

No.

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**In the Supreme Court of the United States**

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CUOZZO SPEED TECHNOLOGIES, LLC, PETITIONER

*v.*

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE  
FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT  
AND TRADEMARK OFFICE

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*ON PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT*

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**PETITION FOR A WRIT OF CERTIORARI**

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## QUESTIONS PRESENTED

In 2011, Congress enacted the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, which established a new post-grant adjudicatory process for challenges to the validity of patents. The Act created a body within the Patent and Trademark Office, called the Patent Trial and Appeal Board (Board), to hear those challenges as a quick and cost-effective alternative to litigation. One of the new types of adjudicative proceedings, *inter partes* review (IPR), has been both unexpectedly popular and surprisingly lethal. Since the inception of IPR, patent challengers have filed over 3,400 petitions, and nearly 85% of the IPR proceedings to date have resulted in the cancellation of some or all claims in the patent under review.

A primary reason for the high cancellation rate is that, although IPR was expressly designed to be a surrogate for litigation, the Board does not use the same claim construction standard as federal courts. Rather than construe the claim in an issued patent according to its plain and ordinary meaning, as a federal court would be required to do, the Board gives the claim its broadest reasonable interpretation, which is a protocol used by examiners in reviewing patent applications. Of course, the broader the interpretation of the claim, the more extensive the array of relevant prior art—and in turn the more likely that the claim will be held invalid in light of that prior art. Consequently, the Board's broad interpretation allows for differing determinations of validity in IPR proceedings and litigation.

## II

Over a dissent by Judge Newman, a divided panel of the Federal Circuit affirmed the Board's use of the broadest-reasonable-interpretation standard for claim construction. The panel majority also held that, even if the Board had exceeded its statutory authority in instituting an IPR proceeding in the first place, the Board's decision to institute was judicially unreviewable. The court of appeals denied rehearing by a vote of 6-5, over a joint dissent by Chief Judge Prost and Judges Newman, Moore, O'Malley, and Reyna, as well as a separate dissent by Judge Newman. The five dissenting judges addressed the merits of, and would have rejected, the Board's claim construction standard.

The questions presented are as follows:

1. Whether the court of appeals erred in holding that, in IPR proceedings, the Board may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning.
2. Whether the court of appeals erred in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board's decision whether to institute an IPR proceeding is judicially unreviewable.

### **PARTIES TO THE PROCEEDINGS**

Petitioner is Cuozzo Speed Technologies, LLC. Respondent is Michelle K. Lee, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, who intervened in the court of appeals to defend the decision of the Patent Trial and Appeal Board after Garmin International, Inc. and Garmin USA, Inc. reached a settlement with petitioner and withdrew from the case. Pursuant to Rule 12.6 of this Court, petitioner believes that Garmin International, Inc. and Garmin USA, Inc. have no interest in the outcome of this petition.

**CORPORATE DISCLOSURE STATEMENT**

Petitioner Cuozzo Speed Technologies, LLC has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

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## PETITION FOR A WRIT OF CERTIORARI

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Petitioner Cuozzo Speed Technologies, LLC respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

### OPINIONS BELOW

The amended opinion of the court of appeals on rehearing (App., *infra*, 1a-47a) is reported at 793 F.3d 1268. The opinions respecting the court's denial of rehearing en banc (App., *infra*, 50a-67a) are reported at 793 F.3d 1297. The original opinion of the court of appeals (App., *infra*, 68a-108a) is reported at 778 F.3d 1271. The final decision of the Patent Trial and Appeal Board (App., *infra*, 109a-167a) is reported at 108 U.S.P.Q.2d 1852. The decision of the Patent and Trademark Office to initiate trial for *inter partes* review (App., *infra*, 168a-198a) is not reported but is available at 2013 WL 5947691.

### JURISDICTION

The court of appeals entered its original judgment on February 4, 2015. The court issued an amended opinion, and denied the petition for rehearing (App., *infra*, 48a-49a), on July 8, 2015. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

### STATUTORY AND REGULATORY PROVISIONS INVOLVED

The relevant statutory and regulatory provisions are reproduced in the appendix to this petition. App., *infra*, 199a-223a.

## STATEMENT

### A. The America Invents Act

1. In the early 2000s, several commentators criticized the Patent and Trademark Office (PTO) for issuing too many patents that were unlikely to be found valid upon review. See, *e.g.*, Mark A. Lemley & Bhaven Sampat, *Is the Patent Office a Rubber Stamp?*, 58 Emory L.J. 181, 181 (2008) (“A growing chorus of voices is sounding a common refrain: the U.S. Patent and Trademark Office (PTO) is issuing far too many bad patents.”). Congress became increasingly concerned that the existence and continued issuance of bad patents were creating uncertainty in the marketplace and impeding innovation. See App., *infra*, 32a-33a (Newman, J., dissenting).

Parties also lacked a reasonably efficient way to challenge a patent’s validity. A challenger could submit a request for *inter partes* reexamination to the PTO, and a patent examiner would then decide whether to initiate a reexamination proceeding. Such proceedings were relatively infrequent, however, because patent owners could amend and strengthen their claims, challengers were limited in any subsequent litigation, and the reexaminations themselves could be costly and time-consuming. See App., *infra*, 54a (joint dissent of Prost, C.J., and Newman, Moore, O’Malley, Reyna, JJ.). Challengers instead typically brought or responded to litigation, but that also could be expensive and slow. *Ibid.*; *id.* at 32a-33a (Newman, J., dissenting).

To address those issues, after six years of hearings and collaboration with a wide range of stakeholders, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011),

with the goal of improving the quality of patents and reducing unnecessary litigation costs. See H.R. Rep. No. 112-98, pt. 1, at 39-40 (2011). The cornerstone of the Act is its creation of a new type of adversarial proceeding before the PTO to decide patent validity. The new adjudicatory proceeding—called *inter partes* review or IPR—is meant to “provide a reliable early decision, by technology-trained patent-savvy adjudicators, with economies of time and cost.” App., *infra*, 33a (Newman, J., dissenting).

