absolute defense to patent infringement, and courts have no discretion whether to apply it.⁷⁹ Equitable intervening rights may “apply as a matter of judicial discretion to mitigate liability for infringing such claims even as to products made or used after the reissue if the accused infringer made substantial preparations for the infringing activities prior to reissue.”⁸⁰

original patent, but who may now infringe the reissued patent.”).

⁷² See *supra* note 70.

⁷³ Patent Act of 1952, ch. 950, 66 Stat. 792, 808 (1952).

⁷⁴ See Act of Dec. 1, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (1980).

⁷⁵ See 35 U.S.C. § 307(b) (2011) (“Any proposed amended or new claim determined to be patentable and incorporated into a patent following a reexamination proceeding will have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.”); see also *Marine Polymer*, 672 F.3d at 1362 (“Although intervening rights originated as a defense against patents modified through reissue procedures, the doctrine has since been extended to the context of patent reexamination.”).

⁷⁶ See 35 U.S.C. § 316(b) (2011) (“Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes reexamination proceeding shall have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, prior to issuance of a certificate under the provisions of subsection (a) of this section.”); see also *Marine Polymer*, 672 F.3d at 1362 (“Pursuant to 35 U.S.C. §§ 307(b) and 316(b), respectively, both *ex parte* and *inter partes* reexaminations can give rise to intervening rights.”).

⁷⁷ See 35 U.S.C. § 318(c) (2013) (inter partes review); 35 U.S.C. § 328(c) (2013) (post-grant review),

⁷⁸ See Holbrook, *supra* note 71, at 769-70 (“To combat this inequity, 35 U.S.C. § 252, ¶ 2 provides for ‘intervening rights,’ which act as a limited defense to patent infringement. There are two forms of intervening rights: absolute and equitable.”).

⁷⁹ See *Marine Polymer*, 672 F.3d at 1361-62 (discussing “intervening rights that abrogate liability for infringing claims added to or modified from the original patent if the accused products were made or used before the reissue, often referred to as absolute intervening rights”); see also *BIC Leisure Prods., Inc. v. Windsurfing Int’l, Inc.*, 1 F.3d 1214, 1220-21 (Fed. Cir. 1993) (“The first sentence defines ‘absolute’ intervening rights. This sentence provides an accused infringer with the absolute right to use or sell a product that was made, used, or purchased before the grant of the reissue patent as long as this activity does not infringe a claim of the reissue patent that was in the original patent.”).

⁸⁰ *Marine Polymer*, 672 F.3d at 1362; *BIC*, 1 F.3d at 1221 (“The second sentence permits the continued manufacture, use, or sale of additional products covered by the reissue patent when the defendant made, purchased, or used identical products, or made substantial preparations to make, use,

In *Marine Polymer*, the court confronted a particular aspect of intervening rights: whether intervening rights are triggered when a patent holder surrenders claim scope by argument alone and not through a claim amendment or the addition of a new claim. In other words, could intervening rights arise through prosecution disclaimer? The *en banc* court, through a 6-5 vote, concluded that intervening rights arise only when a new claim is added or a claim has been amended.⁸¹ Mere argumentation, even if it results in a narrowing of the claim scope, is insufficient.⁸²

Because intervening rights are governed by statute, the court started with the statutory language. That statutory language notes that intervening rights are available “with respect to ‘amended or new’ claims in the reexamined patent.”⁸³ According to the court, an argument alone cannot trigger intervening rights “because it disregards the plain and unambiguous language” of the statute.⁸⁴ The court viewed the requirement of an amendment or a new claim to be a threshold requirement that must be addressed before any assessment of whether there has been a substantive change in the claim.⁸⁵ Given this clear language and the particularized definitions the statutory language has in patent law, the court rejected the argument that the patentee’s “actions in reexamination rendered the asserted claims effectively ‘amended’ by disavowal or estoppel, even though the language of the claims was not formally changed.”⁸⁶

The court recognized that limiting intervening rights to amended or new claims could result in patent holders trying to game the system. Patentees could now argue for narrower claim scope in reexamination to preserve a patent’s validity while avoiding triggering intervening rights for third parties.⁸⁷ The court rejected this policy concern by speculating that examiners would not permit it to happen: “If, in reexamination, an examiner determines that particular claims are invalid and need amendment to be allowable, one would expect an examiner to require amendment

or sell identical products, before the reissue date. This equitable right is not absolute. . . [T]he trial court may, as dictated by the equities, protect investments made before reissue.”)

⁸¹ See *Marine Polymer*, 672 F.3d at 1362.

⁸² See *id.*

⁸³ *Id.*

⁸⁴ *Id.* at 1363.

⁸⁵ See *id.* at 1363 (“But under § 307(b), the first question when assessing whether intervening rights arose from a reexamination is whether the asserted claim is “amended or new”; if the answer is no, that ends the inquiry. Only if the claim at issue is new or has been amended may the court proceed to the second step in the analysis and assess the substantive effect of any such change pursuant to § 252.”).

⁸⁶ *Marine Polymer*, 672 F.3d at 1363.

⁸⁷ See *id.* at 1364 (“[S]hrewd patentees would simply opt to rely on arguments rather than amendments to effectively change, and thereby preserve, otherwise invalid claims during reexamination without engendering intervening rights against those claims.”).

rather than accept argument alone.”⁸⁸ If argument alone would suffice, then “it is probably because the claims at issue are not unallowable.”⁸⁹

Indeed, the court noted that any such gamesmanship could work against the patentee if argument alone could trigger intervening rights: “the patent owner will necessarily make substantive arguments in defending the claims, thereby allowing the requestor to allege intervening rights based on those arguments.”⁹⁰ The court refused to “speculate about possible consequences with respect to situations not before us and which we cannot foresee.”⁹¹ Ultimately the court viewed this case as simply a matter of statutory interpretation:

To be sure, patent applicants’ actions and arguments during prosecution, including prosecution in a reexamination proceeding, can affect the proper interpretation and effective scope of their claims. But in rejecting HemCon’s request for intervening rights, we are not here interpreting claims. Rather, we are interpreting a statute that provides for intervening rights following reexamination only as to “amended or new” claims.⁹²

The dissent rejected the majority’s viewpoint. As a threshold matter, the dissent viewed the holding to be dicta. Because the equally divided court affirmed the district court, the claim scope was not narrowed and intervening rights would not be triggered, regardless of the outcome.⁹³ Regardless, the dissent rejected the majority’s interpretation of the statute. The dissent noted that “[t]he effect [of the argument] was to narrow the claims and protect them from a finding of invalidity.”⁹⁴ As such, “although identical in language, the claims of the patent after reexamination were not identical in scope for purposes of intervening rights because they were ‘substantively changed’ during reexamination” and thus triggered intervening rights.⁹⁵ The dissent took the fear of gaming the system far more seriously:

Tellingly, the amici who support the court’s interpretation of the statute recognize that formal amendments to claim language during the course of reexamination are unusual. *See* Amicus Br. of Sovereign et al. at 10. Telling too they admit that formal amendments are now, and will be, avoided for the very purpose of avoiding the creation of intervening rights. *Id.* at 4 (arguing that patent owners often “follow a course of not seeking to amend their asserted claims, with the settled understanding that if they could avoid claim amendments, they could also avoid intervening

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.* at 1365.

