The authors review the strategic implications of the “claim construction dichotomy” of the Patent Trial and Appeal Board and its relevance to terminal disclaimers in particular.

**Practice Tips for IPR Claim Construction**

**BY MATTHEW C. ENNIS AND REID DODGE**

One of the most appealing aspects of inter partes review (IPR) for petitioners is the Patent Trial and Appeal Board’s broadest reasonable interpretation (BRI) claim construction standard in reviewing patent claims for compliance with 35 U.S.C. §§ 102 and 103. Many practitioners presume that BRI applies in all instances and proceed accordingly.

But those practitioners fail to recognize that the PTAB must apply 35 U.S.C. § 112 and other requirements for patentability when determining claim scope or construing claims. Moreover, the PTAB construes claims of expired patents in accordance with Phillips, not BRI. Such is the case because expired patents are reviewed by the PTAB in a manner “similar to that of a district court’s review.”  

This article highlights these issues, and the strategic implications stemming from them.

**The PTAB’s Application of District Court Claim Construction Standards to Claims of Expired Patents**

The general rule for determining claim scope and construing claims at the PTAB is BRI. BRI is applied in IPR, because, as stated by PTAB Chief Judge James D. Smith at an April 15, 2014, PTAB roundtable, patent owners are able to amend and replace patent claims. However, the PTAB’s justification for BRI disappears when an expired patent is subject to IPR, because claims of expired patents cannot be amended or replaced.

When faced with expired patent claims, the PTAB’s “review of the claims ... is similar to that of a district court’s review.” Moreover, in prior and other types of post-grant review, the PTAB has applied the standard of Phillips to claims of expired patents.

The difference in scope between claims construed under the PTO’s BRI standard and the Phillips standard...

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Matthew Ennis is an associate and Reid Dodge is a law clerk in the Indianapolis office of Faegre Baker Daniels.
is significant. For example, claims are construed under *Phillips* to preserve validity in the case of ambiguity, while the BRI standard does not share the same deference to issued patents.⁸

Patent owners can take advantage of the PTAB’s claim construction dichotomy by dedicating the remainder of the claim or patent-at-issue’s life to the public.⁹ Because such terminal disclaimers can be filed with the PTO at any time, their impact on IPR can be significant.

For example, in *Amkor v. Tessera*, IPR2013-00242, the patent owner filed a terminal disclaimer just over a month before the oral hearing in an attempt to change the claim construction standard from BRI to *Phillips*.¹⁰ On a conference call three days later, the PTAB authorized the parties to provide 12-page briefs on the impact of the terminal disclaimer on the IPR.¹¹ The patent owner was permitted seven days to brief the issue, and the petitioner was allowed seven days to respond.¹² In its responsive brief, the petitioner correctly noted the following:

Should the Board agree with [patent owner], it will be creating a tool to alter claim construction at late stages in post-grant proceedings, to render prior discovery meaningless, and to disrupt trial dates and statutory deadlines. Nothing would stop a patent owner from disclosing the remaining life of a patent at the eleventh hour, in a desperate effort to salvage some claims.¹³

Ultimately, the PTAB declined to change the scope of claim construction from the BRI standard by holding the patent owner’s terminal disclaimer in abeyance until the proceeding terminated or resulted in a final written decision.¹⁴ The PTAB explained that its authority to do so was based on its exclusive jurisdiction over patents involved in IPR, per 37 C.F.R. § 42.3(a), and ability to vacate or hold in abeyance any non-PTAB action directed to the proceeding while a patent is under jurisdiction of the PTAB unless the action was authorized by the PTAB, under 37 C.F.R. § 42.7(b) (2014).¹⁵ The PTAB justified its decision by noting that (i) changing the claim construction at a late stage would require, in essence, restarting the IPR, (ii) proceeding immediately to a final written decision (i.e., without allowing additional briefing) would result in a decision based on an incomplete record, and (iii) permitting patent owners to terminally disclaim patents in this manner has great potential for abuse and may encourage gamesmanship.¹⁶

Despite the PTAB’s rejection of the patent owner’s end-run around BRI in IPR2013-00242, the strategic implications of terminal disclaimers loom large. The PTAB, critically, did not foreclose the possibility accepting a terminal disclaimer, and changing the claim construction standard, after a petition for IPR is filed.¹⁷ Parties should carefully consider the implications of the PTAB’s recent order in IPR2013-00242, Paper 129, and the potential for patent owners to alter the PTAB’s claim construction standard when participating in IPR proceedings.

### The PTAB’s Consideration of 35 U.S.C. § 112 and Other Claim Construction Issues

Petitioners may only request to cancel claims as unpatentable based on patents and printed publications under 35 U.S.C. §§ 102 and 103.¹⁸ But not every patentability analysis at the PTAB will necessarily end with a determination based on the prior art.¹⁹ For example, if claims at issue are indefinite, the PTAB cannot compare the scope and content of the prior art to the unknown scope of the claims.²⁰ The PTAB is then left in a situation where it may be unable to order a claim unpatentable as indefinite under Section 112 or unpatentable under Sections 102 or 103.²¹

For example, in *RIM v. MobileMedia Ideas*, IPR2013-00036, the PTAB determined that the scope of the means-plus-function claims-at-issue could not be established without speculation.²² Such was the case because, according to the PTAB, the only structure provided was a general purpose computer without an implemented algorithm.²³ Without knowing the scope of the claims-at-issue, the PTAB could not compare those claims to the prior art and sua sponte terminated the proceeding.²⁴ The district court case related to IPR2013-00036 settled and was dismissed prior to the PTAB’s termination order, so the impact of a PTAB sua sponte termination of IPR on related district court litigation is unknown.²⁵

However, the PTAB’s order in IPR2013-00036 may have clarified an ambiguity in 35 U.S.C. § 318(a).²⁶ For example, the PTAB might have nevertheless ordered the claims unpatentable, as 35 U.S.C. § 311(b) only refers to the petitioner’s request, not the PTAB’s final decisions.

