

Fed. Circ. Tees Up High Court Reversal Of IPR Standard

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In inter partes review proceedings, the Patent Trial and Appeal Board applies the broadest reasonable interpretation standard when construing claims. However, the use of that standard is hotly contested, with the U.S. Supreme Court set to review the use of BRI following a split Federal Circuit decision upholding the use of BRI in *In re Cuozzo*.^[1] While Supreme Court oral arguments for *Cuozzo* are not scheduled until April 25, 2016, the recent case of *PPC Broadband Inc. v. Corning Optical Communications RF LLC*,^[2] provides a clear demonstration of how selecting the right claim construction standard can be “outcome determinative.”

With the Supreme Court’s pending review clearly in mind, the Federal Circuit panel in *PPC Broadband*, which included two of the Federal Circuit judges who dissented from the Federal Circuit’s decision to deny en banc review of *Cuozzo*, reiterated their belief that the claim construction standard used in district court proceedings “most accurately delineates the scope of the claimed invention.” The panel further explained that, on the facts presented in *PPC Broadband*, using BRI instead of the district court standard resulted in a totally different outcome, and that scenarios like *PPC Broadband* — where the case “hinges on the claim construction applied” — are “likely to arise with frequency.”

The panel’s repeated references to the Supreme Court’s pending review of *Cuozzo* and its clear explanation of how this case would change with a different claim construction standard suggest that this decision was written to perhaps guide the Supreme Court’s ultimate conclusion. This fact has not gone unnoticed by many of the amici advocating for a reversal of *Cuozzo* by the Supreme Court, as this case may best highlight the import of this issue.

The use of BRI by the PTAB is specified by 37 C.F.R. § 42.100(b), which is part of the regulations promulgated pursuant to the America Invents Act. The PTAB has applied the BRI standard in IPR proceedings, and that practice was upheld by a split Federal Circuit decision in *Cuozzo*. While the Federal Circuit ultimately denied the petition for rehearing en banc, five of the 11 judges joined a dissenting opinion authored by Chief Judge Sharon Prost, including Judge Kimberly Moore and Judge Kathleen O’Malley. Subsequently, the Supreme Court granted certiorari to review this issue.^[3]

While briefing continued at the Supreme Court, the Federal Circuit reviewed *PPC Broadband Inc.*, another IPR decision from the PTAB. At issue in this case was a patent claiming a coaxial cable connector



Lucas Tomsich



Richard Marsh

for fixing problems with poor or intermittent connections. Upon reviewing the PTAB's decision, the Federal Circuit panel noted that the term "continuity member" is "present in every claim at issue," and that the construction of that term "is central to the [PTAB's] decisions."

On that important issue, the Federal Circuit panel contrasted the claim construction standard in district court proceedings (referred to as the "Phillips" standard)[4] and the BRI standard. It is worth noting that, instead of simply observing that BRI is theoretically distinct from the Phillips standard, the Federal Circuit panel provided an in-depth analysis of how the term "continuity member" would be understood under Phillips and compared that result with the outcome under the BRI standard. In doing so, the panel placed particular emphasis on how the different standards result in different constructions of "continuity member," and how, on the facts of PPC Broadband, the use of a particular "claim construction standard is outcome determinative."

Specifically, the panel explained why the Phillips standard "most accurately delineates the scope of the claimed invention" and then applied that standard to identify what the "correct construction" of the term would be under that standard. On this point, the panel pointed to multiple passages in the specification that clearly and repeatedly evidenced the correct meaning of the term "continuity member." As a result, the panel concluded that "[u]nder Phillips, we would hold that the correct construction of the term 'continuity member' requires, as PPC Broadband argues, a continuous or consistent connection."

To contrast the claim construction conclusion under the Phillips standard, this Federal Circuit panel also analyzed the meaning of "continuity member" under the BRI standard. The panel first noted that, while the ordinary meaning of "continuity" or "continuous" "often" refers to being uninterrupted in time, some definitions can be found describing "continuity" as being uninterrupted in space, or physical continuity. The panel also observed that there may be "some language in the specification" that supports construing "continuity member" as an "unbroken physical route," because the language describes a "continuous ground path." In view of that evidence, the panel reluctantly found that the PTAB's claim construction "is not unreasonable," despite the panel's clear conclusion that such a construction "is not the correct construction under Phillips." "[B]ecause this is an IPR," the Federal Circuit panel held, "under our binding precedent, we must uphold the Board's construction."

Not content to simply praise the Phillips standard and note the outcome-determinative differences between the Phillips and BRI standards, these Federal Circuit judges also summarized some of the arguments against the use of the BRI standard, such as congressional intent that IPR proceedings be "quick and cost effective alternatives to litigation in the courts" and the "adversarial nature" of IPR proceedings, as well as highlighting "the important differences between the new AIA proceedings" and earlier U.S. Patent and Trademark Office proceedings that used the BRI standard. While this panel's apparent advocacy against the BRI standard is not too surprising, since two of the panel members previously joined the dissent in favor of en banc review of this issue in *Cuozzo*, the addition of Judge Evan Wallach to this panel, who had not joined the dissent in *Cuozzo*, in combination with the timing and detailed analysis of this issue and its clear relevance to the Supreme Court's consideration of *Cuozzo*, make it particularly noteworthy.

The potential impact of PPC Broadband has not gone unnoticed, as several amici briefs for the Supreme Court's review of *Cuozzo* latched onto this case to fortify their arguments against using the BRI standard in IPR proceedings. For example, the amici brief submitted by Intellectual Ventures cites PPC Broadband as its primary example of "courts and PTAB panels constructing the same patent claim very differently" under the different standards[5] in order to counter arguments by some commentators that the

differences between the Phillips and BRI standards are “small or non-existent.”[6]

While it is far from certain how the Supreme Court will rule on this issue, the Federal Circuit panel’s clear articulation of the impact of using the BRI standard in PPC Broadband suggests that this issue may be headed toward reversal by the Supreme Court.

—By Lucas Tomsich and Richard Marsh, Faegre Baker Daniels LLP

Lucas Tomsich is an associate in Faegre Baker Daniels’ East Palo Alto, California, office. Richard Marsh is an associate in the firm’s Denver office.

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[1] *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1273 (Fed. Cir. 2015), cert. granted sub nom. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 890 (U.S. Jan. 15, 2016) (No. 15-446).

[2] *PPC Broadband, Inc. v. Corning Optical Communications RF, LLC*, --- F.3d --- (Fed. Cir. 2016) (2016 WL 692368).

[3] The Supreme Court is also reviewing another aspect of the *In re Cuozzo* case: whether a decision to institute an IPR proceeding is unreviewable on appeal, even where the PTAB exceeds its statutory authority.

[4] *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).

[5] *Intellectual Ventures Amici Brief* at 9.

[6] Fed Cir. Bar Association Amici Brief at 12. See also *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1302, fn. 1 (Fed. Cir. 2015). (noting that use of “the traditional claim construction framework set forth in *Phillips*” instead of the BRI standard would “reach the same result” in that case); *Cisco Systems Inc. v. AIP Acquisition LLC*, IPR2014-00247, Paper 39, at 7 (PTAB May 20, 2015) (constructions under the BRI standard “did not change when applying a rule of construction similar to that used by district court”); *Google Inc. v. Simplair Inc.*, CBM 2014-00054, Paper 19, at 11 (“[u]pon considering the district court’s claim construction order, we determine that the constructions of each claim term are consistent with their broadest reasonable interpretation in light of the specification.”).