⁹¹ *Id.*

⁹² *Marine Polymer*, 672 F.3d at 1365.

⁹³ *See id.* at 1371 (Dyk, J., dissenting) (“In other words, under the district court’s incorrect claim construction, now binding on the parties as a result of the affirmance of the district court’s judgment, the original and reexamined claims are identical in scope, and there is thus no issue of intervening rights and no need for the majority to offer ‘an alternative ground for decision.’”).

⁹⁴ *Id.* at 1373 (Dyk, J., dissenting).

⁹⁵ *Id.*

rights"). In other words, applicants will amend claims by argument rather than formal methods for the very purpose of avoiding intervening rights.⁹⁶

The law now is clear, however. Prosecution disclaimer cannot trigger intervening rights. Only amended claims or new claims are sufficient.

B. Unintended Consequences? PTAB Panels Use Marine Polymer to Per Se Reject Disclaimer

The issue decided in *Marine Polymer* was rather narrow. Because the decision was 6-5, its precedential effect is arguably suspect. Most importantly, as the dissent noted, the holding on intervening rights seemingly is dicta.⁹⁷ Because the district court's construction was affirmed by an equally divided court, the claim scope did not change. There was no narrowing of the claim scope by argument, so there should be no intervening rights at stake. As such, one may be skeptical about reading the decision to have broad impact.

A number of related decisions at the PTAB, however, have done just that, affording *Marine Polymer* broad play by refusing to permit prosecution disclaimer in IPRs. The gamesmanship dynamic discussed by both the majority and dissent in *Marine Polymer* appeared to be arising in IPRs, with parties using arguments to disclaim subject matter without an amendment. This may not be pure gamesmanship, however. The PTAB has been very reluctant to permit amendments in IPRs, so arguing for a narrower construction of the claim may be a patent holder's only avenue for avoiding prior art in the patent's extant claims.

Nevertheless, efforts by patentees to surrender scope by disclaimer have been rebuffed by some panels at the PTAB. In *eBay, Inc. v. Xprt Ventures, LLC*, an IPR, the PTAB affirmed the examiner's conclusion that the claims at issue were invalid.⁹⁸ Importantly, the PTAB rejected the patent holder's efforts to disclaim subject matter by argument. The patentee argued that it disavowed the full scope of the terms "payment account" and "payment accounts."⁹⁹ The PTAB noted that "[u]nderlying these arguments though, is the erroneous premise that claim scope can be altered during prosecution, such as in a reexamination, by 'clearly and un-

⁹⁶ *Id.* at 1377 (Dyk, J., dissenting) ("the majority's interpretation of intervening rights will create the very opportunities for mischief and 'foster gamesmanship' that the statute was designed to avoid.").

⁹⁷ See *Marine Polymer*, 672 F.3d at 1362-63 ("Although we reject the premise of HemCon's argument regarding intervening rights—that the district court's claim construction prior to reexamination of the '245 patent was erroneous—we conclude, as an alternative ground for decision, that even if the district court's claim construction was erroneous, HemCon's intervening rights argument must fail because it disregards the plain and unambiguous language of § 307(b).").

⁹⁸ 2014 WL 1311749 (Patent Tr. & App. Bd. March 21, 2014).

⁹⁹ *Id.* at *3-4.

ambiguously’ disavowing particular features, instead of amending the claim.”¹⁰⁰ Relying on *Marine Polymer*, the PTAB succinctly noted “it is well established that the appropriate method for changing the scope of a claim during prosecution is claim amendment.”¹⁰¹ The PTAB thus rejected the patentee’s disavowal efforts:

Where, as here, the Examiner has rejected the claims as unpatentable over the cited prior art, amendment may be needed to distinguish the claims. The Patent Owner cannot circumvent this method by affirmatively stating “a clear and unambiguous” disavowal. Accordingly, we agree with the Requester’s position that the Patent Owner cannot change the scope of the claim terms through disavowal and find each of the arguments presented based on disavowal of claim scope . . . unpersuasive.¹⁰²

As such, the PTAB simply refused to permit the patent holder to narrow the scope of the claim through disclaimer alone. The court took the Federal Circuit’s language in *Marine Polymer* to heart, even though the case was about intervening rights and not claim construction at the USPTO.

The scope of this holding is unclear, though four other PTAB decisions have held the same. The opinions, however, are in related cases, all involving eBay’s challenges to Xprt Ventures’ related patents.¹⁰³ The panel of PTAB judges is exactly the same: Judges Turner, Saindon, and McKeown. The authoring judge in all is also Judge McKeown. Although the claim terms at issue in the cases do differ, all of the decisions reject the disclaimer argument on legal grounds, using verbatim language from the first case.¹⁰⁴ With the same judges, the same author, the same language, and the same parties in related cases, this approach may not be widely embraced by other PTAB judges.

Additionally, the Federal Circuit has yet to address the PTAB’s approach in these cases. The refusal to allow disclaimers by patent holders presents an interesting question of appellate review, however. The USPTO has no substantive rule-making authority.¹⁰⁵ The Article III courts – and the Federal Circuit and Supreme

¹⁰⁰ *Id.* at *4.

¹⁰¹ *Id.* at *4.

¹⁰² *Id.* at *4 (citation omitted).

¹⁰³ eBay, Inc. v. Xprt Ventures, LLC, 2015 WL 3506036 (Patent Tr. & App. Bd. May 29, 2015); eBay, Inc. v. Xprt Ventures, LLC, 2014 WL 1331053 (Patent Tr. & App. Bd. March 31, 2014); eBay, Inc. v. Xprt Ventures, LLC, 2014 WL 1311754 (Patent Tr. & App. Bd. March 31, 2014); eBay, Inc. v. Xprt Ventures, LLC, 2014 WL 1311748 (Patent Tr. & App. Bd. March 31, 2014).

