



How Different Are the Broadest Reasonable Interpretation and *Phillips* Claim Construction Standards?

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I. Introduction

Historically, the United States Patent & Trademark Office has applied the “broadest reasonable interpretation” (“BRI”) claim construction standard during prosecution and post-grant proceedings, except as applied to claims of expired patents.² Courts, on the other hand, have interpreted claims under the so-called *Phillips* standard.³ To date, there have been very few decisions in which courts have attributed a variance in claim interpretation to the differences between the two standards. In some cases, the USPTO and the Federal Circuit have had to “switch gears” when patents have expired either during the pendency of post-grant proceedings or during the pendency of an appeal from a final written decision from a post-grant proceeding.⁴ On May 9, 2018, the USPTO issued a notice of proposed rulemaking to adopt the *Phillips* method of interpreting disputed terms in claims in inter partes review (IPR), post-grant review (“PGR”) and covered business method review (“CBM”) proceedings before the PTAB. 83 Fed. Reg. 21221. This would represent a change from the current BRI standard.

This paper analyzes cases in which the different standards resulted in the same or different constructions, and addresses issues to consider in view of the USPTO’s proposed rule change. Because claim construction considerations are the same in IPRs, PRGs and CBMs, references in this paper to claim construction issues in the context of IPRs also includes PGRs and CBMs.

II. The BRI and *Phillips* claim construction standards

A. The BRI claim construction standard

The BRI standard requires consideration of the “broadest reasonable meaning of [a claim’s] words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in the applicant’s specification.”⁵ Claim words are given their ordinary and customary meaning unless the patent applicant acts as his own lexicographer by defining terms in a specific manner in the specification.⁶ In addition, “[t]he

² See *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2145 (2016) (approving USPTO regulation providing for use of BRI in *inter partes* review).

³ See *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*).

⁴ See *e.g.*, 37 C.F.R. § 42.100.

⁵ *In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997).

⁶ See *In re Paulsen*, 30 F.3d 1475, 1480, 31 USPQ2d 1671, 1674 (Fed. Cir. 1994) (holding that an inventor can act as his own lexicographer by defining specific terms “with reasonable clarity, deliberateness, and precision” such that he “set[s] out his uncommon definition in some manner within the patent disclosure’ so as to give one of ordinary skill in the art notice of the change” in meaning) (quoting *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384, 1387-88, (Fed. Cir. 1992)).

PTO should also consult the patent’s prosecution history.”⁷ While the BRI standard does not prohibit the use of extrinsic evidence (*i.e.*, dictionaries and expert testimony), such extrinsic evidence should be considered secondarily in a limited manner and in view of the primary intrinsic evidence (*i.e.*, the claim language itself, the specification, the prosecution history) to ensure that the interpretation is the broadest *reasonable* interpretation, not just the broadest interpretation.⁸ The USPTO applies the BRI standard in pre-issuance examinations as well as most post-issuance review proceedings.

B. The *Phillips* claim construction standard

Since the Federal Circuit’s 2005 *en banc* decision in *Phillips*⁹, district courts have followed the standard articulated in the Federal Circuit’s *en banc* decision in *Phillips*, which reconciled prior Federal Circuit claim construction precedent.¹⁰ In particular, the Federal Circuit’s *Vitronics* and *Texas Digital* decisions were inconsistent in their approach as to whether extrinsic evidence (*i.e.* dictionaries) could be consulted as a primary reference for interpretation of a claim term.¹¹ *Phillips* clarified that primary reliance should be placed on intrinsic evidence and secondary reliance should be placed on extrinsic evidence.¹² District courts, in contrast to the USPTO, construe claims according to the standard articulated by the Federal Circuit in its *en banc* decision in *Phillips*, which requires that claims be given their ordinary and customary meaning.¹³ According to the *Phillips* standard, a claim term must be given “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.”¹⁴ Like the BRI standard, the *Phillips* standard primarily focuses on intrinsic evidence to interpret a claim term.¹⁵

C. Issues relating to different claim construction standards

The Federal Circuit has noted that “the broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the *Phillips* standard. But it

⁷ *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015), noting that “[e]ven under the broadest reasonable interpretation, the Board’s construction ‘cannot be divorced from the specification and the record evidence.’” *Id.*, quoting *In re NTP, Inc.*, 654 F.3d 1279, 1288 (Fed. Cir. 2011).

⁸ See *PPC Broadband, Inc. v. Corning Optical Communications RF, LLC*, 815 F.3d 747, 755 (Fed. Cir. 2016).

⁹ Note 3, *supra*.

¹⁰ See *Illinois Tool Works, Inc. v. Ion Systems, Inc.*, 250 F.Supp.2d 477,483-84 (E.D. Pa. 2003).

