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Issue 1: Has the AIA Strengthened the Patent System?

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Failure to Construe is an *O2 Micro* Violation

- *LifeNet Health v. Lifecell Corp.*, 2016 WL 4933224 (Fed. Cir. 2016)
 - No *O2 Micro* violation, where claim construction argument presented on appeal was not unresolved at the trial court level.
- *Homeland Houseware v. Whirlpool Corp.*, 865 F.3d 1372 (Fed. Cir. 2017).
 - Just as district courts must, “[w]hen the parties raise an actual dispute regarding the proper scope of . . . claims, . . . resolve that dispute,” *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1360 (Fed. Cir. 2008), the Board also must resolve such disputes in the context of IPRs.
- *NobelBiz Inc. v. Global Connect, LLC*, 2017 WL 3044641 (Fed. Cir. July 19, 2017).
 - The parties had asked the court to construe several patent claim terms, but the court declined, saying those terms should be given their plain and ordinary meaning, and allowed experts on both sides to testify to the meaning of the terms during trial. **“Allowing the experts to make arguments to the jury about claim scope was erroneous,”** the panel wrote. **“The district court had the responsibility to determine the scope of the asserted claims.”**
 - Pursuant to *O2 Micro*, it is not enough for the court to simply state that the definition use **“well understood”** when the parties dispute the scope covered by the claims because that would leave the jury with the responsibility of determining the claim scope.

Failure to Construe is an *O2 Micro* Violation (cont'd)

- *NobelBiz Inc. v. Global Connect, LLC (cont'd)*
 - In December 8, 2017 per curiam order, a split Federal Circuit denied NobelBiz's petition for *en banc* rehearing. NobelBiz's claims were for a method of processing a communication between a first and second party. The original 3-judge panel reversed the trial court's infringement verdict after finding that it erred by leaving claim construction issues to the jury. Judge O'Malley, jointed by Judges Newman and Reyna, filed a dissenting opinion, arguing that **the court should have heard the case to clarify how lower courts should apply *O2 Micro*'s rule that "when...parties raise an actual dispute regarding the proper scope of the [] claims, the court, not the jury, must resolve that dispute."**
 - Davis, "En Banc Denied shows Fed. Circ. Split on Claim Construction", Law 360, <https://www.law360.com/articles/992899> (Dec. 8, 2017), summarized the dissent as saying:

Failure to Construe is an *O2 Micro* Violation (cont'd)

“The fact that parties’ experts might proffer differing definitions of a term’s plain and ordinary meaning to a jury should not be enough to justify removing that questions from the jury’s consideration,” the dissent said. “This case presents the opportunity for us to clarify the confusion our case law has created.”

The judges cited a . . . ruling by U.S. Magistrate Judge Payne of the Eastern District of Texas, who called *O2 Micro* a “trap” because “it is frequently impossible to delineate between a pure claim construction argument and a noninfringement argument.”

“Without additional guidance from our court, district courts will continue to fall into this trap,” the dissent said. Many judges now “apparently feel compelled by *O2 Micro*” to resolve every possible dispute over claim construction, which makes “patent litigation needlessly more expensive and inefficient,” it said. **“We should clarify the scope of *O2 Micro*’s reach, and, at the very least, clarify under what circumstances a plain-and-ordinary-meaning dispute is an ‘actual’ one.”**

Failure to Construe is an *O2 Micro* Violation (cont'd)

- *Asetek Danmark v. CMI USA Inc.*, 852 F.3d 1352 (Fed. Cir. 2017).
 - The Federal Circuit rejected CMI's argument because it did not request construction of the claim terms "removably attached" or "removably coupled" and did not object to the trial court's jury instructions on these claim terms.
 - The court stated that **"where the parties and the district court elect to provide the jury only with the claim language itself, and do not provide an interpretation of the language in the light of the specification and the prosecution history,"** the jury's findings **"must be tested by the charge actually given and by giving the ordinary meaning of the language of the jury instruction,"** and the only question is one of substantial evidence.

Failure to Construe is an *O2 Micro* Violation (cont'd)

In *Homeland Housewares, LLC v. Whirlpool Corporation*, 865 F.3d 1372 (Fed. Cir. 2017), the Federal Circuit construed a claim term that the PTAB said did not need to be construed and applied its new construction to the prior art to determine that a claim was anticipated. The patented technology in issue related to a blender that automatically changes speeds to allow ingredients to settle around the blades. In the IPR the parties offered competing constructions of the “settling speed” term in claim 1. The Board, however, did “not adopt any explicit construction of the term for [its] Final Written Decision,” even though the parties disagreed as to claim construction.

Federal Circuit held that the PTAB’s failure to construe the term was legal error. Citing *o2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1360 (Fed. Cir. 2008), **the Federal Circuit held, just as in district court litigation, that “[w]hen the parties raise an actual dispute regarding the proper scope of ... claims,” the PTAB must resolve such a dispute by construing the claim.**

Finding error in the PTAB’s failure to construe the “settling speed” term, the Federal Circuit adopted a construction that was different from the parties’ proposals. The court explained that its role was to reach the correct construction, not to merely choose between alternatives proffered by the parties.

Timing of Claim Construction – Early Construction

- *Iris Connex, LLC v. Acer Am. Corp.*, Civil Action No. 2-15-cv-1909 (E.D. Tex. 9/12/16).
 - “[E]arly claim construction on a limited set of disputed terms followed by entry of summary judgment is appropriate if a superficial understanding of the accused products makes it clear that a single limitation is obviously absent from the accused products and that full blown discovery could not lead a reasonable jury to any other conclusion.”

- *Scripps Research, Int’l v. Illumina Inc.*, Civil Action No. 16-cv-661 (S.D. Cal. Apr. 14, 2017).
 - It is unusual for a court to perform claim construction at the motion-to-dismiss stage but a court may do so under certain circumstances: “Defendant’s argument is premised on what is perhaps one of the most appropriate exercises of claim construction at the pleading stage: a claim of lexicography; that is, that the ‘596 patent itself allegedly provides an explicit definition of parameter ‘a.’ If true, the patent’s definition would control, Plaintiff’s infringement theory based on another construction would be erroneous, and reliance on extrinsic evidence would be inappropriate.”

Plain Meaning – Ordinary Meaning, Ordinary Artisan, After Reading Entire Patent

- *Eon Corp IP Holdings LLC v. Silver Spring Networks, Inc.*, 815 F.3d 1314 (Fed. Cir. 2016)
 - “Plain and ordinary” meaning construction must provide the jury with a clear understanding of the disputed claim scope. **Instructing the jury to assume the plain and ordinary meaning without resolving the parties’ dispute as to claim scope left the legal task of claim construction to the jury. This is improper under *O2 Micro*.**
 - Trial court’s approach erred for two reasons: there was no single, accepted meaning of the disputed terms, and the plaintiff’s definition was not viewed in context of the patent and was completely untethered from the invention.
 - **Claim construction order that a term needs no construction “may be inadequate when a term has more than one ‘ordinary’ meaning or when reliance on a term’s ‘ordinary’ meaning does not resolve the parties’ dispute.”**
- *Tr. of Columbia Univ. v. Symantec Corp.*, 811 F.3d 1359 (Fed. Cir. 2016)
 - Claim terms must be interpreted in the context of the specification.
 - **Federal Circuit rejected Columbia’s argument that claim terms must carry their “accustomed meaning in the relevant community” unless expressly redefined or disavowed.** The Court explained that terms are to be interpreted in the context of the specification and that any resort to dictionaries only comes later, if necessary.