¹⁰⁴ See eBay, Inc. Requester, Respt., and Cross-Appellant, APPEAL 2015-004981, 2015 WL 3506036, at *4 (Patent Tr. & App. Bd. May 29, 2015); eBay, Inc. Requester and Respt., APPEAL 2014-002130, 2014 WL 1331053, at *4 (Patent Tr. & App. Bd. Mar. 31, 2014); eBay, Inc. Requester and Respt., APPEAL 2014-002490, 2014 WL 1311754, at *4 (Patent Tr. & App. Bd. Mar. 31, 2014); eBay, Inc. Requester and Respt., APPEAL 2013-009578, 2014 WL 1311748, at *4 (Patent Tr. & App. Bd. Mar. 31, 2014).

¹⁰⁵ See *Ass’n for Molecular Pathology v. U.S. Patent and Trademark Office*, 689 F.3d 1303, 1343–44 (Fed. Cir. 2012) (Moore, J., concurring) (reviewing longstanding practice of USPTO to issue gene patents even though not binding on courts), *aff’d-in-part, rev’d-in-part* by Association Ass’n

Court in particular – control the substantive development of patent law. The USPTO does have authority over the procedures before its various tribunals, and generally the Federal Circuit affords some level of deference to such procedures.¹⁰⁶ It is unclear whether the PTAB's prosecution disclaimer prohibition is substantive or procedural.¹⁰⁷ It appears to be stuck squarely in the middle. The rule is procedural in the sense that it is merely limiting the arguments that a patent holder can make at the PTAB; it does not directly govern the outcome of the case. In practice, however, it can have significant substantive impact: if the patent holder is unable to disclaim subject matter, the patent is far more likely to be struck down. This rule epitomizes why the procedure versus substance line has always been viewed as fuzzy if not entirely artificial.¹⁰⁸

From a reviewability viewpoint, though, it may matter. If the Federal Circuit views it as a substantive one related directly to claim construction doctrine, then it will be free to discard the rule if it feels it is inappropriate. If the rule is viewed as procedural, though, the court will need to explain why it should not defer to the rule adopted by the PTAB panel. Thus, whether the *eBay* rule survives on appeal remains an open question.

Nevertheless, sophisticated patent counsel, eBay's lawyers, advanced the argument. With the success at the PTAB, one would think these decisions could be the narrow edge of a wedge to advance this argument more widely. Moreover, another PTAB panel has expressed discomfort with permitting patent owners to disclaim scope via argument. Although it did not rely upon *Marine Polymer*, it did note that:

In this reexamination proceeding, Owner attempts to narrow the scope of the claim by *argument* before the USPTO, instead of by *amendment*.

As guided by *Tempo Lighting, Inc.*, the PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer However, to the extent our reviewing court may agree with Owner that we have not sufficiently considered the prosecution history in this reexamination proceeding, and consistent

for *Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013); Sapna Kumar, *The Accidental Agency?*, 65 FLA. L. REV. 229, 237 (2013) (“The PTO notably lacks substantive rulemaking authority over the Patent Act.”); David Orozco, *Administrative Patent Levers*, 117 PENN. ST. L. REV. 1, 7 (2012) (noting that USPTO “lacks substantive rule-making authority, and its foray into substantive rulemaking will likely be reviewed by the federal courts.”).

¹⁰⁶ Kumar, *supra* note 105 at 237-38 (“[T]he Federal Circuit has granted Chevron deference to the PTO only when it has ‘interpret[ed] statutory provisions relat[ed] to the conduct of proceedings in the Patent Office.’”) (quoting *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335-37 (Fed. Cir. 2008)).

¹⁰⁷ The *Cuozzo* decision, though, suggests that claim construction is substantive and the USPTO has substantive rulemaking authority in the IPR context. See *infra* note 131 and accompanying text.

¹⁰⁸ See, e.g., Martin H. Redish & Dennis Murashko, *The Rules Enabling Act and the Procedural-Substantive Tension: A Lesson in Statutory Interpretation*, 93 MINN. L. REV. 26, 31 (2008) (“the last seventy years of doctrine and scholarship have failed to produce a generally accepted construction of the procedural-substantive interplay in the [Rules Enabling] Act’s two key provisions.”).

with the cited portion *Microsoft Corp. v. Proxyconn, Inc.*, we have reconsidered our claim construction, as urged in the Request (3), and we give the most weight to Owner's statement made during the prosecution history that there is no specific definition in the '508 patent under reexamination for the contested "stored data" claim term.¹⁰⁹

Although this panel allowed the patent owner to make the disclaimer argument (and ultimately rejected it), the language of the decision shows a discomfort with allowing patent owners to surrender claim scope by argument instead of amendment. There appears to be, therefore, a broader concern with prosecution disclaimer within the PTAB.

C. The Potential Impact of PTAB These Dynamics on Broader Claim Construction

How much impact these cases will have remains to be seen. They do show, however, an inclination on the part of the PTAB to step away from allowing argument-based disclaimers. If this perspective takes hold, particularly in the examination corps, then the USPTO may indirectly impact the way that claim construction takes place in the courts.

The most direct way that this approach could affect claim construction is by effectively precluding prosecution disclaimer. If the USPTO refuses to allow applicants to make such disclaimers, then one tool of claim construction may be removed from the courts. While the prosecution history would remain relevant, the patent holder in post-issuance proceedings would be without recourse to disclaimers. This dynamic could be particularly problematic in IPRs and PGRs, where the opportunity to amend any claims is rather minimal. It is also troubling given the failure of the USPTO, under the guise of the BRI standard, to consider earlier prosecution histories that may demonstrate a narrower claim construction. By eliminating disclaimer, the USPTO creates a one-way ratchet towards expansive claim constructions and potentially greater invalidity determinations.

This dynamic raises an even more fundamental issue, however. It poses an interesting question: What exactly is the difference between claim construction at the USPTO and prosecution disclaimer? Historically, in examination, the examiner may not offer a formal claim construction. Instead, the examiner would reject the claim in light of the prior art or a section 112 rejection, leaving it to the prosecutor to amend the claim or to traverse the rejection via argument. That traversal is often what would trigger a disclaimer, and the iterative process would yield generally narrower claims.¹¹⁰ The Federal Circuit has noted that it is the applicant, not the exam-

¹⁰⁹ *Ex Parte* Lawrence B. Lockwood, APPEAL 2015-000143, 2015 WL 5469618, at *4-5 (Sept. 15, 2015).

