

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

IN RE CUOZZO SPEED TECHNOLOGIES, LLC,
Appellant,

*Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board.*

**BRIEF OF INTELLECTUAL PROPERTY OWNERS ASSOCIATION AS
AMICUS CURIAE IN SUPPORT OF COUZZO SPEED
TECHNOLOGIES, LLC'S PETITION FOR REHEARING *EN BANC***

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

In re Cuozzo Speed Technologies, LLC v. _____

No. 14-1301

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Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party) _____ certifies the following (use "None" if applicable; use extra sheets if necessary):

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2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

None

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None

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The Intellectual Property Owners Association (IPO) submits this brief as *amicus curiae* pursuant to Fed. R. App. P. 29 and Rule 29 of this Court. IPO supports the petition for rehearing *en banc* filed by Cuozzo Speed Technologies LLC (Cuozzo) to address the scope afforded to patent claims when their validity is determined in *inter partes* review (IPR) proceedings. IPO otherwise takes no position on the underlying merits of the appeal.

INTEREST OF *AMICUS CURIAE*

Amicus curiae IPO is a trade association representing companies and individuals in all industries and technology fields who own or are interested in intellectual property.¹ IPO's members include over 200 companies and 12,000 individuals involved in the association through their companies or as inventor, author, executive, law firm or attorney members. Founded in 1972, IPO represents the interests of all intellectual property owners. IPO regularly represents its members' interests before Congress and the United States Patent and Trademark Office (Patent Office) and has filed *amicus curiae* briefs in this and other courts on significant intellectual property issues. The Appendix lists IPO's Board of Directors, which approved filing this brief.²

¹ No counsel for a party authored any portion of this brief. Only *amicus curiae* or its counsel contributed monetarily to its preparation or submission. A Motion is being filed with this brief.

² Two-thirds of IPO directors present and voting must approve brief positions.

SUMMARY OF ARGUMENT

This appeal presents a question of exceptional importance -- whether the PTO erred in adopting 37 C.F.R. § 42.100(b), which applies the broadest reasonable interpretation (BRI) to unexpired claims challenged in the new IPR proceedings created by the America Invents Act (AIA). An *en banc* panel of this court should now overrule the panel's decision and hold that claims in IPR proceedings are to be construed as they are in the courts.

Argument

I. The *En Banc* Court Should Decide the Scope That Patent Claims Are Afforded When Their Validity is Adjudicated in IPR Proceedings.

En banc review of this case is now appropriate because it “involves a question of exceptional importance.”³ By broadening the scope of claims using the BRI standard in IPR's, the PTO effectively overruled this Court's precedent requiring the scope of issued patent claims to be assessed in view of the entirety of the intrinsic evidence, including the prosecution history. As a result, the validities of thousands of patents that would have been found to be valid using this Court's time honored claim construction principles are now at risk.

The use of BRI in IPR proceedings is rapidly undermining the public's confidence in the patent system. The panel's decision upsets the settled expectations of inventors, patentees and all others who depend on the patent

³ FED. R. APP. P. 35(a)(2).

system. Countless validity opinions rendered in reliance on this Court's claim construction precedent are now of questionable value. Billions of dollars invested in promising new technologies based on the understanding that issued patents would be construed as they always have been are now in jeopardy. Investment decisions relating to research and development of new inventions and the commercialization of previously patented ones are now being chilled.⁴

The repudiation of this Court's longstanding claim construction standard is also upsetting enforcement, licensing, design-around and other business decisions involving existing patent portfolios, even spawning new "greenmail" or "reverse trolling" schemes where short sellers drive down stock prices of invention-dependent businesses merely by filing IPR's.⁵

This is not what Congress intended in passing the AIA. The new IPR proceedings were simply designed to provide an expeditious and cost-effective alternative to district court litigation for adjudicating the validity of issued claims under existing Federal Circuit precedent, not, as the panel decision holds, to alter the scopes of issued patent claims to make them more vulnerable to invalidation.

⁴ See The Impact of Abusive Patent Litigation Practices on the American Economy: Hearing Before S. Comm. on Judiciary, 114th Cong., 1st Sess. (testimony of Hans Sauer, March 18, 2015, at 1-2,5-6). Available at <http://www.judiciary.senate.gov/imo/media/doc/03-18-15%20Sauer%20Testimony.pdf>

⁵ Id. at 1.