Plain Meaning (cont'd.)

- *TVIIM, LLC v. McAfee, Inc.*, 851 F.3d 1356 (Fed. Cir. 2017).
 - The Federal Circuit addressed the issue of whether jury determinations of invalidity and non-infringement were inconsistent **where claim terms had more than one possible “plain and ordinary meaning.”**
 - The court upheld the verdict and the trial court’s subsequent denial of a new trial, **concluding that the patentee had waived any claim construction arguments, that the determinations of non-infringement and invalidity were consistent, and that any claim construction error was harmless in light of the patentee’s concessions regarding invalidity.**

Plain Meaning (cont'd.)

Aventis Pharmaceuticals Inc. v. Amino Chemicals, 2013 U.S. App. LEXIS 10007 (Fed. Cir. 2013)

Judge Reyna, writing for the panel majority over Judge Bryson's dissent, held that **a single claim term can have different constructions in the same patent depending on context of how term is used within claims and specification**; in the '703 patent in suit, directed to synthesizing piperidine derivatives, the definition of "substantially pure" need not be consistent for both intermediate and end products.

Independent method claim 1, for a piperidine synthesis, ends with steps of "providing a substantially pure regioisomer of [CPK and] converting the substantially pure regioisomer to the piperidine derivative compound of [a specific formula]." The process of synthesizing the compound to make fexofenadine was claimed in dependent claims 6 and 7.

The inventor's stated goal was to make end products with "pharmaceutical-grade" purity, such that the trial court construed "substantially pure" to mean "at least 98% purity with respect to all impurities," which applied to both the CPK intermediate and the piperidine derivative. **The trial court's reasoning was that since "substantially pure" was not defined in the patent specification and was used indiscriminately to apply to the regioisomer and the derivative, it should have only one construction throughout.**

Plain Meaning (cont'd.)

- The panel majority acknowledged that the **specification** used “substantially pure” to refer to both the intermediates and the end product, but further noted that the **claims** use the term only in connection with the regioisomer. The court concluded that the context allowed for different purity levels:

Through basic knowledge of chemical reactions and purification schemes, a skilled artisan would recognize that the purity of an intermediate compound in a reaction is often not equivalent to the purity of the end product, especially when further, common physical purification steps may be necessary. Interpreting this specification in light of the knowledge of a person of ordinary skill in the art, we hold that a proper construction requires different interpretations of “substantially pure” when applied to the CPK intermediate and piperidine derivative end product.

Emphasis added.

- Judge Bryson avoided the majority’s reliance on extrinsic evidence (expert testimony and dictionary definitions) in his dissent by relying upon *Phillips*’ intrinsic evidence analysis. **He took “the specification’s silence” as an indication in the intrinsic record that the inventor meant “substantially pure” to mean the same both as applied to CPK and the end product.**

Specification As Claim Construction Tool

- *Straight Path IP Grp, Inc. v. Sipnet EU*, 806 F.3d 1356, 1361 (Fed. Cir. 2015)
 - “**When claim language has as plain a meaning on an issue as the language does here**, leaving no genuine uncertainties on interpretive questions relevant to the case, **it is particularly difficult to conclude that the specification reasonably supports a different meaning.** The specification plays a more limited role than in the common situation where claim terms are uncertain in meaning in relevant respects. . . . **Reflecting the distinct but related roles of the claims and specification, the governing approach to claim construction thus maintains claim language’s key (not always decisive) role in claim construction: it stresses the importance of the specification in identifying and resolving genuine uncertainties about claim language, and in stating redefinitions or disavowals, while it rejects a sequenced, dictionary-driven, burden-shifting approach to claim construction.** Under our *Phillips* approach, the plainness of the claim language necessarily affects what ultimate conclusions about claim construction can properly be drawn based on the specification.”

Specification As Claim Construction Tool (cont'd)

- *ProFoot Inc. v. Merck & Co., Inc.*, Appeal No. 2016-1216, slip op. (Fed. Cir. Oct. 26, 2016)
 - The Federal Circuit said a trial court’s ruling on claim construction was not made in error when he determined that a claim requiring a “neutralizer” to customize orthotic shoe inserts required three components — a housing, a protractor and an adjustable plate — that basically comprised a measuring device. On appeal, ProFoot said the claim construction was too narrow, that a neutralizer should be defined by functional ability rather than by particular physical elements.
 - The court affirmed: **“Although ProFoot is correct that the asserted claims do not recite the specific components that comprise the neutralizer, we agree with the district court that, when read in the context of the ’568 patent, this term requires a device that includes these components.”** **“Because the [abstract and] specification consistently and repeatedly discloses that the neutralizer includes the housing, protractor, and angularly adjustable plate components, the district court did not err in including them in its construction,”** the court said.
 - **In addition, the court said the prosecution history of the parent application lends credence to the trial court’s claim construction ruling:** the claimed neutralizer was not found in the originally filed claim set but was added during prosecution with an express claim requirement that the neutralizer include the physical elements (housing, protractor, etc.). **Although the physical components are not included in the child application, the court noted that the patentee never indicated that it intended the child-patent neutralizer to be any different from the parent-patent neutralizer.**

Specification As Claim Construction Tool (cont'd)

- Context of the Description
 - *Home Semiconductor Corp. v. Samsung Elec. Co., Ltd.*, 2017 WL 3142331 (Fed. Cir. July 25, 2017).
 - The Board’s construction of “over” as meaning “above” is **unreasonable** in light of the claim language and the specification: **“Even when giving the claim term the broadest reasonable interpretation, the Board cannot construe the claims ‘so broadly that its constructions are unreasonable under general claim construction principles.’”**
 - *Wasica Fiance GmbH v. Continental Automotive Sys., Inc.*, 853 F.3d 1272 (Fed. Cir. 2017).
 - **Neither the claims nor the specification limited either term to numerical values, as claim 1 only requires that the “electrical pressure signal” be representative of the air pressure (which can be satisfied by non-numerical signals).** In support, the court cited other language in claim 1, indicating that the pressure signals may be “numbers or symbols” (the latter encompassing non-numeric signals), and the specification, which disclosed an embodiment involving non-numeric pressure signals.