¹¹ See *Vitronics v. Conceptronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996); *Texas Digital Sys. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002).

¹² *Phillips*, 415 F.3d at 1315-18.

¹³ See *Phillips*, 415 F.3d 1303.

¹⁴ *Id.* at 1313.

¹⁵ *Id.* at 1315-18.

cannot be narrower.”¹⁶ Even so, the prospect of differing constructions for the same claim term is troubling, especially when claim construction takes place at the same time in parallel district court proceedings and USPTO proceedings.

Recently, in *Cuozzo Speed Technologies*, the Supreme Court considered this issue and unanimously affirmed the Federal Circuit’s holding that the USPTO was authorized to adopt a rule promulgating use of the BRI standard in *Inter Partes* Review (IPR) proceedings, finding that requiring the BRI standard was a “reasonable exercise of the rulemaking authority that Congress delegated to the USPTO.”¹⁷ The Court rejected the argument that Congress intended IPRs to be surrogates for district court litigation (and therefore should apply the *Phillips* standard) due to their nature as administrative proceedings. In doing so, the Court’s opinion stated that the BRI standard encourages issuance of narrow claims, which ultimately prevents assertion of overly broad claims.¹⁸ As a result, unless the USPTO changes claim construction standards, both the BRI and *Phillips* standards will continue to affect claim constructions in USPTO and district court proceedings for the foreseeable future.

III. What would be the effect of changing the standard in AIA trials?

The USPTO has issued a proposed rule, proposing to adopt the *Phillips* standard for claim construction in PTAB proceedings. This proposal will eliminate the issue of changing construction of a claim term in a PTAB proceeding after the patent has expired, and should be useful to both district courts and the PTAB, which may find each other’s claim construction rulings at least informative.

Courts and the USPTO have frequently cited to the differing claim construction standards to perform a *de novo* claim construction using the standard at issue before them. And, sometimes claims have been construed differently when a patent has expired during the pendency of an administrative proceeding at the USPTO. In such instances, the USPTO has applied the “*Phillips*-type” or “district court-type” standard.¹⁹

We have found nine cases in which a patent expired during a PTAB proceeding. This resulted in a new construction in five of nine cases.

¹⁶ *Facebook, Inc. v. Pragmatus AV, LLC*, 2014 WL 4454956, 4 (Fed. Cir. Sep. 11, 2014) (nonprecedential)

¹⁷ *Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 2144–5 (2016).

¹⁸ *Id.*

¹⁹ *See*, MPEP § 2258.G (*ex parte* reexamination) and 37 C.F.R. § 42.100, 200, and 300 (AIA trials).

A. Cases in which the different standard affected the result

1. The Board

In perhaps the first case to address claim construction of an expiring patent, the Board of Patent Appeals and Interferences (BPAI) changed its construction during reexamination after being instructed to do so by the U.S. District Court for the District of Columbia.²⁰ On remand, the BPAI reasoned, “the rationale for the [BRI] rule approved in *Yamamoto* takes into account the fact that the reexamination law permits patent owners to amend their claims to avoid cited prior art. In this case, however, the patent undergoing reexamination ... expired ..., effectively terminating appellant’s right to amend its claims.”²¹ The BPAI, while careful not to read in limitations from the specification, looked to a narrower definition found in the specification to construe the claims more narrowly than before.²² In doing so, the BPAI reversed the examiner’s rejection and confirmed the claims’ patentability.

Next, *Ex parte Bowles* provided examples of the change in construction standard affecting and not affecting the construction of a term.²³ The reexamination examiner rejected several claims, apparently under the BRI standard. As to the term “positive feedback,” the BPAI stated, “[f]ollowing the holding of *Papst-Motoren*, we have not given the term ‘positive feedback’ its broadest reasonable interpretation as the examiner appears to have done. Instead, we have turned to appellants’ specification for an interpretation of the meaning of the term.” In doing so, the BPAI reversed the examiner’s rejection of some claims, but affirmed the examiner’s decision to confirm two means-plus-function claims whose constructions did not change under the narrower standard.

2. The Central Reexamination Unit

In two reexams against Guardian Media, LLC, the USPTO allowed claims after the patent had expired.²⁴ In the first office action, the examiner construed “resumption signal” as “provided when the classification code value changes to one that no longer results in blocking,” and rejected all of the claims.²⁵ In response, the patent owner canceled most of the claims and added several new claims, which the examiner rejected in a final office action.²⁶ In response to the final office action, the patent owner argued that two original claims were patentable based on a construction under the *Phillips* standard.²⁷ In the notice of intent to issue a reexamination

²⁰ *Ex Parte Papst-Motoren*, 1 USPQ 2d 1655 (BPAI 1986).