The AIA replaced the former system of *inter partes* reexamination with this new adversarial proceeding. See H.R. Rep. No. 112-98, at 46-47 (“The Act converts *inter partes* reexamination from an examinational to an adjudicative proceeding, and renames the proceeding ‘*inter partes* review.’”). The AIA also formed a new body within the PTO, the Patent Trial and Appeal Board, to hear the challenges to patent validity. Congress’s goal was to create “a completely new type of PTO proceeding,” App., *infra*, 54a (joint dissent)—specifically, an “adversarial evidentiary proceeding in the PTO” that could “reliably resolve most issues of patent validity, without the expense and delay of district court litigation, and sometimes even before infringement has occurred,” *id.* at 32a (Newman, J., dissenting).

2. Under the new IPR system, a person other than the patentee initiates a challenge to the validity of an existing patent by filing a petition with the PTO. See 35 U.S.C. 311(a). The petitioner may challenge patent claims “only on a ground that could be raised under [S]ection 102 [novelty] or 103 [obviousness] and only on the basis of prior art consisting of patents or printed publications.” 35 U.S.C. 311(b). The petition must identify with particularity “the grounds on

which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” 35 U.S.C. 312(a)(3). The patentee then has “the right to file a preliminary response to the petition \* \* \* that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.” 35 U.S.C. 313.

Within three months after the patentee’s preliminary response is due, the Director of the PTO must decide whether to grant the petition and institute IPR. 35 U.S.C. 314(b).<sup>1</sup> Congress authorized the Director to institute IPR only upon “determin[ing] that the information presented in the petition \* \* \* and any response \* \* \* shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” 35 U.S.C. 314(a). The Director’s decision whether to institute an IPR proceeding is “final and nonappealable.” 35 U.S.C. 314(d).

If the Director decides to institute IPR, the case proceeds to discovery and trial. The patentee is permitted certain discovery of relevant evidence, including depositions of the petitioner’s declarants. See 35 U.S.C. 316(a)(5); 37 C.F.R. 42.51. The patentee may also file a response to the petition, along with any supporting affidavits or declarations. See 35 U.S.C. 316(a)(8); 37 C.F.R. 42.120. If the patentee files a response, the petitioner is permitted certain discovery of relevant evidence, including depositions of the patentee’s declarants, and may file a reply. See 35 U.S.C. 316(a)(5), (13); 37 C.F.R. 42.51. The trial is

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<sup>1</sup> The PTO’s Director has delegated this responsibility to the Patent Trial and Appeal Board. See 37 C.F.R. 42.108.

then conducted by a panel of at least three administrative patent judges. See 35 U.S.C. 6(c), 316(c). Either party may request an oral hearing. See 35 U.S.C. 316(a)(10); 37 C.F.R. 42.70.

Unlike the former system of *inter partes* reexamination, *inter partes* review is not an examinational process. Patent examiners play no role, and the Board is not authorized to perform an examinational review, such as searching the prior art or formulating grounds of rejection. Rather, the IPR process is strictly adversarial and adjudicatory. In addition, unlike the liberal right to amend claims and iterative back-and-forth between patent owner and examiner in *inter partes* reexamination, IPR allows the patentee to make a single motion to amend, after conferring with the Board. See 35 U.S.C. 316(d)(1); 37 C.F.R. 42.121(a). The motion is presumptively limited to substituting one amended claim for one challenged claim, and the motion may be denied if the amendment “does not respond to a ground of unpatentability involved in the trial” or “seeks to enlarge the scope of the claims of the patent or introduce new subject matter.” 37 C.F.R. 42.121(a).

Following the parties’ evidentiary presentations and trial before the three-judge panel, the Board must “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added” by amendment. 35 U.S.C. 318(a). The entire IPR, including the Board’s final decision, must be completed on a swift timeline: within one year from the date of institution, absent an extension for good cause. 35 U.S.C. 316(a)(11). Any party to the IPR “who is dissatisfied with the final written decision of the Patent Trial and Appeal Board \* \* \* may appeal the Board’s decision

only to the United States Court of Appeals for the Federal Circuit.” 35 U.S.C. 141(c).

### **B. Proceedings Before The Board**

1. Petitioner Cuozzo Speed Technologies, LLC (Cuozzo) owns a patent on an invention that alerts drivers when they are speeding. The invention integrates a GPS unit and an in-vehicle display to provide a visual indication to the driver when he is exceeding the speed limit at the vehicle’s present location. Cuozzo’s patent claims thus cover “a speedometer integrally attached to [a] colored display.” App., *infra*, 3a. Among other things, the invention eliminates the need for drivers to take their eyes off the road to look for speed limit signs.

On September 16, 2012—the date that the new system of *inter partes* review became available—Garmin International, Inc. and Garmin USA, Inc. (collectively, Garmin) filed an IPR petition challenging, *inter alia*, claims 10, 14, and 17 of the Cuozzo patent. The Board denied all of the grounds for unpatentability alleged by Garmin with respect to claims 10 and 14, but it applied to those claims prior art cited by Garmin with respect to claim 17. App., *infra*, 188a, 192a-193a. The Board then instituted IPR for all three claims, determining there was a reasonable likelihood that all of the claims were obvious based on prior art. *Id.* at 196a-197a.

2. In November 2013, after briefing, discovery, and the submission of evidence, the Board issued a final written decision invalidating claims 10, 14, and 17 as obvious under 35 U.S.C. 103. App., *infra*, 109a-167a. The Board explained that “[a]n appropriate construction of the [claim] term ‘integrally attached’ \* \* \* is central to the patentability analy-

sis.” *Id.* at 116a. Rejecting Cuozzo’s construction of the ordinary meaning of the claim term “integrally attached,” the Board gave the term its “broadest reasonable construction.” *Id.* at 117a-120a. Using that construction, the Board found that claims 10, 14, and 17 were obvious based on prior art. *Id.* at 166a. Cuozzo appealed to the Federal Circuit, and although Cuozzo and Garmin reached a settlement, the PTO intervened to defend the Board’s decision.