File History As Claim Construction Tool

- *Indacon, Inc. v. Facebook, Inc.*, 824 F.3d 1352 (Fed. Cir. 2016)
 - Court determined that the claimed “link term” and “custom link” **had no defined meaning** in the art -- **a factor making the specification and prosecution history even more important in the analysis**. The clincher, however, was buried in the prosecution history where the patentee explained that the operation works by linking “every instance of a specified word . . . [and again] associate all instances of a specified word with a specific file.” **The statements from the prosecution history established that “every instance” should be imported into the claim.**

- *Warsaw Orthopedic, Inc. v. NuVasive, Inc.*, 824 F.3d 1344 (Fed. Cir. 2016)
 - The question for the jury was whether the defendant knew or was willfully blind to the facts of induced infringement. Defendant argued that the recited “stopping” step required a stop of all electrical pulses. It was undisputed, however, that the accused device did not stop all electrical pulses.
 - **The prosecution history showed that the “stopping” step was added to overcome prior art. The applicant argued that its method, with the “stopping” step, provided increased safety by preventing overstimulation. The “stopping” step thus referred to stopping all electrical pulses.** The Court concluded that a reasonable jury could have found defendant’s non-infringement position objectively unreasonable.

Negative Limitations

- *Inphi Corp. v. Netlist, Inc.*, 805 F.3d 1350, 1355 (Fed. Cir. 2015)
 - **Specification must contain adequate support to introduce negative limitations into the claims, and the support is adequate if the specification properly describes alternative features.**
 - “[P]roperly describing alternative features -- **without articulating advantages or disadvantages of each feature** -- can constitute a ‘reason to exclude.’”
- *LifeNet Health v. LifeCell Corp.*, 2016 WL 4933224, *7 (Fed. Cir. 2016)
 - **“Functional limitations recited in the negative may describe a capability or structural element.** Here, ... the non-removal limitation clarifies that the recited plasticizer has not been removed and, because the plasticizer is biocompatible, can remain in the internal matrix of the tissue graft during transplantation, i.e., it need not ever be removed. This limitation is met without action by a third party. It is satisfied by the graft from the moment it is manufactured unless and until the plasticizer is removed from the internal matrix before transplantation.”

Negative Limitations (cont'd)

- *Erfindergemeinschaft UroPep GbR v. Eli Lilly and Co. et al*, Civil Action No. 2-15-cv-01202 (E.D. Tex. Aug. 25, 2017).
 - “[Defendant] complains that ‘there is no explanation for why zaprinast was not excluded.’ According to [defendant], the failure to exclude zaprinast shows that claim 1 is an ‘arbitrary dissection of a unitary invention [that] the written description requirement prohibits.’ The written description requirement contains no such prohibition. **What is prohibited is a negative limitation that is contrary to the thrust of the invention [T]he exclusion of the eight compounds in claim 1 of the [patent] suggests that other PDE5 inhibitors could be used.**”

- *Hulu, LLC v. iMTX Strategic, LLC*, CBM2015-00147, Paper 28 (PTAB Oct. 11, 2016).
 - The PTAB found that the “claims are not limited to TCP/IP. As [petitioner’s expert] testified, ‘the internet as you know it and call it runs largely, but not entirely on TCP/IP. There’s a large number of protocols.’ . . . **[w]e agree with Petitioner’s reasoning that the negative claim limitations proposed by Patent Owner are not in the claims and should not be read into the claims.**”

Prosecution Disclaimer / Disavowal

- From prosecution history
 - *Elbex Video Ltd. v. Sensormatic Electronics*, Appeal No. 07-1097, slip op. (Fed. Cir. Nov. 28, 2007) (Overturned SJ non-infringement, closed circuit TV system; no disclaimer, despite fact that, in FH, statement that a monitor received a certain signal; Elbex misstated operation of its own system/invention, person of ordinary skill in art would have understood signal actually received by another device; system constructed according to Elbex’s misstatement would be inoperable).
 - *Aria Diagnostics, Inc. v. Sequenom Inc.*, 726 F.3d 1296 (Fed. Cir. 2013) (narrowing amendments amenable to “multiple reasonable interpretations,” which contradicted any possibility of a “clear and unmistakable disavowal”); *TecSec, Inc. v. International Business Machines*, 2013 U.S. App. LEXIS 2009 (Fed. Cir. 2013) (prosecution history of ‘702 patent did not limit claims to encryption/decryption of multimedia data; no allegedly clear/unmistakable disavowing actions or statements during prosecution; during prosecution, the inventor explained that the portion he added to the specification relating to multi-level encryption described “multi-level multimedia security.”... He also cited to a dictionary for the proposition that those terms—“multi-level,” “multimedia,” and “security”—were well-known in the art. *Id.* He did not argue that the dictionary definition showed that “multi-media security” required encryption of multimedia objects. Nor did the inventor characterize his claims as limited to encrypting multimedia objects. He did not distinguish his invention from the prior art on that basis. In these circumstances, we cannot say that the inventor clearly and unmistakably limited his claims to encrypting multimedia security to require that secured data be multimedia data.”).
- From specification
 - *SafeTCare Manuf., Inv. v. Telemade, Inc.*, 497 F.3d 1262 (Fed. Cir. 2007)

Prosecution Disclaimer / Disavowal (cont'd)

- From continuing cases (parent / child)
 - *The Saunders Group, Inc. v. Comfortrac, Inc.*, 492 F.3d 1326 (Fed. Cir. 2007)
 - *Ventana Medical Systems, Inc. v. BioGenex Labs.*, 473 F.3d 1173 (Fed. Cir. 2006)
 - *Ormco v. Align Technology, Inc.*, 498 F.3d 1307 (Fed. Cir. 2007)
- From co-divisional applications
 - *Verizon Services Corp., et al. v. Vonage Holdings Corp. et al.*,
 - 2007 US App. LEXIS 22737 (Fed. Cir. 2007)
- Avoiding prosecution disclaimer descending from a parent case
 - *Hakim v. Cannon Avent Group LLC*, 479 F.3d 1313 (Fed. Cir. 2007)

Prosecution Disclaimer / Disavowal (cont'd)

■ Yes

- *Transvideo Elect., Ltd. v. Netflix, Inc.*, Case Nos. 12-1743; *Transvideo Elect., Ltd. v. Amazon.com, Inc.*, Case No. 13-61; *Transvideo Elect. Ltd., v. Hulu, LLC*, Case No. 13-1399 (D. Del. July 7, 2015).
- *Syline Steel, LLC v. Pilepro, LLC*, Civil Action No. 1-13-cv-08171 (SDNY 4/24/15).
- *Stryker Corp. v. Zimmer, Inc.*, 782 F.3d 649 (Fed. Cir. 2014).
- *Ford Motor Co. v. TMC Fuel Injection Sys., LLC*, IPR2014-00272 -273 (PTAB 6/22/15).
- *Pacing Techs, LLC v. Garmin Int'l, Inc.*, 778 F.3d 1021 (Fed. Cir. 2015).