²¹ *Id.* (internal citations omitted).

²² *Id.*

²³ 23 U.S.P.Q.2d 1015 (1991).

²⁴ Reexam ctrl. nos. 90/007,746 and 90/008,544.

²⁵ *Id.*, non-final office action, dated March 23, 2006.

²⁶ *Id.*, February 8, 2008.

²⁷ *Id.*, June 9, 2008.

certificate, the examiner agreed to construe the limitation differently, *i.e.*, “a generated affirmative signal that causes playing of the suspended program to resume.”²⁸ It is not clear, however, whether the examiner believed that the construction changed due to the patent expiring, because the patent owner had never previously argued this claim limitation as a patentable feature.

In another two reexaminations, the examiner confirmed the previous rejection of several claims, after the patent expired.²⁹ The examiner initially relied on a broad construction of two terms based on the BRI standard.³⁰ In a final office action, after the patent expired, the examiner agreed with the patent owner to use a narrower claim interpretation that a court previously used, but noted that the USPTO was not bound to accept that construction.³¹ However, the examiner did not reverse rejections of several other claims, and the BPAI largely upheld the examiner’s final determination, including various claim constructions that remained unchanged.³² Neither the examiner nor the BPAI provided an analysis of why claim interpretations differed or not. At most, the examiner simply chose to accept a prior court’s construction, but noted that the USPTO was not bound to the district court’s decision. In either case, the claims were still unpatentable.

3. The Court of Appeals for the Federal Circuit

Similarly, in two related Court of Appeals for the Federal Circuit cases between PPC Broadband, Inc. and Corning Optical Communications RF, LLC, the court decided that the “[c]ase hinges on the claim construction standard applied—a scenario likely to arise with frequency. And in this case, the claim construction standard is outcome determinative.”³³ PPC’s patent (U.S. Patent No. 8,287,320) claimed “A coaxial cable connector comprising: a connector body; a post ...; a nut ...; a continuity member disposed only reward of the start of the second end portion of the nut and contacting the post and the nut, *so that the continuity member extends electrical grounding continuity through the post and the nut; ...*” (Emphasis added.) The PTAB construed the claim, under BRI, to mean “that the continuity member need only make contact with the coupler/nut and the post to establish an electrical connection there.” PPC argued that the PTAB erred by not requiring the contact to be consistent or continuous. The Federal Circuit agreed that under the *Phillips* standard, a plain and ordinary interpretation of the claim may require temporally continuous or consistent connection. “However, claim construction in IPRs is not governed by *Phillips*. Under *Cuozzo*, claims are given their broadest reasonable interpretation

²⁸ *Id.*, July 23, 2008.

²⁹ *Ex Parte Katz*, ctrl nos. 90/006,978 and 90/007,074 (merged) (patent naturally expired in reexam due to a terminal disclaimer filed in prosecution).

³⁰ Non-final office action, dated May 10, 2006, p. 135.

³¹ *Id.* September 29, 2006, pp. 3, 92, and 94.

³² *Id.*, BPAI decision dated February 26, 2009.

³³ *PPC Broadband, Inc. v. Corning Optical Communications RF LLC*, 815 F.3d 734 (Fed. Cir. 2016) (PPC I).

consistent with the specification, not necessarily the correct construction under the framework laid out in *Phillips*.³⁴ The Federal Circuit reasoned that the terms “continuous” and “continuity” can refer to something that is uninterrupted in space in alternative to uninterrupted in time. Therefore, “[the Federal Circuit] must uphold the Board’s construction of ‘continuity member’ and ‘electrical continuity member.’”³⁵ In the second PPC case, Claim 10 of PPC’s patent (U.S. Patent No. 8,323,060) recites,

A coaxial cable connector for coupling an end of a coaxial cable, the coaxial cable having a center conductor surrounded by a dielectric, the dielectric being surrounded by a conductive grounding shield, the conductive grounding shield being surrounded by a protective outer jacket, the connector comprising: ... a continuity member having a nut contact portion positioned to electrically contact the nut and positioned to reside around an external portion of the connector body when the connector is assembled, wherein the continuity member helps facilitate electrical grounding continuity through the body and the nut and helps extend electromagnetic shielding from the coaxial cable through the connector to help prevent RF ingress into the connector.³⁶

The PTAB construed, under BRI, the term “reside around” to mean “in the immediate vicinity of; near.” PPC argued that “reside around” should instead mean “encircle or surround.” The Federal Circuit agreed with PPC’s construction, concluding that it is the “broadest reasonable construction in light of the claims and specification.”³⁷ To come to that conclusion, the Federal Circuit identified that the specification uses the term “around” seven times, each time relating to encircling or surrounding, and never meaning “near” or “vicinity.” The Court believed “this is a close and difficult case because of the standard the [PTAB] uses to construe claims.”³⁸ Under the *Phillips* standard, “this case would be straightforward. PPC’s construction is the only construction of the term consistent with the use of the same term throughout the specification.” However, the case “is much closer under the broadest reasonable interpretation standard given the ordinary meanings attributable to the term at issue.”³⁹ The Federal Circuit’s ruling here raises the question: is BRI an exercise in elimination of unreasonable interpretations, while *Phillips* calls for interpreting the claim from the ground up?