¹¹⁰ *See* PPC Broadband, Inc. v. Corning Optical Commc'ns. RF, LLC, Nos. 2015-1361, 2015-1369, 2015-1366, 2015-1368, 2016 WL 692368 at *3 (Fed. Cir. Feb. 22, 2016).

iner, who triggers prosecution disclaimer.¹¹¹ The focus on the applicant makes sense if we view prosecution disclaimer as a form of estoppel. The representations are being held against the applicant, and thus it is the applicant's behavior that results in the loss of claim scope, just as it is a particular actor's behavior in other contexts that trigger various other estoppels.¹¹² Of course, holding such representations against the patent applicant or owner has its roots in ideas of estoppel. At one level, prosecution disclaimer is akin to judicial estoppel because the applicant or patentee has made representations to a tribunal – the USPTO – and will now be held to them elsewhere, such as in court. Similarly, with its close tie to prosecution history estoppel, prosecution disclaimer is also viewed as a type of estoppel vis-à-vis the public. The public has the right to rely on the representations made to the USPTO in assessing the scope of the patent. Although prosecution disclaimer could be justified on either ground, the Federal Circuit has rooted the doctrine in the latter.¹¹³ Indeed, the Federal Circuit has noted that prosecution disclaimer applies even if the examiner or PTAB did not rely on the representation in deciding to issue the patent.

The court has only obliquely linked prosecution disclaimer to ideas of prosecution history estoppel, and prosecution history estoppel itself is only loosely an estoppel, given the lack of a requirement for detrimental reliance. Moreover, if the applicant's argument is successful and the examiner yields, hasn't the examiner implicitly adopted the position of the applicant, resulting in an implicit claim construction on the part of the USPTO? [start]

This distinction is important at a formal level. The Federal Circuit has made clear that it is not bound by USPTO claim constructions offered in administrative proceedings that parallel litigation.¹¹⁴ Yet, in some sense, the court is deferring to

¹¹¹ *See Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1124 (Fed. Cir. 2004) (“[I]t is the applicant, not the examiner, who must give up or disclaim subject matter that would otherwise fall within the scope of the claims.”).

¹¹² For example, it is the promisor whose acts are held against her in promissory estoppel, assuming there is reliance and material detriment. *See, e.g., Cyberchron Corp. v. Calldata Sys. Dev., Inc.*, 47 F.3d 39, 44 (2d Cir. 1995). Similarly, it is the party making representations to a court that faces judicial estoppel if she changes her position elsewhere. *See, e.g., Konstantinidis v. Chen*, 626 F.2d 933, 937 (D.C. Cir. 1980) (“in contrast to equitable estoppel's concentration on the integrity of the parties' relationship to each other, judicial estoppel focuses on the integrity of the judicial process.”).

¹¹³ *See Omega Eng'g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1324 (Fed. Cir. 2003) (“As a basic principle of claim interpretation, prosecution disclaimer promotes the public notice function of the intrinsic evidence and protects the public's reliance on definitive statements made during prosecution.”).

¹¹⁴ *SRAM Corp. v. AD-II Eng'g, Inc.*, 465 F.3d 1351, 1359 (Fed. Cir. 2006) (“Furthermore, this court is not bound by the PTO's claim interpretation [during reexamination] because we review claim construction de novo.”). Of course, this statement must now be qualified by potential extrinsic factual evidence under *Teva*. But, as in this case, the Federal Circuit was not reviewing a USPTO claim construction directly; instead it was rejecting the construction by the USPTO in a reexamination on a patent at issue in the litigation.

the implied claim construction of an examiner through the public disclaimer doctrine. This blurry distinction will become increasingly important as more patents go through parallel proceedings in the district courts and USPTO. The line will become increasingly unclear as the PTAB consistently performs its own, formal claim construction. Even if the PTAB steps back from the prohibition on disclaimers articulated in the *eBay* collection of cases, it becomes difficult to see how disclaimer could apply in the context of a formal construction by the USPTO. There will no longer be an implicit surrender due to the iterative nature of an applicant and examiner and, instead, there will be a discussion of the particular claim limitation at issue. According to the Federal Circuit, it needs not defer to these constructions, but such constructions would appear to preclude any form of disclaimer on the part of the applicant.

The use of formal construction by the PTAB could reach beyond the IPR, CBM, and PGR contexts. One could reasonably believe that, as PTAB judges acclimate to their adversarial docket, they would be increasingly likely to adopt the same claim construction methodologies in the examination, reissuance, and reexamination contexts. It would be an odd exercise of mental compartmentalization for the PTAB judges to rigorously perform claim construction in one context while ignoring the importance of claim construction in another. If the PTAB judges begin to use formal claim construction in these other, *ex parte* contexts – either through formally rejecting surrender per *eBay* or by offering claim constructions themselves – it would appear that prosecution disclaimer could simply wither away. Consequently, the courts could lose a source of claim construction.

The problem could be further compounded if, after being reviewed by PTAB judges, the examination corps also begins to think about claim construction more rigorously. As examiners begin to construe claims, there may no longer be implicit surrenders by the applicant, particularly if the examiners simply refuse to allow applicants to narrow claims effectively by argumentation. Whether the PTAB judges and examiners will begin to more formally utilize claim construction in non-adversarial contexts is an empirical question, one that has yet to be explored.¹¹⁵

IV. *Cuozzo, B & B Hardware*, and the Potential for Issue Preclusion in Claim Construction

No discussion of the impact of claim construction at the PTAB is complete without considering the Supreme Court's recent decision in *Cuozzo Speed Technologies, LLC v. Lee*, where the Court addressed IPRs for the first time.¹¹⁶ Additionally, the PTAB's use of formal claim construction methodology in IPRs raises another issue, that of whether issue preclusion (also known as claim construction) can arise from the PTAB's construction after a final decision. The Supreme Court has held

¹¹⁵ A question that I intend to pursue in future work.

¹¹⁶ *Cuozzo Speed Techs., LLC v. Lee*, No. 15-446, 2016 WL 3369425 (U.S. June 20, 2016).

that issue preclusion can arise from decisions by the Trademark Trial and Appeal Board (TTAB), the sister tribunal to the PTAB at the USPTO.¹¹⁷ Could PTAB claim construction determinations also trigger such preclusion? If so, the PTAB's impact on claim construction in the district courts could be a far more direct. This Section explores these dynamics by first evaluating *Cuozzo*'s retention of the BRI standard, the Supreme Court's decision applying issue preclusion to TTAB decisions, and then the potential applicability of issue preclusion to PTAB claim construction determinations.