■ No

- *Info-Hold, Inc. v. Applied Media Tech. Corp.*, 783 F.3d 1262 (Fed. Cir. 2015).
- *TMI Prods. Inc. v. Rosen Enter. Sys., L.P.*, 610 Fed.Appx. 968 (Fed. Cir. 2015).
- *Edmund Optics, Inc. v. Semrock, Inc.*, IPR2014-00599 (PTAB 10/15/14).
- *Apple v. VirnetX Inc.*, IPR2014-00403 (PTAB 7/13/15).

Prosecution Disclaimer / Disavowal (cont'd)

■ “Present Invention”

- *Poly-American, LP, V. API Industries, Inc.*, 2016 WL 5956745 (Fed. Cir. 2016) (**specification’s statements of “the present invention” was “clear and unequivocal evidence that the inventor intended to disavow any claim scope encompassing short seals that are not inwardly extended.”**).
- *Unwired Planet, LLC v. Apple Inc.*, 829 F.3d 1353 (Fed. Cir. 2016) (“The present invention” was not clearly limited to a particular feature; claim differentiation supported conclusion feature not always part of invention).

■ Disparaging Remarks

- *UltimatePointer, LLC v. Nintendo Co., Ltd.*, 816 F.3d 816 (Fed. Cir. 2016) (**patent’s “repeated derogatory statements”** of certain pointing devices indicate that “the criticized technologies were not intended to be within the scope of the claims.”)
- *Unwired Planet, Inc. v. Apple Inc.*, 808 F.3d 509 (Fed. Cir. 2015) (**derogatory characterizations of the prior art implementations** were disavowal of the scope).

■ Distinguishing Remarks

- *David Netzer Consulting Eng’r LLC v. Shell Oil Co.*, 824 F.3d 989 (Fed. Cir. 2016) (**clear and unmistakable statements distinguishing fractionation from extraction** in the specification were sufficient to disclaim particular techniques).

Prosecution Disclaimer / Disavowal (cont'd)

■ Distinguishing Remarks (cont'd)

- *Mass. Inst. of Tech. v. Shire Pharm Inc.*, Appeal No. 2015-1881, slip op. (Fed. Cir. Oct. 13, 2016) concerning “vascularized tissue” terms, Shire pointed to several statements made during prosecution in Examiner interviews, inventor declarations and office action responses as allegedly limiting the claim scope to non-skin tissues (a construction that would allow Shire’s artificial skin grafts to avoid infringement) Court upheld the trial court’s rejection of Shire’s arguments, **noting that a “clear and unambiguous disclaimer” of subject matter that would be “evident to one skilled in the art” is required to meet the “high standard” for prosecution history disclaimer.**
- To assess whether such a disclaimer rises to the level of clear and unambiguous, **“it is important to consider the statements made by the applicant both in the context of the entire prosecution history and the then-pending claims.”**
- Although Shire had “plucked” several allegedly limiting statements from the prosecution history, which spanned more than 10 years, **the court noted that those statements were not made with respect to the claim terms at issue, but instead were made with respect to different claim language that did not even end up in the claims that finally issued; a skilled person reading the prosecution history as a whole would not understand those statements, taken out of context, to disclaim the ordinary meaning of the terms at issue.**

Prosecution History Disclaimer / Disavowal (cont'd.)

- *TMC Fuel Injection Sys. LLC v. Ford Motor Co.*, 682 Fed. Appx. 895 (Fed. Cir. 2017).
 - **The court stated that a prosecution history disclaimer occurs where a patent holder makes statements during a case that would cause a competitor to believe the patent is limited in the scope of its claims.** TMC had distinguished its claims from the prior art by saying the claimed invention “eliminate[s] pressure regulators and incremental regulation means of any type of from the system” during an appeal to the BPAI: “TMC’s prosecution statements, particularly the ones made during the BPAI appeal, unequivocally disavow the use of pressure regulators from the entire fuel system.”

- *Tech. Prop. Ltd. v. Huawei Tech. Co., Ltd.*, 849 F.3d 1349 (Fed. Cir. 2017).
 - The Federal Circuit reaffirmed that **prosecution disclaimers may only limit the scope of a claim where the disclaimer is “both clear and unmistakable to one of ordinary skill in the art.”** The court made clear that statements made during patent prosecution will not constitute a disclaimer of claim scope where the statements are “ambiguous or amenable to multiple reasonable interpretations,” but that a disclaimer based on unambiguous statements during prosecution may serve to surrender more claim scope than was necessary to overcome a rejection.

Prosecution History Disclaimer (cont'd)

- *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353 (Fed. Cir. 2017).
 - **The Federal Circuit upheld the trial court’s ruling that arguments made by a patent owner during an inter partes review (IPR) proceeding can be relied on to support a finding of prosecution disclaimer during claim construction.**
 - **The doctrine has been applied in the past to statements made during a re-examination proceeding.** Based on this historical purpose and usage, the court concluded that “[e]xtending the prosecution disclaimer doctrine to IPR proceedings will ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers.”
- *Rovalma S.A. v. Bohler-Eddstahl GMBH & Co. KG*.
 - PTAB within administrative authority to rely solely on Patent Owner’s own submission in finding disclaimer .
- *Huawei Tech. Co. Ltd v. T-Mobile US, Inc. et al.*, Civil Action No. 2-16-CV-00052 (E.D. Tex. Sept. 9, 2017).
 - The magistrate judge recommended granting defendant’s motion for summary judgment that plaintiff’s infringement claims were estopped due to plaintiff’s prosecution disclaimer in an IPR: “Regardless of whether an examiner or panel agreed with the patentee’s statement, **the statement itself may result in disclaimer because it constitutes a representation to the public about the scope of the patent.** [Plaintiff’s] statements to the Patent Office in its preliminary response were clear and unmistakable.”

Prosecution History Disclaimer / Disavowal (cont'd)

- *Straightpath IP Group Inc. v. Cisco Systems, Inc.*, Civil Action No. 3-16-cv-03463 (N.D. Cal. Dec. 13, 2017), MSJ – Noninfringement; *Sua Sponte* Motion for Attorney’s Fees under § 285 (court granted defendants’ motions for summary judgment that they did not infringe plaintiff’s internet communications protocol patents based on statements made by plaintiff during its appeal of *inter partes* review proceedings and ordered plaintiff to show cause why it shouldn’t be responsible for defendant’s attorneys fees: **“Despite having ‘boxed’ itself into narrow infringement territory to protect the validity of its patents before the Federal Circuit, [plaintiff] now seeks to reimagine its claimed invention with an astonishingly overbroad theory in an effort to capture [defendants] accused products. . . . [Plaintiff’s] infringement theory would render a nullity the requirement of an always-accurate database that tracks the current online or offline status of endpoint processes – a requirement that [plaintiff] itself had previously relied on as the key to distinguishing its invention from the prior art.”** (page 9))

Prosecution History Disclaimer / Disavowal (cont'd)

- *Certain Access Control Systems and Components Thereof*, Inv. No. 337-TA-1016 (USITC May 5, 2017).
 - The Commission disagreed with the ALJ, finding that **the specification and the prosecution history “taken in their entirety” demonstrate that the patentee did not disclaim wall consoles without passive infrared detectors.** The Commission noted portions of the specification describing techniques for communication do not necessarily require a passive infrared detector in the wall console, and determined that the dependent claims illustrate that the patentee intended to claim wall consoles both with and without passive infrared detectors.

