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# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

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## Federal Circuit IPR Scoreboard PTAB: 2 Patent Owner: 0

By [Katie L. Becker](#)

February 13, 2015 — Last week the Federal Circuit issued its first decision in an appeal of a final decision from a post-issuance review proceeding under the America Invents Act.<sup>1</sup> In a 2-1 decision, the Federal Circuit affirmed a Patent Trial and Appeal Board (PTAB) final decision in an *inter partes* review (IPR) cancelling the reviewed claims as obvious.

At the U.S. Patent and Trademark Office (PTO), Garmin International, Inc. and Garmin USA Inc. petitioned for an IPR of three claims of a patent directed to an interface that displays a vehicle's current speed as well as the speed limit. The PTAB instituted an IPR on all three claims, determining that there was a reasonable likelihood that those three claims were obvious in view of a combination of various prior art references. In its final decision, the PTAB, applying its broadest reasonable interpretation standard to the claims, found that the reviewed patents were obvious and therefore unpatentable.

On appeal, the patent owner, Cuozzo, argued that the PTO improperly instituted the IPR on two out of the three claims. In reaching its institution decision, Cuozzo argued, the PTO relied on art that Garmin did not identify in its petition as grounds for instituting the IPR as to those two claims, despite the fact that it was identified with respect to the third claim. In response to this argument, the Federal Circuit concluded that 35 U.S.C. § 314(d) prohibits review of the institution decision even after a final decision

Cuozzo also argued that the PTAB should not have applied the broadest reasonable interpretation standard in claim construction. In advancing this argument, Cuozzo first argued that the PTO

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<sup>1</sup> *In re Cuozzo Speed Technologies, LLC*, Case No. 14-301 (Fed. Cir., Feb. 4, 2015).

lacked authority to promulgate 37 C.F.R. §42.100(b), which specifies this claim construction standard in IPR proceedings. The Federal Circuit disagreed. After analyzing the history of the broadest reasonable interpretation standard and how that history bears on the interpretation of IPR statute, the Court concluded that Congress was well aware of and implicitly adopted that standard when it enacted the AIA. The Court also found that 35 U.S.C. § 316 provides authority to the PTO to conduct rulemaking and thus to promulgate §42.100(b).

The Court went on to apply *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015), construing the claims under the broadest reasonable interpretation standard, and concluded that the PTAB did not err in its claim construction. In addition, the Court reviewed the Board's obviousness determination and agreed with the PTAB, finding the claims<sup>2</sup> obvious.

Judge Newman dissented from several of the panel majority's rulings as "contrary to the legislative purpose of the Leahy-Smith American Invents Act." With respect to the claim construction ruling, Judge Newman found that by treating the claims of an issued patent the same way as claims in a pending application, as the majority did, "precludes achieving review of patent validity in Inter Partes Review comparable to that of the district courts, where validity is determined based on the correct claim construction, not an artificially 'broadest' construction." Thus, the majority "defeats the legislative purpose" since the PTO cannot serve as a "surrogate for district court litigation if the PTAB does not apply the same law to the same evidence."

In her analysis, Judge Newman distinguishes routine patent examination and reexamination from *inter partes* review and specifically recognizes that limitations placed on patent owners in IPR proceedings, noting that it is "beyond debate that Inter Partes Review does not allow the kind of iterative amendment process that initially justified adoption of a 'broadest reasonable interpretation' protocol in examination and reexamination."

Lastly, with respect to the prohibited appellate review of institution decisions, Judge Newman favors a "thoughtful adjustment to the legislative purposes, as "the statute requires" versus "heavy-handed foreclosure of all review of anything related to the petition."

The Federal Circuit issued another IPR decision earlier this week. In a one-sentence ruling, the Federal Circuit in *Softview LLC v. Kyocera Corp., et al.*, upheld the PTAB's final decision in an IPR proceeding, invalidating all 18 claims subject to review.<sup>3</sup>

As the volume of PTAB final decisions in AIA proceedings continues to increase, so will appeals to the Federal Circuit. Practitioners and patent owners will continue to monitor whether the Court will continue to uphold PTAB decisions invalidating claims or if it will even the score and begin reversing the PTAB's final decisions.

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<sup>2</sup> The Court analyzed only claim 10 in determining whether the PTAB erred in its obviousness analysis, since *Cuozzo* stated in its appeal briefing that for purposes for the appeal, the three claims "rise and fall together."

<sup>3</sup> These claims were also asserted in an underlying litigation between the parties and additional defendants. See *Softview LLC v. Apple Inc. et al.*, 1:10-cv-00389 (D. Del.).

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



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