### C. Proceedings Before The Federal Circuit

1. Over a vigorous dissent by Judge Newman, the panel majority affirmed the Board’s decision in its entirety. App., *infra*, 1a-47a.<sup>2</sup>

a. The panel majority first held that the Board’s decision to institute IPR was judicially unreviewable. App., *infra*, 7a. The panel majority acknowledged Cuozzo’s argument that, for claims 10 and 14, “the PTO relied on prior art that Garmin did not identify in its petition as grounds for IPR as to those two claims.” *Id.* at 6a. The panel majority also acknowledged that any petition for IPR must identify with particularity “the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” 35 U.S.C. 312(a)(3); App., *infra*, 6a. The PTO may institute IPR only if “the Director determines that the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail.” *Ibid.* (quoting 35 U.S.C. 314(a)).

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<sup>2</sup> On rehearing, the panel majority and Judge Newman withdrew their original opinions, see App., *infra*, 68a-108a, and issued amended opinions with substantial revisions, see *id.* at 1a-47a. This petition refers to those amended opinions.

The panel majority nevertheless held that judicial review was barred by the AIA, which provides that “[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” 35 U.S.C. 314(d). In the panel majority’s view, Section 314(d) bars review even if, despite the statute’s terms, the Director institutes IPR based on grounds and evidence that are not identified with particularity in the petition. The panel majority thus concluded that Section 314(d) “exclude[s] all review” of an institution decision, regardless of whether the challenge is to the appropriateness of the Director’s exercise of his statutory authority or is instead to the Director’s exceeding that authority. App., *infra*, 7a.

b. Turning to the merits, the panel majority held that the Board had permissibly adopted the broadest-reasonable-interpretation standard for claim construction. App., *infra*, 11a-21a. The panel majority observed that “the broadest reasonable interpretation standard has been applied by the PTO and its predecessor for more than 100 years in various types of PTO proceedings.” *Id.* at 13a. Based on that history, the panel majority concluded that when Congress created the new system of *inter partes* review, it “impliedly approved the existing rule” in IPR, notwithstanding Congress’s intent to replace *inter partes* reexamination with IPR adjudication and the substantial differences between IPR and other types of PTO proceedings. *Id.* at 15a.

In the alternative, the panel majority held that even if Congress had not intended claims to be given their broadest reasonable interpretation, the PTO’s regulation adopting that standard in IPR is a valid exercise of the agency’s rulemaking authority and en-

titled to *Chevron* deference. App., *infra*, 18a-21a; see 37 C.F.R. 42.100(b). According to the panel majority, although the PTO does not have the “power to interpret substantive statutory ‘patentability’ standards,” it has the authority to “embod[y] in a regulation the approach it has uniformly applied, even without rule-making, when it is interpreting ‘claims’ to assess patentability.” *Id.* at 20a.

c. Judge Newman dissented. App., *infra*, 30a-47a. In her view, “[t]he America Invents Act plainly contemplated that the new PTO tribunal would determine [the] validity of issued patents on the legally and factually correct claim construction, not on a hypothetical ‘broadest’ expedient as is used in examination of proposed claims in pending applications.” *Id.* at 34a. Congress expressly created IPR, Judge Newman explained, to serve as an adjudicative “surrogate for district court litigation of patent validity,” and it therefore is inconsistent with both the AIA and the sensible development of patent law to have different claim construction standards for agency and court proceedings. *Id.* at 30a-31a. Judge Newman further explained that the PTO lacks substantive rulemaking authority, but in any event she would not have deferred to the PTO regulation because it defeats Congress’s purpose of “substituting administrative adjudication for district court adjudication.” *Id.* at 45a.

With respect to the Board’s decision to institute IPR, Judge Newman noted that the Board had exceeded its statutory authority and acted at odds with the plain terms of the AIA. She observed that the Board’s institution decision “relies on arguments and evidence that had not been raised in the Petition to Institute, although the statute requires that all arguments and evidence must be presented in the Peti-

tion.” App., *infra*, 31a. Criticizing the panel majority’s “casual disregard of this statutory provision” and citing the presumption in favor of reviewability of agency action, Judge Newman concluded that Section 314(d) was intended to “control interlocutory delay and harassing filings” and does not preclude judicial review “of whether the statute was applied in accordance with its legislated scope.” *Id.* at 31a, 46a.

2. Cuzo filed a petition for rehearing en banc supported by numerous amici recognized as leaders in the field of intellectual property, including the Intellectual Property Owners Association, New York Intellectual Property Law Association, Pharmaceutical Research and Manufacturers of America, and some of America’s leading inventive corporations (among them 3M, Caterpillar, Eli Lilly, General Electric, GlaxoSmithKline, Johnson & Johnson, Pfizer, Procter & Gamble, and Sanofi). Over a joint dissent by Chief Judge Prost and Judges Newman, Moore, O’Malley, and Reyna, as well as a separate dissent by Judge Newman, the court of appeals denied the petition for rehearing en banc by a vote of 6-5. In addition to urging rehearing, the dissenting judges would have rejected the Board’s use of the broadest-reasonable-interpretation standard.

a. Judge Dyk (who authored the panel majority’s decision), joined by Judges Lourie, Chen, and Hughes, concurred in the denial of rehearing. App., *infra*, 51a-52a. The concurrence reiterated the panel majority’s reasoning that “[t]he PTO has applied the broadest reasonable interpretation standard in a variety of proceedings for more than a century,” and “[n]othing in the [AIA] indicates congressional intent to change” that standard. *Id.* at 51a.

b. Chief Judge Prost and Judges Newman, Moore, O'Malley, and Reyna jointly dissented from the denial of rehearing. App., *infra*, 52a-61a. The joint dissent began by taking issue with the conclusion that Congress had “implicitly approved” the broadest-reasonable-interpretation standard. *Id.* at 53a (quoting *id.* at 18a). Observing the usual rule that “Congress’ silence is just that—silence,” *id.* at 53a (quoting *Cmtty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989)), the joint dissent explained that the AIA created “a wholly novel procedure” and Congress’s “[s]ilence has no meaning in this context.” *Id.* at 54a. To the contrary, Congress wanted a “court-like proceeding” as “a far-reaching surrogate for district court validity determinations,” *ibid.* (internal quotation marks omitted), and “[t]he panel majority fails to explain why Congress (or anyone else) would have thought it desirable or necessary for the Board to construe the claims during IPRs under a different legal framework than the one used by district courts,” *id.* at 54a-55a.