Not surprisingly, the easier-to-invalidate standard that results from using BRI has made IPR's exceedingly popular with those who may otherwise face liability for infringement. The latest statistics from the PTO indicate that 2,664 IPR petitions have been filed as of March 26, 2015,⁶ most of which have been filed against patents already involved in litigation. Of those that have been decided, the PTAB has invalidated an overwhelming majority in whole or in part.

Unfortunately, the PTO refused to heed the warnings of IP stakeholders who opposed the use of BRI in IPR proceedings from the outset. Shortly after passage of the AIA, when the PTO was proposing and promulgating implementing rules, three leading intellectual property law organizations – ABA-IPL Section, AIPLA and IPO – were united on multiple occasions in urging that BRI not be used for IPR and the other new post-issuance reviews.⁷

In the fall of 2014, these same organizations responded to a Federal Register notice requesting comments on “Trial Proceedings Under the America Invents Act (AIA) Before the Patent Trial and Appeal Board.”⁸ Based on two years of

⁶ See AIA Progress Statistics (as of 03/19/2015), Patent Trial and Appeal Board, http://www.uspto.gov/sites/default/files/documents/aia_statistics_03-19-2015.pdf

⁷ See ABA-IPL, AIPLA and IPO. Comments to USPTO on proposed rules for AIA implementation. April 9, 2012. Available at http://www.uspto.gov/sites/default/files/aia_implementation/comment-aba-aipla-ipo.pdf

⁸ 79 Fed. Reg. 36474 (June 27, 2014).

experience with IPR proceedings among their tens of thousands of members, they again unanimously called upon the PTO to reject the BRI protocol in favor of a claim interpretation standard for AIA review proceedings consistent with that used in courts under *Phillips/Markman*.⁹

Nor has the PTO's rulemaking error escaped the notice of Congress. Since the PTO adopted BRI for IPR proceedings, no fewer than four bills have been introduced seeking to overturn it,¹⁰ with one, the Innovation Act introduced in the last Congress, passing the House of Representatives by a vote of 325-91.¹¹ These ongoing legislative efforts are a clear indication that the PTO's adoption of the BRI rule for IPR proceedings is not what Congress intended.

En banc review is especially appropriate now, as further cases will not add clarity to the issue and the problems created by this panel's erroneous decision will

⁹ See *ABA-IPL Comments in response to Fed. Reg. 36474* (June 27, 2014). Available at http://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/advocacy-20141016-comments-ptab.authcheckdam.pdf; *AIPLA Comments in Response to 79 Fed. Reg. 36474* (June 27, 2014). Available at http://www.uspto.gov/sites/default/files/ip/boards/bpai/aipla_20141016.pdf; *IPO Comments in Response to 79 Fed. Reg. 36474* (June 27, 2014). Available at http://www.uspto.gov/sites/default/files/ip/boards/bpai/ipo_20140916.pdf

¹⁰ See Innovation Act, H.R. 3309, 113th Cong. § 9(b) (2013); Patent Transparency and Improvements Act of 2013, S. 1720, 113th Cong. § 7(b) (2013); Innovation Act, H.R. 9, 114th Cong. § 9(b) (2015); STRONG Patents Act of 2015, S. 632, 114th Cong. § 102(b) (2015).

¹¹ See Innovation Act, H.R. 3309, § 9(b); passed by House of Representatives, Dec. 5, 2013, 159 *Cong. Rec.* H7511, H7555-56.

only exacerbate as the thousands of pending IPR petitions, and the hundreds more being filed each month, work their way through the PTAB. Only the PTAB issues IPR decisions, and only the Federal Circuit decides appeals of those decisions. Future three-judge panels must follow the split decision of the panel in this case.¹² Absent *en banc* review, delay in correcting the panel's error will mean that hundreds or thousands of patents will be reviewed under the wrong standard.

The importance of this issue to a properly-functioning patent system cannot be overstated. This Court, sitting *en banc*, should take up this exceptionally important issue now, before the thousands of pending IPRs are decided, and many more are filed and instituted, under an incorrect claim interpretation protocol.