³⁴ *Id.* at 742.

³⁵ *Id.* at 743.

³⁶ *PPC Broadband, Inc. v. Corning Optical Communications RF LLC*, 815 F.3d 747 (Fed. Cir. 2016) (PPC II) (emphasis added).

³⁷ *Id.* at 752.

³⁸ *Id.* at 756.

³⁹ *Id.*

B. Cases in which the standard did not affect the result

1. The Board

Continuing with *Bowles*, the BPAI affirmed the examiner’s rejection of a means-plus-function limitation. Even though the patent had expired, the BPAI held, “appellants’ arguments on appeal are based on a wholesale reconstruction of the claims by importing limitations into the claims from the specification. Such a course of action is warned against in *Papst-Motoren...*”⁴⁰ Therefore, after the patent expired, the construction of one term appears to have changed but another did not.

Similarly, in *Black & Decker, Inc. v. Positec USA, Inc.*, the court held that the PTAB erroneously applied BRI to an expired patent, but nonetheless found that the changed standard did not result in a different claim construction standard.⁴¹

Finally, in *Foursquare Labs Inc. v. Silver State Intellectual Tech. Inc.*, the PTAB, relying in part on a district court’s claim construction of the term at issue, broadened its interpretation on a motion for reconsideration of its decision not to institute the proceeding as to certain claims.⁴² In *Cisco Systems Inc. v. AIP Acquisition LLC*, the expiration date of the patent at issue was prior to the date that the PTAB would issue its final written decision, but after the date of institution of the proceeding.⁴³ Under those circumstances, the PTAB determined that BRI would not apply with respect to the final written decision, but that its previous construction of claim terms under BRI would be the same under the district court standard.⁴⁴

2. The Court of Appeals for the Federal Circuit

Another case in which the construction did not change after expiration is *In re Rambus*.⁴⁵ In *Rambus*, the patent owner requested that the examiner apply the *Phillips* standard, since the patent’s term would end before appeal to the BPAI. The patent owner asserted that, under *Phillips*, a “memory device” is a single integrated circuit, while, under BRI, the examiner said it was not so limited.⁴⁶ Despite the fact that the reexam request did not construe the claims under

⁴⁰ *Id.* at 1018.

⁴¹ Appeal no. 2015-1646 (Fed. Cir. 2016) (nonprecedential) (“Despite the Board’s use of an improper standard, applying the *Phillips* standard, we find that its ultimate construction of “fixedly secured/securing” is nonetheless correct.”).

⁴² IPR2014-00159 (2014), paper 13 at 3.

⁴³ IPR2014-00247 (2014), paper 20.

⁴⁴ *Id.* at 3; *accord, Square, Inc. v. J. Carl Cooper*, IPR2014-00157 (2014), paper 17; *see also*, “Should PTAB Apply Broadest Reasonable Construction In IPR?”,

<https://www.law360.com/articles/574722/should-ptab-apply-broadest-reasonable-construction-in-ipr>, Eric Cohen (2014).

⁴⁵ Reexam ctrl. no. 90/010,420 (filed February 23, 2009).

⁴⁶ *Id.*, response, dated February 11, 2010, at 12.

Phillips, the examiner agreed to apply *Phillips*, but held that the new claim construction was the same: “the Examiner maintains that the term synchronous memory device, [sic] does not entail any definite integrated circuit connotations.”⁴⁷ The BPAI upheld the examiner, stating, “the distinction argued here [is] based only on size and/or number of chips”⁴⁸ The BPAI also found against the patent owner because the district court construction was similar to, but not the same as, the BPAI’s construction; implicitly, the BPAI believed it was not bound by the district court construction. Finally, the Federal Circuit affirmed, stating, “there is no basis to find a disavowal or redefinition that would limit the term ‘memory device’ to a single chip.”⁴⁹