- *Apple, Inc. v. Personalized Media Comm’ns., LLC*, IPR2016-00755, Paper 42 (PTAB Sept. 19, 2017).
 - **“Patent Owner’s citations to general statement allegedly disavowing the scope of encryption and decryption . . . during prosecution of other patents similarly do not account for the specific claim terms being construed in the proceeding. . . . Because the prosecution history does not reveal a clear disavowal of claim scope . . . the public should not be bound via a doctrine of equity to a construction that would render the claims superfluous and contradict the meaning of decrypting and programming as described in the patents by stripping their breadth to all-digital applications.”**

Means Plus Function Limitations

- *Core Wireless Lic. S.A.R.L. v. Apple Inc.*, 853 F.3d 1360 (Fed. Cir. 2017).
 - The asserted claim utilized means-plus-function claiming. The magistrate judge determined that the claim requires the cellular telephone incorporate structure that is **able** to select a channel **even if it doesn't** select a channel.
 - The court found that the structure cited by the magistrate described an algorithm in which the cellular telephone use the parameter comparison as a basis for a channel selection decision. **Outside of that structure, every embodiment described in the patent utilized the cellular telephone to make the channel selection decision and the patent did not describe a single embodiment in which the network made the channel selection decision. As all of the evidence considered pointed to the claim requiring the capability of making the channel selection decision, the magistrate judge's construction was not misinterpreted.**

PTAB: Claim Construction Procedures

- **PTAB trials are governed by the Administrative Procedure Act (“APA”) that imposes a notice requirement that prohibits the parties and the PTAB from (silently) changing theories mid-stream.**
- *Dell Inc. v. Accleron, LLC*, 818 F.3d 1293 (Fed. Cir. 2016)
 - **PTAB invalidated a claim based on arguments made for the first time at the oral hearing.** The Federal Circuit held **the PTAB denied Patent Owner’s procedural rights** “by relying in its decision on a factual assertion introduced into the proceeding only at oral argument, after [Patent Owner] could meaningfully respond.”
- *SAS Inst., Inc. v. Complementsoft, LLC*, 825 F.3d 1341 (Fed. Cir. 2016)
 - **PTAB invalidated claims based on a new claim construction adopted for the first time in its final written decision.** The Federal Circuit stated that **the PTAB “may not change theories in midstream** without giving respondents reasonable notice of the change and the opportunity to present argument under the new theory.”

PTAB: Claim Construction Procedures (cont'd.)

- *In re NuVasive, Inc.*, 841 F.3d 966, 972 (Fed. Cir. 2016) (“In the related, non-IPR context, we have relied on the APA’s requirements to find a ‘new ground’ where ‘the thrust of the rejection’ has changed, even when the new ground involved the same prior art as earlier asserted grounds of invalidity.” (citing *In re Leithem*, 661 F.3d 1316, 1319 (Fed. Cir. 2011))).
- *Genzyme Therapeutic Prods. LP v. Biomarin Pharm. Inc.*, 825 F. 3d 1360, 1361, 1365-67, (Fed. Cir. 2016) (quoting *Belden v. BerkTek LLC*, 805 F.3d 1064, 1080) (finding “the Board did not ‘change theories in midstream,’ much less deny Genzyme notice of any such change.”).
- *Google, Inc. v. Simple Air, Inc.*; Appeal No. 2016-1901, slip op. at 7 (Fed. Cir. March 28, 2017) (“[A] party may not introduce new claim construction arguments on appeal or alter the scope of the claim construction positions it took below”)
- *Personal Web Techs, LLC v. Apple, Inc.*, 848 F.3d 987 (Fed. Cir. 2017)

IPR/PTAB Claim Construction

1. The Basics

Construction Standard

“Broadest reasonable construction, in light of the specification [as understood by one of ordinary skill in the art]” (per rule, not per AIA or Title 35).

When Does Construction Take Place

Usually, as part of the trial initiation process.

Who Must Take Claim Construction Position and Where

The Petitioner, in the petition: the Patent Owner may take claim construction positions in either the Preliminary Response or the Response & Motion to Amend Claims, or, apparently, not at all.

What About *Markman* Constructions in Federal District Cases?

35 USC § 301 (a)(2) is avenue to put the prior claim scope statement before the Board. See Adamo, “Consistency on Claims,” The Patent Lawyer, May/June 2013, p. 35; Adamo, “Claims Scope Statements in U.S. Patent Office Litigation Proceedings,” NYIPLA Bulletin, August/September 2013, p. 22; *see also Research in Motion Corp. v. Wi LAN USA, Inc.*, IPR 2013-00125 (PTAB), Paper No. 8 (July 29, 2013) (though finding that the broadest reasonable interpretation standard applied, the Board did at least take note of the Patent Owner’s argument that “the Petitioner proposed construction was too broad and **inconsistent with [P]etitioner’s argument made in the parallel litigation**”); *Kyocera Corp. v. SofView LLC*, IPR 2013-00007 (PTAB), Motion to Submit New Evidence (Oct. 8, 2013) (Board granted patent owner’s request to submit the trial court’s claim construction order and related memorandum, including the parties’ agreed claim constructions: “In patent litigation, district courts do not apply the broadest reasonable interpretation standard and the parties may agree to the construction of certain terms for reasons unrelated to the broadest reasonable interpretation. **Thus, [while] the district court’s claim construction and the parties’ agreed constructions may provide the Board useful insight and information, these constructions are not determinative of the broadest reasonable construction for purposes of an inter partes review**” (slip op. at 4)).

IPR/PTAB Claim Construction (cont'd)

2. Procedural Points of PTAB Construction

Implicit Construction Should Be Made Explicitly

In *Call Copy, Inc. v. Verint Americas*, IPR 2013-00486 (PTAB), Order of Conduct of Proceeding (Aug. 23, 2013), the Board gave the petitioner ten days within which to correct certain formal defects in its petition. **The Board “explained that the petitioner’s implicit claim constructions for certain important claim terms (e.g., “communication tap”) should be made explicit in the claim construction section of the petition, as 37 C.F.R. § 42.104(b)(3) requires the petition to identify how the challenged claim is to be construed and claim construction is an important step in the determination of whether the challenged claims are unpatentable over the cited prior art.”** (slip op. at 2)

Patent Owner May Challenge Claim Interpretation Adopted By Board In Initiation, In Patent Owner’s Post Initiation Response.

In *Xilinx Inc. v IV LLC*, IPR 2013-00029 (PTAB), Order on Conduct of Proceeding (April 16, 2013), the Board held that the patent owner’s response may challenge the claim interpretations adopted in the Board’s institution of trial decision: **“[Patent Owner] is not precluded from arguing claim interpretation in its patent owner response, and [the] patent owner response may include affidavits or additional factual evidence pertaining to claim interpretation.”** (slip op. at 3).