A. *Cuozzo* – An Administrative, and Not a Patent, Law Decision

In *Cuozzo*, the Supreme Court addressed two issues: whether the AIA precluded challenges on appeal to the PTAB's decision to institute an IPR proceeding and whether BRI was the appropriate standard for claim construction in IPRs.¹¹⁸ The Court agreed with the Federal Circuit on both issues. As to the former, the Court agreed, 6-2, that the USPTO's decision to initiate IPR proceedings is not subject to review on appeal. As to the latter, and germane to this paper, the Supreme Court unanimously endorsed the USPTO's decision to adopt BRI as the appropriate claim construction standard.¹¹⁹

The Court's reasoning on both of these points was rooted in administrative law principles rather than patent theory or doctrine. As to the review of institution decisions, the Court looked at the statutory language that states “determination by the [Patent Office] whether to institute an inter partes review under this section shall be *final and nonappealable*.”¹²⁰ The Court found the statutory language to be clear enough to rebut the strong presumption in favor of judicial review of administrative determinations.¹²¹ In contrast, the Justice Alito in dissent felt that statute only precluded *interlocutory* appeals; after a final decision, a party would be able to challenge the institution decision as well.¹²²

As to the BRI standard, the Court failed to engage with claim construction doctrine at all. Instead, it drew on administrative law principles to justify deference to the USPTO on the issue. The Court looked at the AIA and concluded that it contained a legal gap: it does not articulate the appropriate claim construction standard.¹²³ Given the gap, the USPTO had the authority via rulemaking to fill that gap,

¹¹⁷ *B & B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293 (2015).

¹¹⁸ *Cuozzo*, 2016 WL 3369425 at *3-4.

¹¹⁹ *Id.* at *4.

¹²⁰ *Id.* at *7 (quoting 35 U.S.C. § 314(d) with emphasis added).

¹²¹ *Id.* at 8.

¹²² *Id.* at *15 (Alito, J., dissenting in relevant part) (“[C]onsistent with the strong presumption favoring judicial review, Congress required only that judicial review, including of issues bearing on the institution of patent review proceedings, be channeled through an appeal from the agency's final decision.”).

¹²³ *Id.* at *10 (“The statute contains such a gap: No statutory provision unambiguously directs the

and the courts are required to defer to that interpretation so long as it is reasonable pursuant to *Chevron*.¹²⁴ The BRI standard is a reasonable standard to use. The Court went on to reject the various policy considerations that the petitioner raised. The Court rejected the first – that IPRs are supposed to be like litigation – because there are significant differences between the two.¹²⁵ The Court also rejected the argument that BRI is inappropriate because of the limited ability of patent holders to amend claims in IPR proceedings.¹²⁶

The *Cuozzo* decision is interesting on a number of levels. Even though the Court agreed with the Federal Circuit, there are some important differences in the reasoning. On the issue of the reviewability of institution decisions, the Supreme Court did not seem to take as strict a view of the statutory prohibition as the Federal Circuit. Instead, it left the door open to some judicial review of initiation decisions. The Court noted it was not deciding “the precise effect” of the statute “on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach” beyond this particular provision.¹²⁷ The dissent, of course, believed that far more robust review should be available at the Federal Circuit.¹²⁸ There is some overlap between the majority and dissent on what issues may be reviewable regarding the institution decision,¹²⁹ which suggests that, unlike the Federal Circuit’s decision, there is greater flexibility to challenge these decisions. The extent of such ability, though, will have to be sorted out in future cases.

agency to use one standard or the other.”).

¹²⁴ *Id.*

¹²⁵ *Id.* at *11 (“The problem with *Cuozzo*’s argument, however, is that, in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding.”) It remains to be seen whether this language will make Judge Newman of the Federal Circuit cease dissenting from various IPR decisions precisely on these grounds. *See, e.g., SAS Inst., Inc. v. Complementsoft, LLC.*, No. 2015-1346, 2016 WL 3213103, at *9 (Fed. Cir. June 10, 2016) (Newman, J., concurring-in-part and dissenting-in-part) (“The statutory provisions and the legislative purpose of substituting an agency tribunal for district court proceedings on aspects of patent validity are defeated by the PTO’s position that it can leave some challenged claims untouched.”); *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1336 (Fed. Cir. 2016) (Newman, J., dissenting) (“the record confirms that throughout the gestation of the America Invents Act, legislators of the House and Senate sought strong and conclusive resolution of the most challenging issues of patent-supported innovation, by providing an effective alternative to district court litigation, whereby the expert agency would reliably and confidently review the validity of granted patents.”).

¹²⁶ *See supra* notes 54-57 and accompanying text (explaining interaction of BRI and claim amendments during examination, reexamination, and reissuance).

¹²⁷ *Cuozzo*, 2016 WL 3369425, at *8.

¹²⁸ *Id.* at *15 (Alito, J., dissenting) (“Congress required only that judicial review, including of issues bearing on the institution of patent review proceedings, be channeled through an appeal from the agency’s final decision.”)

¹²⁹ *Id.* at *20 (“I take the Court at its word that today’s opinion will not permit the Patent Office ‘to act outside its statutory limits’ in these ways. But how to get there from the Court’s reasoning—and how to determine which ‘statutory limits’ we should enforce and which we should not—remains a mystery. I would avoid the suspense and hold that 35 U.S.C. § 314(d) does not bar judicial reviewFalse”).

As to the BRI standard, the Court undermined what had been viewed as sacrosanct in patent law: that the USPTO has no substantive rulemaking authority.¹³⁰ The Court, at least as to IPR proceedings, rejected that rule, concluding that the USPTO did have substantive rule making authority in this area.¹³¹ *Cuozzo* was specific to the statute at play in the case, but its reasoning brings into question the Federal Circuits earlier rule denying the USPTO such authority. If *Cuozzo* is broadly interpreted, it would mark a sea change in patent law and the institutional relationship between the USPTO and the Federal Circuit. Minimally, *Cuozzo* suggests that the Court views claim construction as a substantive issue and not one of procedure.

As to both holdings, the Supreme Court treated the USPTO like any other administrative agency. It generally deferred to the manner by which the agency decided to regulate proceedings before it. Thus, *Cuozzo* can be viewed as the Supreme Court confirming a shift in power away from the Federal Circuit and to the USPTO, particularly under the America Invents Act. What downstream consequences this may have for the relationship between the court and agency remain to be seen.

Because this decision was effectively an administrative law decision rather than a patent law decision, however, there is a paucity of consideration or elaboration of claim construction doctrine. The Court offered no insight as to the appropriate methodology for performing claim construction under the BRI standard. For example, the Court did not consider whether the earlier prosecution history should be routinely considered in post-issuance proceedings like IPRs, even under the BRI standard.¹³² Nor was there an elaboration on the appropriate use of the specification to narrow claim scope, an issue that has generated some controversy within the Federal Circuit.¹³³ Such clarification would have been helpful because it impacts whether prosecution disclaimer could, and should, become relevant in IPRs, PGRs, and CBMs. The relevance could be muted, however, if the PTAB and examiners refuse to allow narrowing arguments under *Marine Polymer*. *Cuozzo* offers us nothing in this regard. Thus, the limits of BRI – and how it actually differs, if at all, from the *Phillips* methodology – remains unexplored.