Another example of the Federal Circuit not finding a difference between a BRI construction and one under *Phillips* can be found in *Straight Path IP Group, Inc. v. SIPNET EU SRO*, 806 F.3d 1356 (Fed. Cir. 2015). This case involved an appeal of the PTAB’s final written decision on an *inter partes* review of an expired patent. Straight Path argued that the court should construe the claims under *Phillips* because the PTAB applies *Phillips* rather than BRI for expired patents. Instead of exploring the issue of which standard is appropriate, the Federal Circuit concluded that “the Board adopted a claim construction that is erroneous even under the broadest-reasonable-interpretation standard.”⁵⁰ The interpretation at issue in this case is whether the term “is connected to a computer network” meant a current connection or being capable of being connected. *Straight Path IP Group* falls into a string of cases where the Federal Circuit applied the *Phillips* framework to BRI—namely, deciding a plain meaning of the terms and deciding that going beyond that plain meaning is unreasonably broad. Here, the court found “no basis for reasonably adopting a construction that contradicts the plain meaning of the claim language.”⁵¹

In *Facebook, Inc. v. Pragmatus AV, LLC*, 582 Fed. Appx. 864 (Fed. Cir. 2014), the PTAB appropriately applied the BRI standard for unexpired claims, but the Federal Circuit applied a *Phillips* construction because the claims had since expired. Nevertheless, the Federal Circuit held that the PTAB’s claim construction under BRI was narrower than the Federal Circuit’s *Phillips* construction, and thus the PTAB’s claim construction was erroneous, stating that “[t]he broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the *Phillips* standard. But it cannot be narrower.”⁵² In other words, in terms of the claim language, both *Phillips* and BRI should result in a construction

⁴⁷ *Id.*, advisory action, dated March 26, 2010, at 17–8.

⁴⁸ *Id.*, decision, dated January 12, 2011, at 31.

⁴⁹ *In re Rambus*, 694, F.3d 42, 50 (Fed. Cir. 2011).

⁵⁰ *Id.* at 1360.

⁵¹ *Id.* at 1361.

⁵² *Id.* at 869 (Federal Circuit applying *Phillips* held that “addressing information” recited in the claims was not limited to a “physical location” as construed under BRI by the PTAB).

where “addressing information” recited in the claims is not limited to a “physical location,” contrary to the PTAB’s construction under BRI.

In *In re CSB-System International, Inc.*, the Federal Circuit held that the PTAB erred in using the BRI standard rather than *Phillips* since the patent had expired before consideration by the PTAB, but that “the Board’s claim construction was correct even under the *Phillips* standard.”⁵³ Even under the BRI standard, the PTAB was held to have correctly declined to limit the claimed terms “personal computer” and “LAN server” to narrow constructions argued for by patent owner.⁵⁴

C. Different standards can lead to different results

It is difficult to dissect or predict the differences between outcomes under BRI or *Phillips*; the outcomes under either standard are very much fact-specific. However, one might identify some guidelines from the cases cited above. The claim construction procedure under both standards appears to be very similar if not identical, leading some to argue that there is no “outcome-dependent difference.”⁵⁵ However, the analysis above demonstrates that there can indeed be a difference that will affect outcomes of cases. These different outcomes seem to have hinged on how aggressively the decision maker reads the claims in light of the specification, and how close that comes to reading limitations in from the specification. The first is required by caselaw, the second is barred, but the distinction is not always clear.⁵⁶

Pabst-Motoren, for example, reversed a rejection after relying on a definition in the specification. The BPAI, however, cautioned not to import improper “inferential limitations” into a claim, citing *In re Priest*. 582 F.2d 33, 199 USPQ 11 (CCPA 1978). Therefore, one distinction between BRI and *Phillips* appears to be the ability of the patent owner to explicitly define terms in the claim rather than the specification. In other words, decision makers may be less forgiving when patent owners act as their own lexicographers under BRI than under *Phillips*.

⁵³ 832 F. 3d 1335 (Fed. Cir. 2016).

⁵⁴ *Id.* at 1342–3.

⁵⁵ “BRI and *Phillips* are No Different – Unified Patents Responds,” <http://www.ipwatchdog.com/2016/04/17/bri-phillips-no-different/id=68340/>, Scott McKeown, April 17, 2016.

⁵⁶ It is interesting that prosecution history estoppel was not a factor in any of the cases decided above, but is often a factor when applying either the BRI or *Phillips* constructions. *See e.g.*, *Kyocera Corp. v. SoftView LLC*, IPR2013-00004, paper 53 (2014), *Intellectual Ventures Mgmt. LLC v. Xilinx Inc.*, IPR2012-00019 (2014), paper 33 at 14. Therefore, there appears to be no difference between outcomes in these cases based on prosecution history estoppel.