The joint dissent also explained that “[the] background of existing law not only fails to support the conclusion drawn by the panel majority, [but] it points to the *opposite* result.” App., *infra*, 55a (emphasis in original). Previous cases hold 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.” *Ibid.* (collecting cases). By contrast, IPR proceedings are like district court litigation: “there is no back-and-forth between the patentee and examiner seeking to resolve claim scope ambiguity; there is no robust right to amend.” *Id.* at

57a. IPR proceedings thus lack the “examinational hallmarks justifying the broadest reasonable interpretation standard in other contexts.” *Ibid.*

Finally, the joint dissent disagreed that the PTO’s regulation is entitled to *Chevron* deference. App., *infra*, 59a-61a. The joint dissent observed that the PTO has statutory authority “to prescribe *procedural* regulations” governing IPR proceedings—not the authority “to prescribe regulations on any issue that ‘affects’ decisions to institute or later proceedings.” *Id.* at 59a-60a (emphasis in original). And even assuming the regulation were procedural, the joint dissent reasoned that “deference is still not warranted” because “the PTO’s regulation [is] unreasonable.” *Id.* at 60a. The joint dissent concluded that “in IPRs, as in district court litigation, an already issued claim is being analyzed solely for the purposes of determining its validity,” and “it makes little sense to evaluate the claim against the prior art based on anything [other] than the claim’s actual meaning.” *Id.* at 61a.

c. Judge Newman separately dissented from the denial of rehearing. App., *infra*, 61a-67a. She noted “the extensive *amicus curiae* participation” at the rehearing stage. *Id.* at 61a; see *id.* at 62a-64a (summarizing amici’s various arguments for rehearing the case, in light of the importance of the issues). After listing many of the reasons why the Board’s standard is illogical and contrary to the AIA, *id.* at 65a-66a, Judge Newman concluded that the question of which claim construction standard should apply is “of powerful consequence,” and, “[a]s urged by the *amici curiae*, it should be answered correctly.” *Id.* at 67a.

### REASONS FOR GRANTING THE PETITION

In 2011, Congress enacted the America Invents Act to reform the U.S. patent system. The Act's cornerstone is a new adjudicative proceeding called *inter partes* review (or IPR) that is designed as a quick and efficient alternative to district court litigation regarding the validity of patents. Over a dissent by Judge Newman, the panel majority fundamentally altered Congress's scheme by holding that the newly created Patent Trial and Appeal Board may use a different claim construction standard than federal courts or the International Trade Commission (ITC). To make matters worse, the panel majority held that even if the Board exceeds its statutory authority in instituting IPR proceedings, the Board's unlawful action is judicially unreviewable.

By a vote of 6-5, over a joint dissent by Chief Judge Prost and Judges Newman, Moore, O'Malley, and Reyna, as well as a separate dissent by Judge Newman, the Federal Circuit declined to rehear this case. But no one disputed the centrality of the issues presented here to the proper functioning of the AIA or the patent system as a whole. Patent challengers have filed thousands of IPR petitions, and the Board continues to invalidate patent claims at a robust rate—in part because the Board affords such claims their broadest reasonable interpretation, rather than their plain and ordinary meaning (as federal courts and the ITC do under *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc)). The Board's standard introduces tremendous uncertainty into claim construction, allows for conflicting invalidity decisions, and undercuts Congress's central reform in the AIA. This Court's review is plainly warranted.

## I. THE DECISION BELOW PRESENTS ISSUES OF EXCEPTIONAL IMPORTANCE.

The Federal Circuit has exclusive jurisdiction over appeals from the Board’s decisions in IPR proceedings. See 35 U.S.C. 141(c). A divided panel of that court affirmed the Board’s decision in this case, and the court then denied rehearing *en banc* by a vote of 6-5 over a joint dissent. As the panel and rehearing dissenters explained, the issues presented here are exceptionally important: they involve the operation of the new IPR system created by Congress and thus stand to affect the validity of any and all issued patents. In similar circumstances, this Court has granted review, see, *e.g.*, *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1925 (2015) (granting certiorari after Federal Circuit denied rehearing *en banc* over a dissent of five judges); *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1748 (2014) (same), and it should do so again here.

### A. Whether The Board Applies The Right Claim Construction Standard Is Critical To The Proper Operation Of The AIA And The Patent System.

1. The Patent Act requires that every patent “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as his invention.” 35 U.S.C. 112(b). The patent’s claims define the invention and mark the scope of the patentee’s right to exclude. See *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996) (a claim is that “portion of the patent document that defines the scope of the patentee’s rights”); *Phillips*, 415 F.3d at 1312 (“[T]he claims of a patent define the invention to

which the patentee is entitled the right to exclude.”) (quoting *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004)).

The rules of claim construction are thus fundamental to patent law, both in terms of the nature of claims that will issue and the devices that will be deemed to infringe. Claim construction plays an important role in virtually every patent case because it is central to evaluating validity and infringement. See *In re Papst Licensing Digital Camera Patent Litig.*, 778 F.3d 1255, 1261 (Fed. Cir. 2015) (“The infringement inquiry \* \* \* depends on the proper construction of the claims.”); see also Peter S. Menell, Matthew D. Powers & Steven C. Carlson, *Patent Claim Construction: A Modern Synthesis and Structured Framework*, 25 Berkeley Tech. L.J. 711, 714 (2010) (“The construction of patent claims \* \* \* is central to the evaluation of infringement and validity, and can affect or determine the outcome of other significant issues such as unenforceability, enablement, and remedies.”).

Because of the centrality of claim construction to patent adjudication, this Court granted certiorari last Term to clarify the standard of review for factual findings made during the course of claim construction. See *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836 (2015). As explained below, the question of what claim construction standard applies in IPR proceedings stands to be dispositive in at least as many cases (and with respect to at least as many patent claims) as the standard of review applicable on appeal in patent litigation.

2. The applicable claim construction standard is just as important in IPR proceedings as in district court litigation. See App., *infra*, 67a (Newman, J.,

dissenting) (noting that the question is “of powerful consequence”). The AIA created IPR as a “quick and cost effective alternative[] to litigation.” H.R. Rep. No. 112-98, at 48; see *id.* at 40 (AIA “establish[es] a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”). Congress believed that an adversarial proceeding before an expert agency body, the Patent Trial and Appeal Board, could “reliably resolve most issues of patent validity, without the expense and delay of district court litigation.” App., *infra*, 32a (Newman, J., dissenting).