¹³⁰ See *supra* note 105.

¹³¹ *Id.* The Court reasoned:

That statute [35 U.S.C. § 2(b)(2)(A)] does not clearly contain the Circuit's claimed limitation, nor is its language the same as that of § 316(a)(4). Section 2(b)(2)(A) grants the Patent Office authority to issue "regulations" "which . . . shall govern . . . proceedings in the Office" (emphasis added), but the statute before us, § 316(a)(4), does not refer to "proceedings"—it refers more broadly to regulations "establishing and governing inter partes review." The Circuit's prior interpretation of § 2(b)(2)(A) cannot magically render unambiguous the different language in the different statute before us. *Id.*

¹³² See *supra* notes 52 and accompanying text.

¹³³ The Supreme Court had previously asked for the Solicitor General's views on this issue, though the Solicitor recommended declining review in that case. Brief of United States as Amicus Curiae, Retractable Technologies, Inc. v. Becton, Dickinson and Co., No. 11-1154, 2012 WL 5940288, at 7 (U.S. Nov. 28, 2012).

B. B & B Hardware Opens the Door to Issue Preclusion from Adversarial Administrative Proceedings

One issue that may still arise is the possibility of issue preclusion applying to PTAB claim construction decisions once there is a final decision. Had the Supreme Court adopted the *Phillips* methodology, then issue preclusion almost certainly would apply to PTAB claim constructions in the various adversarial, post-grant proceedings, once there was a final decision. But, even with BRI, issue preclusion remains a possibility.

Issue preclusion prevents the relitigation of an issue that has previously been decided. Generally, issue preclusion has four necessary elements: “(1) the issue at stake must be identical to the one in the prior litigation; (2) the issue must have been actually litigated in the prior suit; (3) the determination of the issue in the prior litigation must have been a critical and necessary part of the judgment in that action; and (4) the party against whom the earlier decision is asserted must have had a full and fair opportunity to litigate the issue in the earlier proceeding.”¹³⁴ Issue preclusion applies to district court constructions, so long as there is a final judgment. There is no issue preclusion merely after a *Markman* hearing.¹³⁵ After a judgment regarding validity or infringement, however, then issue preclusion can apply.¹³⁶

Issue preclusion generally has applied within the judicial system between courts, but the Supreme Court has made clear that it can also apply between courts and administrative agencies adjudicative arms. The Supreme Court created the possibility for issue preclusion in a trademark case, *B & B Hardware, Inc. v. Hargis Industries, Inc.*¹³⁷ The Court held in *B & B Hardware* that issue preclusion could apply in district courts as a result of decisions in trademark registration oppositions by the Trademark Trial and Appeal Board (TTAB).¹³⁸ In particular, the Court held that a conclusion of a likelihood of consumer confusion could preclude relitigation of that issue in an infringement context.¹³⁹

The Court addressed a threshold issue: could issue preclusion apply to agency determinations at all?¹⁴⁰ The Court answered that question in the affirmative,¹⁴¹ explaining that “[b]oth this Court’s cases and the Restatement make clear that issue preclusion is not limited to those situations in which the same issue is before two

¹³⁴ RF Del., Inc. v. Pac. Keystone Techs., Inc., 326 F.3d 1255, 1261 (Fed. Cir. 2003) (quoting In re McWhorter, 887 F.2d 1564, 1566 (11th Cir. 1989)).

¹³⁵ See *id.* at 1261 (“Here, Pacific has not met its burden of proof to invoke collateral estoppel because the standard for judicial finality is not satisfied.”).

¹³⁶ See, e.g., Abbott Labs. v. Dey L.P., 110 F.Supp.2d 667, 670 (N.D. Ill. 2000) (applying collateral estoppel to claim construction based on prior district court judgment).

¹³⁷ See generally 135 S.Ct. 1293 (2015).

¹³⁸ *Id.* at 1299.

¹³⁹ *Id.* at 1308.

¹⁴⁰ *Id.* at 1302.

¹⁴¹ *Id.*

courts. Rather, where a single issue is before a court and an administrative agency, preclusion also often applies.¹⁴² In so holding, the Court turned away arguments that issue preclusion based on an agency decision would somehow create constitutional issues or that issue preclusion could not apply because agencies did not exist at common law.¹⁴³

The Supreme Court also rejected any categorical bar of issue preclusion in the particular context of TTAB determinations. The Court considered whether it was evident that Congress intended issue preclusion not to apply to TTAB decisions.¹⁴⁴ While acknowledging the availability of a *de novo* review of the TTAB decision at a district court, the Court nevertheless reasoned that “[o]rdinary preclusion law teaches that if a party to a court proceeding does not challenge an adverse decision, that decision can have preclusive effect in other cases, even if it would have been reviewed *de novo*.”¹⁴⁵ The Supreme Court also noted the two-way street of issue preclusion here because the TTAB affords preclusive effect to district court decisions in its hearings.¹⁴⁶

The Court also rejected that the streamlined nature of the TTAB opposition hearings should render issue preclusion inapplicable. TTAB hearings are rather streamlined, and decisions are based solely on written materials with no testimony allowed.¹⁴⁷ Nevertheless, “the TTAB allows parties to submit transcribed testimony, taken under oath and subject to cross-examination, and to request oral argument.”¹⁴⁸ In many ways, opposition hearings are “similar to a civil action in a federal district court.”¹⁴⁹ The Court also recognized that these proceedings were not entirely about expediency, given the availability of a *de novo* review in district courts.¹⁵⁰ Consequently, there was nothing evident about opposition proceedings to suggest that Congress did not intend issue preclusion to apply to TTAB decisions.

Finally, the Court concluded that the variations between the TTAB and the circuit courts of appeal on the standard for analyzing the likelihood of confusion did not merit a categorical exclusion of issue preclusion. The legal standard for consumer confusion varies across the circuits, so seemingly the manner that the TTAB evaluates the issue could differ from that of other courts.¹⁵¹ Nevertheless, the Su-

¹⁴² *Id.* at 1303.

¹⁴³ *Id.* at 1304.

¹⁴⁴ *B & B Hardware*, 135 S.Ct. at 1305.

¹⁴⁵ *Id.*

¹⁴⁶ *Id.* at 1305-06 (“When a district court, as part of its judgment, decides an issue that overlaps with part of the TTAB’s analysis, the TTAB gives preclusive effect to the court’s judgment.”).

¹⁴⁷ *Id.* at 1300.

¹⁴⁸ *Id.*

¹⁴⁹ *Id.* (quoting TTAB Manual of Procedure § 102.03 (2014)).