D. Presumption of validity and standard of proof

The PTAB is more likely to find claims unpatentable because there is no presumption of validity in PTAB proceedings or reexaminations. *E.g.*, *Square, Inc. v. Cooper*, IPR2014-00156, Paper No. 13 at 3 (PTAB June 4, 2014) (finding that, expired or not, “there still would be no presumption of validity” on an IPR patent); *see In re Baxter Int’l, Inc.*, 678 F.3d 1357, 1364 (Fed. Cir. 2012). Obviously, it is hard to quantify how the presumption of validity affects a patentability determination. But at least one empirical study has attempted to do so. Jeremy W. Bock, *Does the Presumption of Validity Matter? An Experimental Assessment*, 49 U. Rich. L. Rev. 417, 417 (2015). That study suggests that the presumption of validity has a moderate impact on invalidity outcomes. *Id.* at 434. Specifically, mock jury samples show that a patent’s likelihood of being held valid increases (from 24.7% to 31.7%) when the jury is told that patents are presumed validity. *Id.* The implication of this, at least at a first approximation, is that patents without a presumption of validity are found invalid about 1.3 times as often as those with a presumption of validity. *See id.* ($31.7/24.7 = 1.28$).

Similarly, the PTAB may be more likely find claims unpatentable because the USPTO can find unpatentability based on a preponderance of the evidence (rather than clear-and-convincing evidence) standard. A patent can only be invalidated at a district court by a showing of “clear and convincing evidence.” *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95 (2011). The PTAB, however, only applies a preponderance standard. 35 U.S.C. § 316(e). As with the presumption of validity, not much data shows how the evidentiary standard affects decisions. But one research study did review this and found that “subjects who received the clear and convincing standard found the patent invalid less often (27.1%) than those who received the preponderance standard (38.3%).” David L. Schwartz & Christopher B. Seaman, *Standards of Proof in Civil Litigation: An Experiment from Patent Law*, 26 *Hard. J. Law & Tec.* 429, at 459 (2013). The results of this study imply (to a first approximation) that the preponderance standard invalidates patents at about 1.4 times the clear-and-convincing standard. *See id.* ($38.3/27.1 = 1.41$).

Our understanding of the effect of the burden of proof and evidentiary standard applied at the PTAB is incomplete. But the limited data available suggests that these two factors explain at least some of the difference in results between the PTAB and the courts. A more thorough understanding, however, will require more study.

IV. How would differing claim construction standards affect parallel USPTO proceedings

The justification for BRI has been that it is a safeguard against the issuance of claims that are overly broad in scope.⁵⁷ This justification applies well to original examinations of patent

⁵⁷ 35 U.S.C. § 112.

applications, where applicants are allowed to make amendments during prosecution and “fashion claims that are precise, clear, correct and unambiguous.”⁵⁸ It is not clear, given more than five years of experience with PTAB post-grant proceedings, that there is any justification for using BRI for issued patents.

Decisions to institute an IPR begin with a construction of the claims. About 80% of patents that are subjected to IPRs are already in patent litigation.⁵⁹ IPO and others have argued, however, that the PTAB should employ the *Phillips* standard when determining patentability of the contested claims over the cited prior art.⁶⁰

Claims that are found unpatentable in an IPR by applying what is said to be a narrower claim construction standard under *Phillips*, would appear to justify the creation of IPRs in the first instance. That is, if a claim that was prosecuted before an examiner under BRI cannot pass muster under *Phillips*, then clearly it should not have been allowed in the first instance.

Adoption of the *Phillips* standard in IPRs would result in the PTAB applying an examination standard that differs from all original examination and reexaminations in the USPTO.⁶¹ This would arguably permit patent owners to take inconsistent positions in reexaminations and IPRs. However, given that prosecution history, including the reexamination prosecution history, may aid in the construction of claims under *Phillips*, it is unclear whether this would provide patent owners a significant advantage or lead to inconsistent claim interpretations.

A single patent can potentially be involved in more than one type of proceeding at the USPTO. Such proceedings include still pending pre-AIA interferences (§135) and *inter partes* reexaminations (§311 (2002 ed.)(superseded)) as well as derivations (§135(a)), reissues (§251 and §252) and reexaminations (§302). Under the AIA, the Director may determine how to proceed when a patent that is involved in an IPR is also the subject of a derivation, reissue, or reexam.⁶² However, with few exceptions, all of these proceedings apply BRI when construing claims.⁶³

⁵⁸ *In re Zletz*, 893 F.2d 319 (Fed. Cir. 1989).

⁵⁹ <https://www.patexia.com/feed/patexia-chart-44-80-percent-of-ipr-filings-are-for-defensive-purposes-20171107>

⁶⁰ The PTAB has recently adopted the use of the *Phillips* standard for patents that will expire prior to the conclusion of an IPR proceeding. 37 C.F.R. § 42.100 (a).