The effect of IPR has been to shift validity disputes from district courts to the Board in an increasing number of cases. Although the PTO estimated that approximately 460 IPR petitions would be filed annually, the actual number was approximately 1,500 last year. See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,724 (Aug. 14, 2012); U.S. Patent and Trademark Office, Patent Trial and Appeal Board Statistics 8/31/2015, <http://www.uspto.gov/sites/default/files/documents/2015-08-31%20PTAB.pdf> (last visited Oct. 6, 2015) (PTO Statistics). Since September 2012 when the AIA took effect, the PTO has received more than 3,400 petitions. *Ibid.*

Moreover, because Congress established IPR as a streamlined alternative to district court litigation, the Board has already completed at least 482 IPR trials, with 409 (or nearly 85%) ending in the cancellation of some or all of the patent claims under review. See PTO Statistics. The high cancellation rate owes in part to the Board’s use of the broadest-reasonable-interpretation standard. See Paul R. Michel, *Why*

*Rush Patent Reform?*, 7 *Landslide* 49, 51 (2015) (“The new reality for patent owners is also that reviews are held under circumstances and regulations unfavorable to owners: The [Board] applies the ‘broadest reasonable construction,’ rather than the ‘correct construction’ applied by courts.”); Gregory Dolin, *Dubious Patent Reform*, 56 *B.C. L. Rev.* 881, 916 (2015) (noting that differing claim construction standards “make it much easier for the patent challenger to prevail” in trials before the Board). And, of course, the more patent claims the Board invalidates, the more likely challengers are to file. See Neil C. Jones, *The Five Most Publicized Patent Issues Today*, *Bus. L. Today* (May 2014).

By any measure, the Board—and the claim construction standard it employs—is having a tremendous and immediate impact on the U.S. patent system and the rights of patent owners. See Aashish Kapadia, *Inter Partes Review: A New Paradigm in Patent Litigation*, 23 *Tex. Intell. Prop. L. J.* 113, 115 (2015) (“[T]he IPR proceeding has rapidly grown into a necessary option for patent owners and challengers alike. The [Board] is the premier tribunal for patent issues.”). That effect will only grow in the future as more patent challengers initiate IPR proceedings.

3. The Federal Circuit’s adoption of a different claim construction standard for IPR proceedings than for patent litigation will result in a number of harmful consequences. Among them, it will inject uncertainty into the post-issuance review of patent claims, and lead to conflicting decisions between the Board and federal courts on claims that include similar phrases, concepts, or language. Those consequences should not come to pass without this Court’s plenary review.

a. Under the AIA, a patent challenger may elect to file either a federal lawsuit or an IPR petition, meaning that either district courts or the Board may decide whether patent claims are invalid pursuant to “[S]ection 102 [novelty] or 103 [obviousness].” 35 U.S.C. 311(b). There is no sound reason for courts and the Board to apply different claim construction standards in determining validity under those statutory provisions, depending on where a challenger chooses to file. As the joint dissenters observed, “[t]he panel majority fails to explain why Congress (or anyone else) would have thought it desirable or necessary for the Board to construe the claims during IPRs under a different legal framework than the one used by district courts.” App., *infra*, 54a-55a. Or as Judge Newman put it in her dissent, “[i]t is unacceptable to create a situation whereby the tribunals charged with determination of patent validity as a matter of law, that is, the [Board] and the district court, could validly reach a different result on the same evidence.” *Id.* at 43a.

In *Markman*, this Court identified the “importance of uniformity in the treatment of a given patent” as a “reason to allocate all issues of construction” to courts rather than juries. 517 U.S. at 390. The decision below obviously prevents such uniformity. A patent claim could be declared valid by a district court under the *Phillips* plain-and-ordinary-meaning standard, but invalid by the Board when it construes the claim more broadly and thereby captures more prior art. As a result, patentees can no longer rely on the finality of district court adjudication. By allowing the choice of tribunal to affect the validity determination, the decision below deprives patent owners of valuable

property rights, creates substantial uncertainty, and is an invitation to gamesmanship.<sup>3</sup>

b. The panel majority's decision also creates inconsistency in how patent claims are construed for validity versus infringement, violating the fundamental principle of patent law that "claims must be interpreted and given the same meaning for purposes of both validity and infringement analyses." *SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 882 (Fed. Cir. 1988). The broadest-reasonable-interpretation standard in IPR proceedings forces patentees to defend claims broader in scope than what they could assert in infringement actions. In other words, patentees in IPR proceedings are compelled to defend validity against prior art that might not be relevant to the same claims in district court infringement litigation. As Judge Newman emphasized, "no precedent [and] no practical reality[] authorizes or tolerates a broader construction" for validity than for infringement. App., *infra*, 65a.

**B. Whether The Board May Freely Exceed Its Statutory Authority In Instituting IPR Is Likewise Critical To The Proper Operation Of The AIA And The Patent System.**

In the AIA, Congress created three new adversarial administrative proceedings in which the Board adjudicates challenges to the validity of issued patents:

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<sup>3</sup> The Board stands alone as an adjudicatory forum that does not apply the *Phillips* standard. The ITC is authorized to investigate the importation of goods that infringe a U.S. patent. See 19 U.S.C. 1337. In determining patent infringement, the ITC uses the same claim construction standard as federal courts. See *Kyocera Wireless Corp. v. Int'l Trade Comm'n*, 545 F.3d 1340, 1346 (Fed. Cir. 2008).

*inter partes* review (which is at issue in this case), post-grant review, and transitional post-grant review, also known as “covered business method” or “CBM” review. See 35 U.S.C. 311-319, 321-329; AIA 18(a)-(d), 125 Stat. at 329-331. Post-grant review is available for recently issued patents during the first nine months after issuance (whereas IPR governs older patents and review of newer patents outside the nine-month window). See 35 U.S.C. 321(c). CBM review is a temporary program (sunsetting in 2020) that allows challenges to patents of a financial product or service by those who have been sued or charged with infringement. See AIA 18(a)-(d), 125 Stat. at 329-331. All three types of adjudication are procedurally similar: the Board decides whether to institute the proceeding in response to a patent challenger’s petition, and if so, then it conducts a trial-like proceeding and issues a final written decision as to patentability.

