

International reports

PTAB not constrained by parties' constructions of claim terms

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On May 8 2017 the Federal Circuit in *Intellectual Ventures II v Ericsson Inc* held that the Patent Trial and Appeal Board (PTAB) had the freedom to construe claims in a disputed patent in a way that neither party proposed: "The board is not constrained by the parties' proposed constructions and is free to adopt its own construction, as it did here."

Intellectual Ventures owns two patents directed to methods of selecting appropriate bandwidth for wireless communications systems. Ericsson and Google sought to invalidate certain claims in the patents through three *inter partes* review proceedings before the PTAB.

The parties disputed the construction of a key claim term: "an indication of an operating bandwidth." Intellectual Ventures asserted a definition of "identification of a particular operating bandwidth". Google argued that the plain and ordinary meaning should control, and that the term encompassed "determining the frequency range used to transmit the further signal portion based on the information provided by the indication". Ericsson, in contrast, argued that no construction was needed since the patent specification did not explain how bandwidth was computed from chip rate.

The PTAB held a combined oral argument for the Ericsson *inter partes* reviews, followed the same day by a separate oral argument for the Google *inter partes* review. Construction of this term was discussed. In the final written decision, the PTAB declined to adopt any party's construction and instead construed the term to mean:

"that the first signal portion contains sufficient information so that when it is received, the receiver is able to configure itself to receive the data portion of the signal (or 'further signal portion' or 'transport channel') at approximately the same frequency range or bandwidth at which it will be transmitted by the transmitter."

On appeal, the Federal Circuit rejected Intellectual Ventures' argument that the PTAB denied it procedural due process by constructing the term to mean something that neither party had argued for or expected. Due process requires notice and an opportunity to be heard by an impartial decision maker. Here, the parties engaged in a "vigorous debate" over proper construction and were on notice that the claim term was central to the case. During oral argument, Intellectual Ventures participated in questioning about construction of the claim term and was asked to respond to a proposed construction. While Intellectual Ventures was entitled to seek rehearing after the final written decision, it did not do so.

The Federal Circuit contrasted the present situation with its prior decision in *In re Magnum Oil*, where the court reversed the PTAB decision to adopt arguments on behalf of the petitioner that could have been (but were not) raised by the petitioner during an *inter partes* review. It also contrasted its ruling in *SAS Institute v ComplementSoft, LLC*, where the PTAB changed claim construction theories in "midstream".

The Federal Circuit reaffirmed that after the PTAB adopts a construction, it may not change theories without giving the parties an opportunity to respond. However, no such change occurred in this case. The court then affirmed the PTAB's construction as reasonable on the merits.

This case underscores the importance of claim construction in PTAB proceedings, and reinforces the relative independence and deference enjoyed by the PTAB. Parties in an *inter partes* review or other PTAB proceeding should be alert to indications that the PTAB may apply its own interpretation to claim terms and not adopt any proposed construction from a party.

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