Claim Construction Materials for Related Litigation May Be Filed Post-Initiation

In *ABB, Inc. v. Roy-G-Biv Corp.*, IPR 2013-00063 (PTAB) Motion for Leave to File Motion to Submit New Evidence (June 28, 2013), the Board granted the petitioner’s request to file claim construction documents from related litigation: **“[The petitioner] will be permitted to submit the *Markman* briefs, and the preliminary and final orders from the [related] litigation. The Board will also grant [the patent owner’s] request to submit the**

PTAB: Broadest Reasonable Interpretation

- *Microsoft Corp. v. Proxyconn Ins.*, 789 F.3d 1292 (Fed. Cir. 2015)
 - **Federal Circuit will not uphold unreasonably broad constructions that are inconsistent with the proper scope of a claimed invention.** First, in construing claims under BRI, the court explained that “claims should always be read in light of the specification and teachings in the underlying patent.” Second, “[t]he PTO should also consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.” Third, the Federal Circuit stated that any construction under BRI “must be consistent with the one that those skilled in the art would reach.”
 - **The Federal Circuit warned that a construction under BRI can be too broad if it doesn’t follow the court’s principles.**
- *In re Imes*, 778 F.3d 1250 (Fed. Cir. 2015)
 - “Sending a series of e-mails with attached still images is not the same as streaming video. Such a construction is unreasonable as it comports with neither the plain meaning of the term nor the specification.”

PTAB: Broadest Reasonable Interpretation (cont'd)

- Case-By-Case Construction with No Deference
 - *Nestle USA, Inc. v. Steuben Foods, Inc.*, IPR2015-00023 (PTAB 6/29/15).
 - The PTAB is not required to adopt the same construction of a term in every proceeding, even those involving the same patent.
 - *Nestle Healthcare Nutrition, Inc. v. Steuben Foods, Inc.*, IPR2015-00249 (PTAB 7/20/15).
 - The PTAB is not required to follow a claim construction of another panel on the same patent without reason.
- Institution Constructions are Not Final
 - *Microsoft Corp. v. Surf Cast, Inc.*, IPR2013-00292 (PTAB 10/14/14).
 - Petitioner argued that the Board's constructions in its final decision differ from and are inconsistent with the Board's construction in its institution decision. "However, as [Patent Owner] points out, the Board's construction of a claim term in a Decision to Institute is not final, and is reviewable in light of both parties' subsequent briefings and oral argument."
 - *Apple Inc. v. VirnetX Inc.*, IPR2014-00404 (PTAB 7/29/15).

PTAB: Broadest Reasonable Interpretation (cont'd)

- In *In re Smith Int'l*, Appeal No. 2016-2303, slip op. (Fed. Cir. Sept. 26, 2017), the court reversed an affirmance by the PTAB of the rejection of several claims of the '817 patent being challenged in *ex parte* reexamination, holding that the Board's construction of "body" in the claims to be unreasonable as inconsistent with the specification.
- In affirming the examiner, **the Board found it "perfectly reasonable" to interpret the "body" of the drilling tool as encompassing other components because neither the claims nor the specification explicitly limited the scope of the term. Even though the specification describes the body as separate from other elements, the Board reasoned that it doesn't expressly define "body" or otherwise preclude the examiner's interpretation.** But according to Smith, the '817 Patent consistently refers to and depicts the body as a component distinct from other components of the drilling tool – like the "mandrel" or "piston" located inside the drilling tool – and should be interpreted simply as an "outer housing."
- Finding that the Board's construction of "body" was unreasonably broad, the court agreed with Smith that the specification uniformly discloses the body as a component distinct from other components of the drill. **Importantly, the Court rejected the Board's reasoning that the examiner's interpretation of "body" was reasonable because the specification does not explicitly proscribe the examiner construction:**

The correct inquiry in giving a claim term its broadest reasonable interpretation in light of the specification is **not whether the specification proscribes or precludes some broad reading of the claim term.... It is an interpretation that corresponds with what and how the inventor describes his invention in the specification, i.e., an interpretation that is "consistent with the specification."** ... [T]he Board found that nothing in the specification would disallow the examiner's interpretation, rendering it "reasonable." However, following such logic, any description short of an express definition or disclaimer in the specification would result in an adoption of a broadest possible interpretation of a claim term, **irrespective of repeated and consistent descriptions in the specification that indicate otherwise.** That is not properly giving the claim term its broadest reasonable interpretation in light of the specification.

Slip Op. at 13 (emphasis in original)

Deference to Prior Claim Construction

- Stipulation may bind later case
 - *Capital Machine Co.*
- Binding in 2nd case (district / district)
 - *Source Search Technologies LLC*
 - *Ohio Willow Wood Co.*
- Not binding in 2nd case (district / district)
 - *Apple v. Samsung*
- Trial court construction before PTAB
 - *Palo Alto Networks*
 - Not really binding
- PTAB construction before trial court
 - *Virginia Innovation Sciences v. Samsung Electronics*
 - No (*IPR institution construction*)
 - *Surfcast Inc. v. Microsoft Corp*
 - No (*IPR institution construction*)

Deference to Prior Claim Construction

1. A USPTO Claim Construction in Re-examination Is Not Binding On A Federal District Court.

- In *Cooper Notification, Inc. v. Twitter Inc.*, 2013 U.S. App. LEXIS 18120 (Fed. Cir. 2013) [non-precedential], Cooper sued defendants for infringement of a patent relating to mass electronic messaging. Defendants filed for reexamination of the patent. The USPTO Examiner rejected the method claims and allowed the system claims. The trial court granted summary judgment of non-infringement of the system claims and dismissed the method claims with prejudice. The Federal Circuit affirmed.

The court agreed with the trial court’s claim construction of the transmission limitation because it was supported by the claim language and the prosecution and reexamination histories. During reexamination, the Examiner interpreted the limitation of “transmission of gateway messages to users” as required the users to actually receive the gateway messages, in addition to the message content. The Federal Circuit found that the trial court had proper support in arriving at the same interpretation. **The court noted that while the Examiner’s claim interpretations are not dispositive, they may be helpful to a trial court’s claim construction.**

- In *Speedtrack Inc. v. Endeca Technologies Inc.*, 2013 U.S. App. LEXIS 7551 (Fed. Cir. 2013) [non-precedential], **the court rejected Speedtrack’s request to apply judicial estoppel to block Endeca’s claim construction arguments, which were different than positions it had taken during an Endeca-initiated USPTO reexamination.**

Deference to Prior Claim Construction (cont'd)

1. A USPTO Claim Construction in Re-examination Is Not Binding On A Federal District Court (Cont'd.)

Trial court granted Endeca's motion for summary judgment of noninfringement and Speedtrack's motion for summary judgment of no invalidity. The parties disputed whether the patent claim term "category description" encompassed a name composed solely of nonalphabetic characters, such as the numeric listings in Endeca's platform. Both appealed.