As the PTO already has acknowledged in the CBM context, the reviewability of the Board’s institution decisions is a “question of tremendous prospective importance” that will affect “countless future appeals.” PTO Petition for Rehearing En Banc at 5 & n.1, *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015) (No. 2014-1194) (PTO Reh’g Pet.); *id.* at 1 (referring to the issue as a “precedent-setting question of exceptional importance” and a “threshold jurisdictional question of surpassing prospective importance”). The AIA’s new post-issuance patent review procedures have proven extremely popular, and “appeals from such proceedings constitute a growing portion of the [Federal Circuit’s] docket.” *Ibid.*; see *id.* at 14.

Moreover, the Federal Circuit has issued directly conflicting decisions on the reviewability question.

The divided panel held in this case—over Judge Newman’s dissent—that the Board’s decision to institute is *not* reviewable even upon conclusion of the IPR, because the AIA provides that “[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” 35 U.S.C. 314(d). Just a day later, a divided panel held in *Versata*—over Judge Hughes’ partial dissent—that the Board’s decision to institute a CBM proceeding *is* reviewable, even though the AIA provides in identical language that “[t]he determination by the Director whether to institute a [CBM] post-grant review under this section shall be final and nonappealable.” 35 U.S.C. 324(e); see *Versata*, 793 F.3d at 1323.

The panel majority in *Versata* thus rejected the PTO’s argument that, even if the Board had exceeded its statutory authority in instituting CBM, the Board’s action could not be reviewed. The *Versata* panel majority explained that there is a strong presumption in favor of the reviewability of agency action, and “nothing in [Section] 324(e) meets the high standard for precluding review of whether the PTAB has violated a limit on its invalidation authority.” 793 F.3d at 1320. As Judge Hughes observed, the decision in *Versata* “directly conflicts” with the panel’s decision in this case. *Id.* at 1341 (concurring in part and dissenting in part) (“The majority’s interpretation of [Section] 324(e) to permit review of whether *Versata*’s patent is a ‘covered business method patent’ directly conflicts with our precedential decision in *In re Cuzo Speed Technologies, LLC*.”).

Since *Versata*, the Federal Circuit has only deepened the confusion. In *Achates Reference Publ’g, Inc. v. Apple Inc.*, No. 2014-1767, 2015 WL 5711943, at \*1

(Fed. Cir. Sept. 30, 2015), the patentee argued that the Board had exceeded its statutory authority to institute IPR because the petitions were time-barred by 35 U.S.C. 315(b). As in *Cuozzo*, the panel held that the AIA bars all review of the Board's institution decisions. *Id.* at \*7. The panel tried to distinguish *Versata* as "limited to the unique circumstances of [CBM review]," but it acknowledged that the statutory provisions governing review of IPR and CBM institution determinations are "identically worded." *Id.* at \*5, \*3. Taken together, *Cuozzo*, *Versata*, and *Achates* leave patentees, petitioners, and the PTO uncertain what issues they should brief and what questions the Federal Circuit views itself authorized to decide.

The PTO therefore has filed a rehearing petition in *Versata* (as has the patentee), arguing that the "clear conflict" between *Versata* and this case "casts a long shadow of uncertainty over the scope of [the Federal Circuit's] review, leaving both private parties and the PTO at a loss to predict what questions the [Federal Circuit] will agree to decide in an increasingly important category of appeals." PTO Reh'g Pet. 2, 5; see also *id.* at 14-15 (explaining that the conflict "casts a pall of uncertainty over all of the new AIA proceedings"). The PTO is absolutely right. Whether the Federal Circuit can review claims that the Board exceeded its statutory authority has "serious consequences for the PTO and parties in the new AIA review proceedings." *Id.* at 4. This Court should grant review to resolve the uncertainty surrounding the reviewability of the Board's decisions and to restore the limits that Congress imposed on the Board's authority to institute post-issuance proceedings.

The PTO's pending rehearing petition in *Versata* is no reason to deny review. Although its intervening

decision in *Achates* suggests the Federal Circuit will deny rehearing, no matter what the Federal Circuit opts to do, the reviewability of the Board's decisions has divided that court's judges, who have aired the merits of both sides in their respective opinions. Given the clear importance of the issue, this Court's review will be needed at some point, and there is no reason to await a further headcount of the court of appeals. This case is an excellent vehicle that would allow the Court to resolve both the scope of the Federal Circuit's jurisdiction and the claim construction standard that applies in IPR proceedings. And even if this Court were inclined to stay its hand on the reviewability question, it nevertheless should grant the claim construction question, which is entirely separate and independently merits review.<sup>4</sup>

## **II. THE DECISION BELOW IS INCORRECT.**

### **A. The Panel Majority Erred In Holding That The Board May Give Patent Claims Their Broadest Reasonable Interpretation, Rather Than Their Ordinary Meaning.**

#### **1. The broadest-reasonable-interpretation protocol is an examination expedient justified by the applicant's liberal right to amend claims.**

The Federal Circuit has previously recognized that the broadest-reasonable-interpretation protocol "is solely an examination expedient, and is not a rule of

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<sup>4</sup> If the Court is not inclined to decide the questions presented here, it should hold this petition pending the Federal Circuit's decision whether to grant rehearing in *Versata*. If the Federal Circuit grants rehearing, this Court should grant, vacate, and remand for further consideration in light of the *en banc* decision.

claim construction.” *In re Skvorecz*, 580 F.3d 1262, 1267 (Fed. Cir. 2009). When examining a patent application, examiners use the broadest reasonable interpretation as a tool to “facilitate exploring the metes and bounds to which the applicant may be entitled, and thus to aid in sharpening and clarifying the claims during the application stage, when claims are readily changed.” *Ibid*; see U.S. Patent and Trademark Office, Manual of Patent Examining Procedure § 2111 (9th ed., Mar. 2014) (PTO Manual). Using such a broad construction of proposed claim language typically leads to a back-and-forth between examiner and applicant with repeated and frequent amendment of claim language. The right to amend is absolute; the PTO’s permission is not required while the application is pending. See App., *infra*, 58a (joint dissent) (noting that claims are “readily” amended during the examination process).