II. The Broadest Reasonable Interpretation Examination Protocol Should Not Be Applied to Claims Adjudicated in IPR Proceedings

The use of the BRI protocol in IPR's is plainly inconsistent with the letter and spirit of the AIA. Judge Newman's dissent from the panel opinion in this case presents a cogent and persuasive explanation of the differences between claim examination/reexamination and IPR reviews, and why BRI is appropriate but not in IPR's, where claims of issued patents should be construed in accordance with their ordinary and customary meaning as understood by one of ordinary skill in the

¹² *E.g., Deckers Corp. v. United States*, 752 F.3d 949, 964 (Fed. Cir. 2014).

art, as in *Phillips* and *Markman*.¹³

The language and legislative history of the AIA make clear that Congress neither intended nor authorized the PTO to use BRI to construe claims being adjudicated in IPR proceedings. Congress expressly designed the new IPR proceedings to provide expeditious and cost-effective alternatives to district court litigation for adjudicating patent validity challenges: “[t]he Act converts *inter partes* reexamination from an examinational to an adjudicative proceeding, and renames the proceeding ‘*inter partes* review.’”¹⁴ The House Report further describes post-grant review as “a new procedure . . . to review the validity of a patent . . . in a court-like proceeding.” At the time Congress passed the AIA, *Markman* and *Phillips* were well-established law and Congress was fully aware of how the claims of issued patents were construed in litigation. There is no indication whatsoever in the AIA or its legislative history that Congress, while creating a “court-like proceeding” to “review the validity of a patent,” intended that a claim construction protocol never used before by a court would be applied.

More importantly, the statutory language adopted by Congress confirms that it understood and intended that claims involved in the new AIA review

¹³ *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (*en banc*), *aff'd* 517 U.S. 370 (1996).

¹⁴ H.R. Rep. No. 112-98, pt. 1, at 46-47 (2011).

proceedings would be construed using intrinsic evidence that is traditionally considered under the *Markman/Phillips* claim construction standard, but which is not allowed to be considered under the BRI protocol, which looks only to the language of the specification and claims. 35 U.S.C. § 301(a)(2) expressly permits the PTO to receive citations to statements of the patent owner during prosecution of the patent “on the scope of any claim of a particular patent.” 35 U.S.C. § 301(d) then allows such statements to be considered by the Office to “determine the proper meaning of a patent claim” in an IPR proceeding. These provisions clearly contemplate that that claims being construed in IPR proceedings would be interpreted using intrinsic evidence from the prosecution histories, and that traditional estoppels would be recognized in determining claim scope. This statutory language is consistent with the *Phillips/Markman* approach to claim construction, but is inconsistent with the use of BRI.

The limited ability of the patent owner to propose substitute claims in an IPR proceeding does not justify application of the BRI protocol. This Court has authorized the PTO to use the BRI protocol only during the examination, reexamination or reissue of patent claims, where the patent applicant or owner has the unfettered right to make iterative amendments to claims that have been rejected

by the Office.¹⁵ Congress expressly chose **not** to create that type of liberal right to amend when it created IPR and the other new adjudicatory post-issuance reviews. In an IPR proceeding, the patent owner may only cancel challenged claims as a matter of right, and may only *propose* by motion a reasonable number of substitute claims.¹⁶ The patent owner has no *right* to amend claims to meet any new arguments or evidence advanced by a challenger against the proposed substitute claims, nor any right to amend the proposed substitute claims after learning what the PTO's position is on their patentability. There is no iterative process of claim amendments to respond to rejections and the prior art supporting those rejections, which is the sole basis for justifying the use of the BRI in other PTO proceedings. Moreover, as implemented by the PTO, any statutory "right" to introduce substitute claims during IPR is largely illusory, as such motions proposing substitute claims are almost never granted.

It is a fundamental tenet of patent law that issued claims being adjudicated should be interpreted the same for purposes of determining their validity and infringement. There is no reasonable basis on which to conclude that Congress intended the scope of an adjudicated patent would be interpreted one way by courts and in a different way by the PTAB in an IPR proceeding. Nor is there any

¹⁵ See *In re Yamamoto*, 740 F.2d 1569, 1572 (Fed. Cir. 1984).

¹⁶ 35 U.S.C. § 326(a)(9).

reasonable basis to conclude that Congress intended the PTAB to ignore the effort and expense invested by the patent applicant and the PTO during the original examination of a patent involved in an IPR proceeding, in favor of an approach that starts over at the beginning, as BRI does, instead of where the PTO left off at the time it concluded the patent should be granted. In sum, there is nothing whatsoever in the language or legislative history of the AIA to suggest that Congress intended to create new post-issuance review proceedings that violate fundamental principles of patent law and create an unbalanced playing field tilted against patent owners in the manner that the PTO's rulemaking has done. Simply put, the PTO regulation authorizing the use of BRI is plainly inconsistent with the plain language of the AIA, and its legislative history.

CONCLUSION

For all of the foregoing reasons, IPO respectfully requests that this Court rehear this appeal *en banc*.

Respectfully Submitted,

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APPENDIX¹

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