¹⁵⁰ *Id.* at 1306 (“Here, if a streamlined process in all registration matters was particularly dear to Congress, it would not have authorized *de novo* challenges for those ‘dissatisfied’ with TTAB decisions.”).

¹⁵¹ Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L.

preme Court concluded that issue preclusion could still apply even with these variations, and the Court rejected a categorical exclusion of issue preclusion on this basis.¹⁵² While it recognized that differences exist between registration and infringement,¹⁵³ the Court nevertheless concluded that “the same likelihood-of-confusion standard applies to both registration and infringement.”¹⁵⁴

The Court also appreciated that the analysis at the TTAB usually is based on a registration, unlike district court litigation that focuses on the actual use of the mark.¹⁵⁵ In the Court’s view, however, this distinction would impact whether to apply issue preclusion in a particular case and did not justify a blanket prohibition on preclusion.¹⁵⁶ Other procedural differences between the TTAB and district courts could justify not applying issue preclusion in a particular case, if “the procedures used in the first proceeding were fundamentally poor, cursory, or unfair.”¹⁵⁷ The Supreme Court rejected the contention that there was some reason to believe that the TTAB proceedings would be unfair categorically, however.¹⁵⁸

The Court then instructed the Eighth Circuit to use the following rule on remand to determine whether to apply issue preclusion: “So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”¹⁵⁹

Consequently, it is possible for a TTAB conclusion on the likelihood of confusion to preclude that issue from being relitigated in a district court. Unsurprisingly, this opens the door to considering a similar situation with the TTAB’s sister administrative body, the PTAB. Many IPRs are filed in light of parallel district court litigation, which is often stayed. As such, the PTAB may be the first to consider issues of claim construction. Could the PTAB’s decision trigger issue preclusion on that issue? The next subsection explores that possibility in light of *B & B Hardware*.

REV. 1581, 1582-83 (2006) (“Each circuit has developed its own formulation of the test. . . While there is overlap among some of the factors used, there is also great diversity—not just in which factors are employed, but in how they are employed.”).

¹⁵² *B & B*, 135 S. Ct. at 1306-07.

¹⁵³ *Id.* at 1306-07.

¹⁵⁴ *Id.* at 1306.

¹⁵⁵ *B & B Hardware* 135 S.Ct. at 1307-08.

¹⁵⁶ *Id.* at 1308 (“[I]f the TTAB does not consider the marketplace usage of the parties’ marks, the TTAB’s decision should ‘have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.’”) (quoting 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 32:101, at 32–246 (4th ed. 2010)).

¹⁵⁷ *Id.* at 1309.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 1310.

C. Could PTAB Claim Constructions Trigger Issue Preclusion in District Courts, Even Post-Cuozzo?

B & B Hardware clearly opens the door to the possibility of issue preclusion as to claim construction based on a PTAB decision. The analysis in *B & B Hardware* strongly suggests that PTAB claim constructions in IPRs, PGRs, and CBMs could have preclusive affect in the district courts.¹⁶⁰ These procedures, like TTAB oppositions, are adversarial in nature and are designed to be similar to district court litigation.¹⁶¹ They are of course streamlined, but there is some opportunity for discovery. There is considerable similarity between the TTAB's opposition proceedings and the PTAB's various post-issuance adversarial proceedings. The Federal Circuit has noted the potential for issue preclusion to arise from a PTAB claim construction, although it seemed to be skeptical it could arise.¹⁶²

Of course, after *Cuozzo*, the standard for claim construction at the PTAB differs from that in district courts.¹⁶³ One could argue that because the Supreme Court kept the BRI standard, issue preclusion *per se* should not apply because the legal standards differ between PTAB proceedings and district court litigation.¹⁶⁴ Additionally, because the PTAB does not use earlier prosecution histories as frequently as they are used in district court litigation, one could argue that there remain significant differences between claim construction at the PTAB and the district courts. Consequently, there should be no issue preclusion.¹⁶⁵

¹⁶⁰ In a non-precedential decision, the Federal Circuit recently rejected issue preclusion as to claim construction within the PTAB based on district court litigation because the issue had not been actually litigated. *See Cf. In re L.F. Centennial Ltd.*, 2015-1931, slip op. at 9 (Fed. Cir. June 29, 2016).

¹⁶¹ *See* H.R. REP. NO. 112-98, at 68 (2011) *as reprinted in* 2011 U.S.C.C.A.N. 67, 92 (describing PGR as a "court-like proceeding"); *see also* *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1285 (Fed. Cir. 2015), *cert. granted sub nom. Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (2016) ("Now, the America Invents Act not only authorizes the PTO to conduct litigation-type adversarial proceedings to decide patent validity, but also authorizes such proceedings even when there is no 'controversy' under Article III.").

¹⁶² *SkyHawke Techs., LLC v. Deca Int'l Corp.*, No. 2016-1325, 2016 WL 3854162, at *2 (Fed. Cir. July 15, 2016) ("While administrative decisions by the U.S. Patent and Trademark Office can ground issue preclusion in district court when the ordinary elements of issue preclusion are met. . . , we cannot foresee how the claim construction reached by the Board in this case could satisfy those ordinary elements."). Issue preclusion was not squarely presented to the court in this case, however. Instead, it was addressing whether a party that prevailed at the PTAB could nevertheless appeal a claim construction determination that it did not like. *Id.* at *1. The court rejected the appeal. *Id.*

¹⁶³ Assuming, of course, that the patent at issue has not expired. *See supra* note 53.

¹⁶⁴ *Cf. SkyHawke*, 2016 WL 3854162, at *2 ("Because the Board applies the broadest reasonable construction of the claims while the district courts apply a different standard of claim construction as explored in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), the issue of claim construction under *Phillips* to be determined by the district court has not been actually litigated.").

¹⁶⁵ The same claim construction issue must also be presented, and there could be differences in the terms at issue for purposes of validity as opposed to infringement.

B & B Hardware, however, suggests that such differences likely cannot result in a categorical exclusion of the use of issue preclusion. The differences among the circuit courts as to the assessment of the likelihood of consumer confusion are far more varied than the differences between the *Phillips* and BRI standards. The Court in *B & B Hardware* refused to allow even those wide variations from creating a categorical exclusion of issue preclusion.