Speedtrack argued that, in the Endeca-initiated reexamination of the '360 patent at the PTO, Endeca asserted that a prior art patent satisfied the "category description" limitation though it used numeric identifiers. **However, Endeca countered, the PTO used a broader construction of the term in reexamination, and the company's validity challenge there was therefore not inconsistent with its arguments in the trial court litigation.** Ultimately, **the PTO confirmed the patentability of the '360 patent without any narrowing amendments, the court noted, such that it did not adopt Endeca's contentions.** The court rejected as speculative Speedtrack's assertions that the litigation would have been on different terms - it was stayed during reexamination - had the patent owner known Endeca would change its arguments. **The court thus rejected Speedtrack's request to apply judicial estoppel to Endeca's current arguments.**

Deference to Prior Claim Construction (cont'd)

1. A USPTO Claim Construction in Re-examination May Be Binding On A Federal District Court (Cont'd)

See also *EMG Technology, LLC v. Chrysler Group, LLC*, Civil Action No. 6-12-cv-00259 (E.D. Tex. 2012), Motion for Summary Judgment (E.D. Tex July 11, 2013) (Defendant's motion for summary judgment of invalidity for indefiniteness: the court rejected defendant's argument that a prior decision in related litigation involving the same patent-in-suit erred in determining the patent was not indefinite: **"In general, prior claim construction proceedings involving the same patents-in-suit are 'entitled to reasoned deference under the broad principals of *stare decisis* and the goals articulated by the Supreme Court in *Markman*, even though *stare decisis* may not be applicable, per se.'**...In the interest of conducting an independent analysis of the issues presented by the parties here in the above-captioned case and because the BPAI decision [underlying the earlier court decision] was not explicit regarding whether the term 'simplified navigation interface' is amenable to construction, **the present Memorandum Opinion and Order analyzes the indefiniteness issue without deference to the statements of the BPAI.**" (slip op. at 11) (emphasis added).

Deference to Prior Claim Construction, Cont'd.

2. A Prior Suit Involving Materially Identical Products and Same Claim Term Collaterally Estops Relitigation of Infringement.

In *Aspex Eyewear, Inc. v. Zenni Optical LLC*, 713 F.3d 1377 (Fed. Cir. 2013), the Federal Circuit affirmed that a first lawsuit involving certain eyewear patents collaterally estopped a second lawsuit involving the same patents, where the same claim term was dispositive of infringement.

Aspex argued that collateral estoppel does not apply because several claim terms at issue in the current litigation were not at issue in *Altair* [the prior case]. **The Federal Circuit, applying the law of the Eleventh Circuit (because collateral estoppel is not unique to patent law), found that collateral estoppel did preclude a plaintiff from relitigating identical issues by merely switching adversaries.** Aspex claimed that Zenni's alleged infringement hinged on the meaning of certain claim terms that had not been construed in *Altair*. Zenni responded that the issue was not whether certain claim terms had been previously construed, but whether Aspex has already litigated the "issue" of infringement based on products that are indistinguishable from those at issue here.

The Federal Circuit explained that the assertion of different claims or claim terms in a subsequent suit does not create a new issue to defeat preclusion. Collateral estoppel applies if the issue, such as infringement, was already litigated and decided. The court further found that there were no changed circumstances or new evidence, and thus Aspex had a full and fair opportunity to previously litigate the issue of infringement. Relitigating infringement would be repeating "essentially the same dispute." **The Federal Circuit found that Aspex had already fully litigated the meaning of the term "retaining mechanism" in the first suit and that the result was dispositive of the present infringement claims.**

Deference to Prior Claim Construction, Cont'd.

2. A Prior Suit Involving Materially Identical Products and Same Claim Term Collaterally Estops Relitigation of Infringement, (Cont'd.)

See also In re: E. Digital Cases, Civil Action No. 2012-cv-2698-DMS (WVG) [lead case], Order Granting Defendant's Motion to Apply Collateral Estoppel (Aug. 21, 2013), where **the court granted defendants' motion to apply collateral estoppel regarding a claim construction ruling against e.Digital in a prior case**; *Dey, L.P. et al. v. Teva Parenteral Medcaver, Inc.*, Civil Action No. 1-09-cv-00087 (ND W. Va. 2013) (the court granted plaintiff's motion for summary judgment that defendants' generic drug product would infringe **based on an earlier claim construction of the patent-in-suit in parallel litigation**: “[Defendant], the proponent of issue preclusion, cannot meet its burden.... Nearly one year before entry of the *Markman* order in the [parallel] litigation, this Court adopted the construction of ‘label’ jointly proposed by [the parties]. Even assuming, for argument's sake, that the *Markman* order in the [parallel] litigation was a final order, it still was not ‘previously litigated’...**even if the district court in the [parallel] litigation had construed ‘label’ prior to this Court's construction of that same term, its *Markman* order is not a final order having preclusive effect.**” (slip op. at 38) (emphasis added).

Effect of District Court *Markman* on Other District Court

- *Finjan, Inc. v. Symantec Corp.*, No. 14-cv-02998-HSG (N.D. Cal. Nov. 14, 2016), **after *Markman* hearing in case, but before construction order issued**, plaintiff argued in other litigation for different meaning of terms; **court allowed Symantec to file further briefing and agreed to hold a further *Markman* hearing.**
- *Allergan Sales, LLC v. Sandoz Inc.*, No. 2:12-cv-207-JRG (ED Tex. 2016) [Gilstrap, J.]
 - **An agreement as to claim construction in an earlier lawsuit does not preclude re-litigating claim construction.** For preclusion to apply, the issues had to have been previously adjudicated, actually litigated and necessary to the matter's resolution. Here, because the parties had agreed on constructions for the terms in the earlier case, the issue was not actually litigated.
- *DataTerm, Inc. v. MicroStrategy, Inc.*, No. 1-11-cv-12220 (D. Mass 2015)
 - **Court found insufficient evidence to apply judicial estoppel to plaintiff's claim construction stipulation in another case:** “[Plaintiff’s] positions as to the meaning of ‘class’ in the two proceedings are clearly inconsistent. Furthermore, the courts in the earlier proceeding accepted and relied upon the stipulation. The question, then, appears to be whether [plaintiff] would derive an unfair advantage if its new position is accepted by the Court. **Although the inconsistency is obviously troublesome, rather than address the issue at the this stage, the Court will instead defer its consideration.**”
- See Khan and Dennhardt, “*Binding Claim Construction Rulings Pre-Teva vs. Post-Teva*,” Law 360, <http://www.law360.com/articles/794754> (7/11/16)

