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A step towards uniformity and stronger patent protection through consistent claim construction

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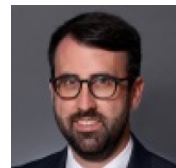
On 13 November 2018, the PTAB adopted a new standard for construing claims in patents that are under administrative attack. This standard partially harmonises review proceedings between the PTAB and federal courts and aims to strengthen the value of US patents.

In 2011 the America Invents Act created a number of administrative review proceedings that were intended as a cheaper, faster and more efficient alternative to challenging issued patents. These administrative proceedings included *inter partes* reviews, business method reviews and post-grant reviews. However, challenges under these proceedings still represented a significant financial burden and introduced inefficiencies and inconsistent results across tribunals due, in part, to historically different standards of claim construction between the PTAB and federal courts.

Until recently, the PTAB used the broadest reasonable interpretation (BRI) standard to review unexpired patents during administrative proceedings. Under the BRI standard, a panel of administrative judges reviewed claims according to their ordinary and plain meaning, as long as this was not inconsistent with the terms defined in the patent specification. This was in contrast to the *Phillips* standard employed by federal courts, which construes claim meaning in light of the patent's specification and prosecution history, as well as any relevant extrinsic evidence. Thus, in essence, PTAB proceedings historically cast a wider net to bring in more prior art, essentially providing the challenger with additional ammunition to invalidate a patent.

These dual standards of review led to inconsistent results across tribunals and even contributed to the befuddling consequence of patents being upheld in federal courts but later invalidated by the PTAB on the same statutory grounds and, occasionally, with challenges brought by the same petitioner. Further, any prior claim construction performed by the PTAB

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or federal courts was essentially ignored by the other tribunal in a later hearing, requiring *de novo* claim construction due to the differing standards. This represented a significant inefficiency of judicial resources and provided no predictability to the patentee – even in the face of repeated challenges to the same patent.

Fortunately for patent owners, the USPTO has recently announced an amended rule that introduces a uniform claim construction standard between the PTAB and federal courts. The rule is effective for all *inter partes* reviews, covers business method reviews and post-grant reviews filed on or after 13 November 2018 and replaces the PTAB's use of the BRI standard with the *Phillips* standard applied by federal courts. The rule further states that, when reviewing challenged patents, the PTAB will now consider any prior claim construction that was made by a federal court. Therefore, not only is the claim construction for reviewing the validity of patents consistent across tribunals, the PTAB must also at least consider prior conclusions made by the federal courts regarding the meaning of patent claims.

Although this amendment is an important step in the right direction for patent holders, it is by no means a complete prophylaxis against the issues mentioned above. This is because the burden to prove invalidity in federal courts is still much higher than that required before the PTAB. In federal courts, a challenger must prove claim invalidity by clear and convincing evidence, meaning that the claim will be upheld unless there is a substantial likelihood that the claim is invalid. However, the PTAB uses a preponderance of the evidence standard, wherein the challenger is only required to show that invalidation is 51% certain. Thus, at the PTAB, patents receive an underwhelming presumption of validity as compared to that offered in federal courts. As a result, patents remain more vulnerable to invalidation during administrative proceedings, leaving a significant window open for continued discrepancy between the tribunals. Thus, while the amended rule levels the playing field with regard to the amount of prior art that can be used as ammunition against issued patents, patentees still have less armour at the PTAB than they do in federal courts.

In summary, administrative proceedings before PTAB remain the most likely avenue for challengers to successfully invalidate an issued patent. However, with the new PTAB claim construction standard, patent holders can expect more predictability when facing challenges across multiple tribunals and there may be a reduced number of administrative challenges to each patent after issue, particularly if the patent has already been tested in federal court.

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