Moreover, it is not entirely clear how truly different the BRI and *Phillips* standards are. Many people have wondered whether there is any difference in the vast majority of cases.¹⁶⁶ Any interpretation must be “reasonable,” which may account for surrender of claim scope through the specification itself. If the PTAB claim construction relies upon the patentee’s lexicography in the specification, then the standard very well may be the same. Patentees in IPRs and PGRs are in a different posture than in litigation. They very well may argue for narrower interpretations claims. In contrast, in litigation, they often argue for broader interpretations to ensure that the accused device is covered by the claim.¹⁶⁷ So, it may be important to prevent relitigation of the issue.¹⁶⁸ One key difference could be the tendency of the PTAB not to rely on earlier prosecution histories, which could cause differences. If the patentee is successful at the PTAB, it very well may be that the legal standard does not vary.

Also different from TTAB proceedings are the statutory estoppel provisions found in the various post-issuance proceedings in the PTAB.¹⁶⁹ These provisions could suggest that Congress intended for issue preclusion to not apply in the PTAB context. These statutory estoppel provisions preclude a party challenging the patent from relitigating in the district courts any issues it actually raised or could have raised at the USPTO. These provisions, however, are tied to the “grounds” raised within the proceeding. Claim construction is not such a “ground,” so seemingly issue preclusion could still apply in a manner distinct from the statutory estoppel provisions. Nevertheless, these estoppel provisions may provide evidence that Congress intended to displace classic collateral estoppel.

¹⁶⁶ See, e.g., Scott A. McKeown, *PTAB Finds BRI Claim Construction No Different under Phillips*, PATENTS POST-GRANT (July 15, 2014), <http://www.patentspostgrant.com/ptab-finds-bri-claim-construction-no-different-than-phillips-analysis> (“Phillips may be different from the BRI in name only.”) (last visited June 29, 2016).

¹⁶⁷ See *supra* notes 61-63 and accompanying text.

¹⁶⁸ The patent holder could also be subject to judicial estoppel if they truly change their position between the TTAB and district court. Cf. *In re L.F. Centennial Ltd.*, 2015-1931, slip op. at 9 (Fed. Cir. June 29, 2016) (considering but rejecting judicial estoppel within the PTAB based on claim construction representations at the district court).

¹⁶⁹ 35 U.S.C. § 315(e) (2013) (petitioner estopped before USPTO, district courts, and ITC “on any ground that the petitioner raised or reasonably could have raised during that inter partes review”); see also 35 U.S.C. § 325(e) (2013) (petitioner estopped before USPTO, district courts, and ITC “on any ground that the petitioner raised or reasonably could have raised during that post-grant review.”).

The streamlined nature of the PTAB proceedings is also not a reason to refuse to apply issue preclusion. The Supreme Court rejected a similar argument that the streamlined nature of the TTAB opposition hearings should render issue preclusion inapplicable. TTAB also hearings are rather streamlined, and decisions are based solely on written materials with no testimony allowed.¹⁷⁰ Nevertheless, “the TTAB allows parties to submit transcribed testimony, taken under oath and subject to cross-examination, and to request oral argument.”¹⁷¹ In many ways, opposition hearings are “similar to a civil action in a federal district court.”¹⁷² The streamlined nature of PTAB proceedings, like TTAB proceedings, likely does not suggest that Congress did not intend to refuse the application of issue preclusion to PTAB findings.

Another difference that could suggest that Congress did not intend PTAB decisions in these proceedings to have preclusive effect is the lack of a *de novo* review by a district court. A final decision by the PTAB in IPRs, PGRs, and CBMs can only be appealed to the Federal Circuit.¹⁷³ This differs from the TTAB, where such *de novo* review is available. The Court also recognized that these proceedings were not entirely about expediency, given the availability of a *de novo* review in district courts.¹⁷⁴ Consequently, there was nothing evident about opposition proceedings to suggest that Congress did not intend issue preclusion to apply to TTAB decisions. It suggests that, unlike TTAB proceedings, expediency truly drove Congress in creating these procedures.¹⁷⁵ There is much in the legislative history to support this view.

These structural differences, however, are not sufficient in my opinion. In many ways the PTAB proceedings more closely mirror district court litigation than TTAB hearings. The lack of *de novo* review seems to be a minor aspect of the Court's reasoning in *B & B Hardware*. As for the estoppel provisions, they apply primarily to the arguments on validity, not claim construction, and are limited to the petitioners, not the patent owner. Issue preclusion, therefore, would have a different form of application than the statutory estoppel provisions.¹⁷⁶

¹⁷⁰ *Id.* at 1300.

¹⁷¹ *B & B Hardware, Inc.*, 135 S.Ct. at 1300.

¹⁷² *Id.* (quoting TRADEMARK TRIAL AND APPEAL BOARD, MANUAL OF PROCEDURE § 102.03 (2014)).

¹⁷³ See 35 U.S.C. § 319 (2013) (permitting appeals from IPRs only under 35 U.S.C. §§ 141-44, which are specific to Federal Circuit); see also 35 U.S.C. § 329 (2013) (permitting appeals from PGRs (and therefore CBMs) only under 35 U.S.C. §§ 141-44, which are specific to Federal Circuit).

¹⁷⁴ *Id.* at 1306 (“Here, if a streamlined process in all registration matters was particularly dear to Congress, it would not have authorized *de novo* challenges for those ‘dissatisfied’ with TTAB decisions.”).

¹⁷⁵ H.R. REP. NO. 112-98, at 48 (2011) as reprinted in 2011 U.S.C.C.A.N. 67, 78 (stating “the purpose of the section as providing quick and cost effective alternatives to litigation.”).

¹⁷⁶ There is a burden of proof difference between the courts and the PTAB. Because patents are presumed valid in litigation, a party must prove invalidity under the clear and convincing standard. *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S.Ct. 2238, 2242 (2011). The burden of proof in PTAB

V. Conclusion

IPRs have proven to be an immensely popular alternative or complement to district court litigation. They undeniably have altered our patent system. The PTAB may also, indirectly and directly, have a broader impact on claim construction in the district courts. Indirectly, the PTAB's recent refusal to narrow claims based on argumentation may impact the ability of district courts to rely upon prosecution disclaimer. If no disclaimer by argument is allowed, then it would seem the district courts will have nothing upon which to draw. Additionally, even with the Supreme Court retaining the USPTO's BRI standard for claim construction, there is a real possibility that PTAB claim constructions in IPRs, PGRs, and CBMs could have preclusive effect in the district courts. If so, then litigants in these proceedings at the USPTO will have even greater incentives to appeal to the Federal Circuit so that the court, and not the USPTO, has the final say on the meaning of the claim terms. Given the influx of PTAB appeals at the Federal Circuit, this outcome may not be desirable from a structural viewpoint. Regardless, the PTAB is positioned to have a considerable impact on the law of claim construction.

proceedings, however, is a preponderance of the evidence. 35 U.S.C. § 316(e) (2013). The burden of proof, however, is irrelevant for claim construction, which is not governed by these burdens of proof.