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⁸ No. IPR2013-00065, Paper No. 11 at p. 10 (noting that *Phillips* requires that ambiguous claims be construed to preserve validity); see also AIA PTAB Roundtable part II, Livestream, at 29:25 through 32:40 (April 15, 2014), http://new.livestream.com/uspto/PTABAIA (noting, in part, that, in district court, claims are presumed valid and construed to preserve validity and that, before the PTAB, there is no presumption of validity).
¹⁰ *Amkor Tech., Inc. v. Tessera, Inc.*, No. IPR2013-00242, Paper Nos. 38 (regarding scheduling order) and 115 (regarding patent owner’s terminal disclaimer).
¹¹ IPR2013-00242, Paper No. 117.
¹² Id.
¹³ IPR2013-00242, Paper No. 126 at p. 4.
¹⁵ Id. at p. 6.
¹⁶ Id., generally.
¹⁷ See generally IPR2013-00242, Paper 129.
¹⁹ See *Research in Motion Corp. v. MobileMedia Ideas LLC*, No. IPR2013-00036, Paper No. 65 at p. 7 (“Not every patentability analysis, however, necessarily ends with a determination with respect to the prior art.”).
²⁰ Id.
²¹ Id.; see also AIA PTAB Roundtable part II at 9:02 to 11:37, available at http://new.livestream.com/uspto/PTABAIA
²³ See id. at p. 13 (citing WMS Gaming, Inc. v. Int’l Game Tech., 184 F.3d 1339, 1349, 51 U.S.P.Q.2d 1385 (Fed. Cir. 1999)).
²⁴ Id. at p. 21; see also 37 C.F.R. § 42.72 (2014) (Termination of Trial).
²⁶ 35 U.S.C. § 318(a) (2014) (“If an inter partes review is instituted and not dismissed under this chapter, the [PTAB] shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim under section 316(d).”).
written decision.\textsuperscript{27} As early as Jan. 2, 2014, the PTAB was still wrestling with the issue.\textsuperscript{28}

Given the PTAB’s termination of IPR2013-00036, parties to an IPR proceeding should carefully consider whether any issue may prevent the PTAB from construing or determining the scope of the claims-at-issue. While the parties cannot challenge patents on issues beyond Sections 102 and 103 in IPR, those issues will nevertheless impact IPR.\textsuperscript{29}

For example, if the PTAB determines it is unable to determine the proper claim scope, the PTAB may refuse to institute IPR or may terminate the proceeding without issuing a final written decision. That said, the PTAB might only consider issues beyond Sections 102 and 103 sua sponte in view of the seeming ambiguity of 35 U.S.C. § 311 (i.e., the Sections 102 and 103 cancellation restriction applies only to the petitioner's initial request, not the PTAB’s final written decision or other orders).\textsuperscript{30}

Additionally, IPR PTAB orders that reference grounds for unpatentability beyond Sections 102 and 103 may be persuasive in related district court litigation, but those orders are not binding. The good news for petitioners is that a PTAB sua sponte termination, as in IPR2013-00036, or refusal to institute IPR does not trigger the estoppel provisions of IPR.\textsuperscript{31}

\textsuperscript{27} See id. (appearing to authorize the PTAB to issue a final decision with respect to patentability, but not explicitly limiting that decision to the statutory grounds of 35 U.S.C. §§ 102 and 103).

\textsuperscript{28} See Xilinx, Inc. v. Intellectual Ventures I LLC, No. IPR2013-00029, Paper No. 48 at pp. 53-55 (addressing whether the PTAB may issue a final written decision in an IPR ordering claims unpatentable as indefinite under 35 U.S.C. § 112(b)).

\textsuperscript{29} See, e.g., Vibrant Media, Inc. v. Gen. Electric Co., No. IPR2013-00172, Paper No. 8 at pp. 6, 7 (noting that patent owner must provide an explanation or evidence as to how two dependent claims comply with 35 U.S.C. § 112 ¶ 4 in an institution decision); Idle Free Sys., Inc. v. Bergstrom, Inc., No. IPR2012-00027, Paper 26 at p. 8 (noting that, in motions to amend, patent owners must demonstrate that the proposed replacement claims or amended claims have written description support in the original disclosure of the patent); cf. Harmonic Inc. v. Avid Tech., Inc., No. IPR2013-00252, Paper 12 at p. 18 n. 1 (refusing to consider petitioner’s argument that claims lacked antecedent basis in an institution decision); Sony Computer Entm’t Am. LLC v. Game Controller Tech. LLC, No. IPR2013-00634, Paper No. 11, at p. 9 n. 5 (“In an inter partes review, however, we do not address issues which may arise under 35 USC 112. In any event, we see no indefiniteness issue with respect to claim 3, and thus provide a construction of this claim term.”).

\textsuperscript{30} See, e.g., IPR2013-00172, Paper No. 8 at pp. 6, 7.

\textsuperscript{31} See 37 C.F.R. 42.73(d)(1) (Judgment) (2014) (estoppel only applies when a final written decision is obtained).