⁶¹ Examiners, however, use *Phillips* to construe the claims in patents that expire while undergoing reexamination. *In re Rambus*, 694 F.3d 42 (2012), citing *Ex parte Papst-Motoren*, 1 USPQ2d 1655 (BPAI 1986); MPEP § 2258(I)(G). This includes patents that will expire during an appeal. *See also*, 37 C.F.R. § 42.100(a).

⁶² 35 U.S.C. §315(d).

⁶³ *See* footnote 4, above.

The Director's ability to determine how concurrent proceedings will proceed might eliminate the number of times different standards are applied in the Office to construe claims in the same patent. For example, an independent third party may request reexamination (35 U.S.C. §301) of a patent over the same prior art on which an IPR has been instituted. An examiner could find that claims are unpatentable under BRI, and the patent owner could then appeal the rejection.⁶⁴ If an IPR were filed after the examiner found the claims unpatentable in a reexamination, the Director might exercise his discretion not to institute the IPR, without prejudice. If the reexamination is pending but not decided at the time the IPR petition is filed, the Director could decide not to grant the petition, or could grant the petition and stay proceedings in the reexamination.

V. Collateral Estoppel Issues Involving Claim Construction Determinations

Two forms of estoppel may impact claim-construction decisions in parallel proceedings, collateral estoppel, and judicial estoppel. Collateral estoppel bars a litigant under certain circumstances from re-litigating an issue that was decided against it. Judicial estoppel, on the other hand, prevents a litigant under some circumstances from taking inconsistent positions before two separate tribunals. How these doctrines might apply to claim construction in proceedings before the PTAB and district courts is discussed below.

A. Collateral estoppel or issue preclusion

The Federal Circuit applies the law of the regional circuit to collateral estoppel issues.⁶⁵ Collateral estoppel, or issue preclusion, applies if four prerequisites are met: (1) the issue decided in the previous proceeding is identical to the one which is sought to be relitigated; (2) the issue was actually litigated in the prior proceeding; (3) the determination of the issue was a critical and necessary part of the judgment on the merits in the first proceeding; and (4) the party against which collateral estoppel is asserted had a full and fair opportunity to litigate the issue in the first proceeding.⁶⁶

⁶⁴ 35 U.S.C. § 134.

⁶⁵ *E.g., e.Digital Corp. v. Futurewei Techs., Inc.*, 772 F.3d 723, 726 (Fed. Cir. 2014).

⁶⁶ *E.g., Bayer AG v. Biovail Corp.*, 279 F.3d 1340, 1345 (Fed. Cir. 2002) (applying 11th Circuit law); *see also, e.g., In re Trans Texas Holdings*, 398 F.3d 1290, 1296–7 (Fed. Cir. 2008), *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1303–10 (2015) (“The Restatement explains that subject to certain well-known exceptions, the general rule is that ‘[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.’ Restatement (Second) of Judgments § 27, p. 250 (1980); *see also id.*, § 28, at 273(listing exceptions such as whether appellate review was available or whether there were ‘differences in the quality or extensiveness of the procedures followed’”).

Administrative decisions by the U.S. Patent and Trademark Office can ground collateral estoppel in district court when the ordinary elements of collateral estoppel are met.⁶⁷ Because courts presently apply *Phillips* claim construction and the PTAB applies BRI, the Federal Circuit has held that collateral estoppel does not require the PTAB to follow a district court's claim construction, in *In re Trans Texas Holdings*.⁶⁸ There, the district court had construed a claim term in an earlier decision in a manner that was different from the construction adopted by the PTAB. The Court rejected the patent owner's argument that the PTAB should have given preclusive effect to the district court's claim construction decision. In *SkyHawke Techs. LLC v. Deca Int'l Corp.*, 2016-1325, slip op. at 4-5 (Fed. Cir., July 15, 2016), in *dicta*, the Federal Circuit expressed skepticism that a PTAB claim construction decision could estop a party before a district court: "Because the Board applies the broadest reasonable construction of the claims while the district courts apply a different standard of claim construction as explored in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*), the issue of claim construction under *Phillips* to be determined by the district court has not been actually litigated."

If, however, both the district courts and the PTAB were required to use *Phillips* claim construction, a prior claim construction holding by either the district court or PTAB could *potentially* bar the parties to the earlier proceeding from re-litigating the claim construction issue in the other forum. Some Circuits apply collateral estoppel only where a decision is "immune, as a practical matter, to reversal or amendment."⁶⁹ Other Circuits, however, may define finality more flexibly.⁷⁰ Even if *Phillips* applied in both the PTAB and district courts, a decision in one forum might not collaterally estop the losing party in the other forum, if the decision were appealed, until the appeal was decided.