If the examiner rejects the broadest reasonable interpretation of a proposed claim as unpatentable, the applicant may freely narrow the claim by amendment or by advancing limiting arguments that become part of the prosecution history. It is the applicant’s right to amend its claims, as part of the “give-and-take between applicant and examiner,” that “justifies use of the broadest reasonable interpretation standard.” App., *infra*, 55a (joint dissent). The Federal Circuit has said the same thing numerous times. *See, e.g., Burlington Indus., Inc. v. Quigg*, 822 F.2d 1581, 1583 (Fed. Cir. 1987) (“Patent application claims are given their broadest reasonable interpretation during examination proceedings, for the simple reason that before a patent is granted the claims are readily amended as part of the examination process.”); *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (same); *In re*

*Prater*, 415 F.2d 1393, 1404-1405 (C.C.P.A. 1969) (same).

By contrast, the PTO has never used the broadest-reasonable-interpretation protocol in post-issuance proceedings where the patentee lacks the liberal right to amend at its own discretion. For instance, in reexamination proceedings involving claims of expired patents, the PTO does not afford claims their broadest reasonable interpretation because the patentee is unable to amend. See PTO Manual § 2258G (“In a reexamination proceeding involving claims of an expired patent, claim construction pursuant to the principle set forth by the court in *Phillips* \* \* \* should be applied since the expired claim[s] are not subject to amendment.”); *In re Rambus, Inc.*, 753 F.3d 1253, 1256 (Fed. Cir. 2014). In such reexamination proceedings, the PTO has instructed examiners to use the same standard as district courts by giving patent claims their ordinary meaning.<sup>5</sup>

## **2. Congress established an adjudicative proceeding with no right to amend.**

In the AIA, Congress converted the then-existing system of “*inter partes* reexamination from an exami-

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<sup>5</sup> Applying the same logic, the PTO recently proposed a rule change for AIA proceedings involving claims of a patent that will expire prior to the Board’s issuance of a final written decision. The PTO conceded that the application of a “*Phillips*-type claim construction” for soon-to-expire patents was appropriate because “[s]uch patents essentially lack any viable opportunity to amend the claims in an AIA proceeding.” Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50,722 (Aug. 20, 2015). The Board elected to continue applying a broadest-reasonable-interpretation standard to all other patent claims.

national to an adjudicative proceeding, and rename[d] the proceeding ‘*inter partes* review.’” H.R. Rep. No. 112-98, at 46-47. IPR is intended to serve as a quick and cost-effective “surrogate for district court validity determinations.” App., *infra*, 32a (Newman, J., dissenting); see *id.* at 54a-55a (joint dissent). IPR proceedings are fundamentally adversarial and adjudicative: the patentee and challenger can obtain discovery, submit briefs, and participate in an oral hearing before a panel of administrative patent judges, who preside over the trial and issue a final written decision. As the Board itself has recognized, “*inter partes* review is neither a patent examination nor a patent reexamination,” but is “a trial, adjudicatory in nature.” *Google Inc. v. Jongerius Panoramic Techs., LLC*, IPR2013-00191, Paper No. 50, at 4 (Feb. 13, 2014).

Because IPR proceedings are adjudicative rather than examinational, “there is no back-and-forth between the patentee and examiner seeking to resolve claim scope ambiguity; there is no robust right to amend.” App., *infra*, 57a (joint dissent). Indeed, patentees do not have any right to amend their claims, but must instead seek permission of the Board—permission that in practice has not regularly been granted. Even then, patentees are limited to one “motion to amend,” with additional motions allowed only to “materially advance the settlement of a proceeding” or “as permitted by regulations prescribed by the Director.” 35 U.S.C. 316(d). The motion is presumptively limited to substituting one amended claim for one challenged claim, and the motion may be denied if the amendment “does not respond to a ground of unpatentability involved in the trial” or “seeks to enlarge the scope of the claims of the patent

or introduce new subject matter.” 37 C.F.R. 42.121(a).

As the joint dissent explained, Congress established a system that lacks the “examinational hallmarks justifying the broadest reasonable interpretation standard in other contexts” and that bears “similarities to district court litigation.” App., *infra*, 57a. In IPR proceedings, as in district court litigation, the goal is to determine the patent’s validity—*i.e.*, “what a patent *actually* claims.” *Id.* at 56a (joint dissent) (emphasis in original). “In [that] context, it makes little sense to evaluate the claim against the prior art based on anything [other] than the claim’s actual meaning,” and “[t]he panel majority fails to explain why Congress (or anyone else) would have thought it desirable or necessary for the Board to construe the claims during IPRs under a different legal framework than the one used by district courts.” *Id.* at 54a-55a, 61a (joint dissent).

### 3. The PTO’s regulation is invalid.

The panel majority relied in the alternative on a regulation promulgated by the PTO that directs the Board to give claims their “broadest reasonable construction” rather than their “ordinary and customary meaning.” 37 C.F.R. 42.100(b). For the reasons given by the joint dissent, see App., *infra*, 59a-61a, that regulation is not entitled to any deference. The PTO lacks the power—both generally under the Patent Act and specifically under the AIA—to prescribe substantive rules. See *id.* at 59a; *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335-1336 (Fed. Cir. 2008). The PTO thus cannot, under the guise of issuing procedural rules, change the law of how patent claims are construed. In any event, far from being a reasonable in-

terpretation of the AIA, the PTO's regulation is manifestly unreasonable, including because it defeats Congress's purpose of substituting administrative adjudication for district court adjudication.

**B. The Panel Majority Erred In Holding That, Even If The Board Exceeds Its Statutory Authority In Instituting IPR, The Board's Unlawful Action Is Unreviewable.**

The AIA does not allow interlocutory review of institution determinations, but it does permit review as part of the plenary appeal from the Board's final written decision, particularly in light of the strong presumption favoring judicial review. Even assuming that Congress intended to bar any review of the Board's institution determinations, the panel majority ignored that courts have drawn a narrow exception for review of agency action that, as here, violates clear statutory limits.

