



THINK FORWARD

Cuozzo Speed Technologies, LLC v. Lee

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On April 25, 2016, the Supreme Court heard oral arguments in a case, *Cuozzo Speed Technologies, LLC v. Lee*, No. 15-446, that seeks to determine whether the Patent Trial and Appeal Board (“PTAB”) should apply the broadest reasonable interpretation (“BRI”) standard when construing claims during *inter partes* review (“IPR”) proceedings and whether the PTAB’s decision to institute an IPR proceeding is not subject to judicial review.

While the America Invents Act (“AIA”) does not include explicit language setting forth the claim construction standard to apply in IPR proceedings, Congress gave the Patent and Trademark Office (“PTO”) final rule making authority over AIA procedures. Under this authority, the PTO applies its long standing BRI standard in agency proceedings, including IPRs. The BRI standard is understood to be broader than the plain and ordinary meaning standard applied in district court litigation.

Cuozzo’s patent on speed limit indicators was one of the first patents invalidated in an IPR. Cuozzo appealed, and the Federal Circuit affirmed the PTAB’s final decision, endorsing the PTAB’s application of the BRI standard in IPRs. Cuozzo appealed to the Supreme Court, which granted certiorari.

During oral argument, Cuozzo argued that the BRI standard should not apply in IPRs because IPRs, unlike other PTO proceedings such as reexaminations, provide only a limited ability to seek amendment of claims under review, which Cuozzo contended is almost always denied. To support its position, Cuozzo cited statistics showing the PTAB denied 95% of motions to amend, resulting in the allowance of only five motions to amend in an IPR proceeding. Cuozzo argued that, because IPRs are intended to be a court-like adjudication of property rights and a substitute for district court litigation, the PTAB should apply the plain and ordinary meaning claim construction standard applied by the district courts. Cuozzo also argued that application of the plain and ordinary meaning standard would avoid situations where claims have different meanings in the district courts and before the PTAB.

While the PTO acknowledged that only a small number (i.e., six) of motions to amend have been allowed, it argued that the “vast majority” of motions to amend were denied “because even with the amendment, they would read on prior art and be unpatentable.” When Chief Justice Roberts asked whether the Court should be “so wedded to the way they do business in the PTO with respect to the” BRI standard when IPRs are intended to replace district court procedures and not replicate PTO procedures, the PTO argued that IPRs are not intended to perfectly replicate district court litigation. Rather, the PTO argued, IPRs are more like other PTO proceedings because of the ability to amend claims, thus making the BRI standard appropriate. Finally, the PTO briefly argued that the PTAB’s decisions to institute IPR proceedings were not subject to judicial review because the statute explicitly provides that such decisions are “final and nonappealable.”

At times during oral argument, the Supreme Court Justices appeared sympathetic to both sides. Justice Breyer raised the issue of patent troll litigation and characterized IPRs as an opportunity to “let people

who are hurt by this come in and get rid of those patents that shouldn't have been issued." If IPRs are intended to invalidate patents that should not have been issued in the first place, Justice Breyer stated that the BRI standard would be appropriate.

Chief Justice Roberts and Justice Sotomayor seemed troubled that the PTAB and district court could reach different results regarding patent validity due to the application of different claim construction standards. Justice Sotomayor asked for "concrete examples" of what may happen in a parallel district court action after a patent has survived IPR. Chief Justice Roberts observed, "[I]t's a very extraordinary animal in legal culture to have two different proceedings addressing the same question that lead to different results."

Amongst the recently approved changes to the rules governing PTAB proceedings, either party may request that the PTAB use the plain and ordinary meaning standard when interpreting the claims. However, this new rule only applies if the patent will expire within 18 months from the entry of the Notice of Filing Date Accorded to Petition. If the Supreme Court rules in favor of Cuozzo, the application of the plain and ordinary meaning standard would apply to all patents under IPR and without the need to request application of the standard. Application of the narrower claim construction standard may make it more difficult to invalidate patents through IPR.

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