If *Phillips* is adopted for PTAB proceedings, the Supreme Court's holding in *B&B Hardware v. Hargis Industries*, 135 S. Ct. 1293 (2015), which considered collateral estoppel as applied to TTAB proceedings, might apply to PTAB proceedings. In *B&B Hardware*, the Supreme Court held, "when an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or different claim." However, "courts may take it as a given that Congress has legislated with the expectation that the

⁶⁷ See *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. at 1302–10 (holding that Trademark Trial and Appeal Board decisions on trademark registrations can ground issue preclusion in district courts for the question of likelihood-of-confusion when the ordinary elements of issue preclusion are met).

⁶⁸ *In re Trans Texas Holdings*, 398 F.3d at 1296-7.

⁶⁹ *Vardon Golf Co., Inc. v. Karsten Mfg. Corp.*, 294 F.3d 1330, 1333 (Fed. Cir. 2002) (citing 7th Cir. authority and Restatement (Second) Judgments).

⁷⁰ See, e.g., *Intellectual Ventures I LLC v. Capital One Financial Corp.*, 850 F.3d 1332, 1337 (Fed. Cir. 2017)(distinguishing *Vardon Golf Co.* under Fourth Circuit law).

principle [of issue preclusion] will apply **except when a statutory purpose to the contrary is evident.**⁷¹

The TTAB procedures at issue in *B&B Hardware* and PTAB procedures could be viewed as similar in nature. If no express legislative exception to the principle of issue preclusion is demonstrated, issue preclusion could result from a final written decision from the PTAB.⁷²

B. Judicial estoppel

Judicial estoppel is an equitable doctrine that precludes a party from gaining an advantage by asserting one position, and then later seeking another advantage by taking a clearly inconsistent position.⁷³ Several factors inform the decision of whether to apply judicial estoppel to a particular case:

First, a party's later position must be "clearly inconsistent" with its earlier position.... Second, courts regularly inquire whether the party has succeeded in persuading a court to accept that party's earlier position, so that judicial acceptance of an inconsistent position in a later proceeding would create "the perception that either the first or the second court was misled," ... Absent success in a prior proceeding, a party's later inconsistent position introduces no "risk of inconsistent court determinations,"... and thus poses little threat to judicial integrity.... A third consideration is whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped.⁷⁴

If *Phillips* applied to both district courts and the PTAB, then parties would need to consider the impact of potential judicial estoppel. For example, a petitioner who advocates a broad construction in the PTAB, and loses, may be estopped from arguing a narrower construction in district court to avoid infringement.

Even under different standards, taking inconsistent positions in the USPTO and in a court has its risks, as demonstrated by the decision awarding fees in *Source Search Tech. LLC v. Kayak Software Corp.* 11-cv-3388, slip op. (D.N.J., March 31, 2016). There, the court pointed out the inconsistencies as follows:

SST first argued for patentability based on it being "no small task" to create a database query, then argued for a claim construction based on the fact that a

⁷¹ *Id.* at 1303 (citing Restatement (Second) Judgments § 27, p. 250 (1980)) (emphasis added).

⁷² Notably, there is a long history of decisions of predecessors to the PTAB having been given preclusive effect as between the parties. *See, e.g., Coakwell v. United States*, 292 F.2d 918, 920-21 (Ct. Cl. 1961) ("Where the losing party fails to effectively review the USPTO action in one of the courts and it becomes final, it is ... binding on the parties.")

⁷³ *E.g., Minnesota Min. & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1302-03 (Fed. Cir. 2002).

⁷⁴ *New Hampshire v. Maine*, 532 U.S. 742, 750-51 (2001).

person of ordinary skill in the art would have been able to use software that existed “for decades” prior to the ‘328 Patent to make a database query, and finally argued for patent eligible subject matter based on the “inventive concept” of a specialized software to make the database query. The Court agrees with Kayak that SST changed its positions back and forth to suit the argument of the day.⁷⁵

The court concluded that “this flip-flopping ‘stands out from others with respect to the substantive strength of a party’s litigating position,’” and awarded fees for the portion of the case after the defendant filed its § 101 brief.⁷⁶

VI. Conclusion

Based on the analyses conducted in this paper, BRI and *Phillips* claim construction standards share both similarities and substantive differences. Although the difference between the two can determine the outcome of a case, other differences such as presumptions of validity, burden of proof, and estoppel are starker between PTAB proceedings and district court litigation. Nonetheless, practitioners should be familiar with the nuances of both the BRI standard and the *Phillips* standard before attempting to construe claims before a tribunal that uses either or both standards.

⁷⁵ Slip op., 19.

⁷⁶ *Id.* at 20.