1. Under the AIA, *inter partes* review is an adversarial proceeding that the Board may institute only on the basis of the parties' submissions. The Act requires an IPR petition to identify with particularity "the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. 312(a)(3). The patentee has "the right to file a preliminary response to the petition \* \* \* that sets forth reasons why no *inter partes* review should be instituted based upon the failure of the petition to meet any requirement of this chapter." 35 U.S.C. 313. The Board then may institute IPR only upon "determin[ing] that the information presented in the petition \* \* \* and any response \* \* \* shows that there is a reasonable likelihood that the petitioner would prevail with respect

to at least 1 of the claims challenged in the petition.” 35 U.S.C. 314(a).

The statutory text could hardly be clearer. A petitioner is required to present “the grounds on which the challenge to each claim is based, and the evidence that supports [those] grounds.” 35 U.S.C. 312(a)(3). The Board then must determine whether *that* information (along with any corresponding information in a response) warrants instituting an IPR proceeding, see 35 U.S.C. 314(a), much as a district court in patent litigation has to determine from the parties’ pleadings whether to dismiss the case or allow it to proceed. The Board is not authorized to invalidate patents on the basis of prior art it collects or arguments it devises. When the Board does so, it deprives the patentee—which already has filed its response addressing the petition—of the opportunity to explain why the Board’s newfound evidence or argument does not warrant IPR. See App., *infra*, 31a (Newman, J., dissenting).

2. The decision below incorrectly holds that, even if the Board exceeds its statutory authority in instituting IPR, the Board’s unlawful action is unreviewable. In other words, the Board may freely expand its authority to invalidate a patentee’s property rights, without any judicial oversight. The panel majority relied on 35 U.S.C. 314(d), which provides that the Director’s determination “whether to institute an inter partes review under this section shall be final and nonappealable.” But as the panel majority recognized, the Federal Circuit had previously held that Section 314(d) prevents an *interlocutory* appeal of the PTO’s institution decision. See App., *infra*, 6a (citing *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-1376 (Fed. Cir. 2014)); *id.* at 46a

(Newman, J., dissenting). The AIA’s bar on interlocutory appeals makes complete sense because the Board is normally required to complete IPR proceedings within one year. See 35 U.S.C. 316(a)(11).

The AIA separately provides for appellate review of the Board’s final written decision, see 35 U.S.C. 141(c), 319, and those are the provisions Cuozzo invoked when it appealed at the end of the IPR proceeding. In such an appeal, nothing should bar a party from arguing that the Board’s final written decision must be set aside because the proceeding was improperly instituted. In normal patent litigation, a party may appeal to the Federal Circuit on the ground that the district court lacked jurisdiction or erred in failing to grant a motion to dismiss. There is no reason for a different rule when a party appeals to the Federal Circuit from a final decision in an IPR proceeding. The panel majority reasoned that declaring the decision to institute “final,” as Section 314(d) does, “cannot reasonably be interpreted as postponing review until after issuance of a final decision on patentability.” App., *infra*, 7a. But of course it can. Section 314(d) can easily be read as saying that the PTO’s determination is “final and nonappealable” *at the time it is made*—not forever more.

Indeed, Section 314(d) must be read that way in light of the “strong presumption that Congress intends judicial review of administrative action.” *Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 670 (1986). Although Judge Newman pointed to that presumption in her dissent, see App., *infra*, 46a, the panel majority did not address it. When Congress provided for judicial review of the Board’s final written decisions, it did so for “[any] party to an inter partes review \* \* \* who is dissatisfied with the final

written decision of the Patent Trial and Appeal Board,” 35 U.S.C. 141(c), without placing any limits on the grounds for a party’s dissatisfaction. Section 141(c) and 314(d) can be interpreted *in pari materia* to permit appeals from IPR proceedings that mirror appeals from district court patent litigation—*i.e.*, appeals that occur only at the conclusion of IPR proceedings but in which parties are not limited in their substantive challenges. Because Sections 141(c) and 314(d) can be read that way, they should be read that way.

3. Even assuming that Congress intended Section 314(d) to bar any review of the Board’s institution decisions, the panel majority ignored that “courts have recognized an ‘implicit and narrow’ exception” to such statutory bars “for agency action that plainly violates an unambiguous statutory mandate.” *Versata*, 793 F.3d at 1342 (Hughes, J., concurring in part and dissenting in part) (collecting cases, including *Leedom v. Kyne*, 358 U.S. 184 (1958)).

Section 314(d) would continue to bar appeals contending that the Board, in weighing “the information presented in the petition \* \* \* and any response,” erred in finding “a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition.” 35 U.S.C. 314(a). But Section 314(d) may not bar appeals that the Board ignored limits on its own statutory authority, including the requirement that the Board base its institution decision on the parties’ submissions rather than its own research or theories. Although “[a]n agency may not finally decide the limits of its own statutory power,” *Soc. Sec. Bd. v. Nierotko*, 327 U.S. 358, 369 (1946), the panel majority instead gave the Board free license to ignore the AIA’s limits on its in-

stitution authority. See App., *infra*, 31a (Newman, J., dissenting) (“Such casual disregard of this statutory provision cannot have been intended.”).

### **III. THIS CASE IS AN IDEAL VEHICLE TO RESOLVE THE DIVISIONS IN THE FEDERAL CIRCUIT.**

The Federal Circuit is deeply divided on the claim construction standard that should apply in IPR proceedings. The five dissenting judges authored a joint dissent, and Judge Newman dissented separately, concluding that “[t]his is a simple question, although of powerful consequence,” and “it should be answered correctly.” App., *infra*, 67a. The division within the Federal Circuit on the issue is a foundational one, stemming from disagreement over the background understanding when Congress enacted the AIA. Compare *id.* at 51a (concurrence in the denial of rehearing), with *id.* at 54a-55a (joint dissent from that denial). Only this Court can definitively settle the debate.

This case presents an ideal opportunity to do so. There is no question that, applying the broadest-reasonable-interpretation rule in the PTO’s regulation, the Board invalidated three claims in Cuozzo’s patent. Cuozzo challenged the use of that standard on appeal, and the issue was addressed directly and extensively in multiple opinions at both the panel and rehearing stages. There is likewise no question that, over Cuozzo’s objection and Judge Newman’s dissent, the panel majority declined to review the Board’s decision to institute IPR, even if that decision was unlawful under the AIA. Both issues are legal ones. Delaying review would allow hundreds or even thousands of additional patent claims to be invalidated un-