Effect of District Court *Markman* Claim Construction on PTAB in IPR/CBMR

- ***SAP America, Inc. v. Pi Net International, Inc.*, Case IPR 2013-00195, Motion to Stay IPR / CBM Petition (May 23, 2014.)** After a trial court issued a claim construction order finding certain claim terms in the instant patents indefinite, and granting summary judgment on that basis for all the patents involved in the instant IPRs, the Board rejected the patent owner's opposed suggestion to stay the subject IPRs pending resolution of the patent owner's appeal of the trial court's decision to the Federal Circuit:

“We recognize both the importance of the district court's decision and the circumstances concerning Patent Owner's appeal, and **we will give the district court's decision due consideration**. However, except to the extent that they may implicate our ultimate claim construction, the issues addressed by the district court under 35 U.S.C. § 112 are not before us in inter partes review IPR2013-00194 and IPR2013-00195. The indefiniteness issues under 35 U.S.C. § 112 before us in CBM2013-00013 overlap with those addressed in the district court's decision to some extent. However, as with the inter partes reviews, we also instituted CBM2013-00013 on grounds other than those addressed by the district court's decision. **We also note that the subject proceedings apply different standards of claim**

Effect of District Court *Markman* Claim Construction on PTAB in IPR/CBMR (cont'd)

- *SAP America, Inc. v. Pi Net International, Inc. cont'd*

construction and a different burden of proof than that applied by the district court. Thus, although an affirmance of the district court's decision that the subject patents are invalid **could terminate** the subject proceedings, on an appeal of the outcome of the subject proceedings, a reversal of the district court's invalidity determination **might not affect** our decisions. In view of these circumstances, **we do not authorize a motion to stay the subject proceedings and we will conduct an oral hearing as scheduled. . . .**" (page 2) (**emphasis added**).

Effect of District Court *Markman* Claim Construction on PTAB in IPR/CBMR (cont'd)

Google, Inc. v. Whiteserve LLC, Case IPR 2013-00249, Final Written Decision (PTAB Sept 9, 2014)

The Board rejected the patent owner's arguments that the claim construction in the Federal Circuit decision in *Whiteserve LLC v. Computer Packages, Inc.*, required a different interpretation than the Board's construction of the term "Internet-based data:"

"First, we do not consider the Federal Circuit's statement to be contrary to our construction of the claims. The ability referenced by the Court--that the central computer can retrieve data from the client computer--is one of the two usages of "retrieving" in the '007 patent we discussed above, and thus falls within our adopted construction of the term....**Second**, we note that in the *Computer Packages* appeal, the only issue pertaining to the '007 patent that was appealed from the District Court decision was anticipation of claims 1-15 by [a prior art reference]; [the appellant] had conceded that it infringed the '007 patent, if valid. The Federal Circuit noted that [the appellant] had focused its anticipation case in claim 10, and **proceeded to analyze claim construction and the disclosure of [the prior art reference] in the context of that claim....Notably, the retrieving said data backup limitation of claims 3,6, and 9 was not analyzed by the panel**, because the limitation did not appear in claim 10....**Finally, even if the Federal Circuit had set forth a construction of claims 3, 6, and 9 that differs from ours, we note that the *Computer Packages* appeal was from a district court infringement suit, and therefore applied the claim construction standard articulated in *Phillips v. AWH Corp.*, 415 F. 3d 1303 (Fed. Cir. 2005). By contrast, in inter parties review proceedings the Board applies the broadest reasonable interpretation consistent with the specification....For these reasons, we do not consider the Federal Circuit's decision in *Whiteserve LLC v. Computer Packages, Inc.* to mandate that we disregard the broadest reasonable interpretation of claims 3, 6, and 9."** (page 18).

Effect of District Court *Markman* on PTAB

- *Ferrum Ferro Capital, LLC v. Allergan Sales, LLC*, IPR2015-00858 (PTAB 9/4/15)
 - BRI and *Phillips* yield same result.
- *Foursquare Labs, Inc. v. Silver Satta Intellectual Techs., Inc.*, IPR2014-00159 (PTAB 8/1/14)
 - Modifying construction under BRI to be consistent with earlier trial court construction under *Phillips*.

Effect of District Court *Markman* on PTAB

- *Power Integrations v. Lee*, 797 F.3d 1318, 1327 (Fed. Cir. 2015)
 - **While the PTAB uses a different claim construction standard, i.e., the broadest reasonable interpretation in light of the specification (BRI), than district courts, the PTAB should have reviewed the trial court’s claim construction, since Power Integrations had advanced the same construction at the Patent and Trademark Office as it did in the parallel litigation:** “[t]he fact that the board is not generally bound by a previous judicial interpretation of a disputed claim term does not mean . . . that it has no obligation to acknowledge that interpretation or to assess whether it is consistent with the broadest reasonable construction of the term.”
 - **The Federal Circuit qualified its decision** by noting “[w]e do not hold that the board must in all cases assess a previous judicial interpretation of a disputed claim term” but rather “only that the board on remand should carefully and fully assess whether the disputed claims of the . . . patent are anticipated by the prior art, setting out its reasoning in sufficient detail to permit meaningful appellate review.”

Effect of PTAB “BRI” Claim Construction on District Court

- *Wonderland Nurserygoods Co. Ltd. v. Thartey Industries*, Civil Action No. 2-12-CV-00196 (WD Pa 2012), Motion for Interlocutory Appeal (Oct. 20, 2014), the trial court denied plaintiff’s motion to certify for interlocutory appeal the court’s claim construction where the PTAB construed certain claim terms differently:

“In this case, there have been different decisions on the same contested issue by two different adjudicative bodies: this Court and the [PTAB], in the parties’ *Inter Partes* Reexamination, currently on appeal at the United States Court of Appeals for the Federal Circuit . . . [D]istrict courts interpret claims using the ‘ordinary and customary meaning’ of the terms . . . whereas in PTO proceedings, claims are construed under the ‘broadest reasonable interpretation’ standard. Hence, it is not surprising that constructions from IPRs and other PTO proceedings may differ from or, indeed, be diametrically opposed to those of district courts, as is the case here, where, for example, this Court found the preambles limiting, but the PTO did not so find . . . While there are ‘conflicting interpretations from’ different adjudicative bodies, the interpretations stem from different standards. Thus, the *Wonderland Nurserygoods Co. Ltd. v. Thartey Industries* Court does not believe that the instant conflicting determinations actually present the scenario of ‘conflicting opinions,’ envisioned under § 1292(b).” (page 4) (emphasis added).

Effect of PTAB Construction on District Court *Markman*

- *Enzo Biochem, Inc. v. Molecular Probes*, Civil Action No. 1-03-cv-03816 (SDNY 12/10/14)
 - “[P]ut simply, the PTO ruling is not binding on this court, nor is it binding on the Federal Circuit.”

- *Apple, Inc. v ContentGuard Holdings*, IPR2015-00352 (PTAB 6/24/15)
 - “[Petitioner’s expert] does not explain why he deviated from the Board’s previous definition of ‘behavioral integrity’ which eventually was adopted by the trial court and adopted for purposes of this proceeding. Nor does [the expert] explain how his new definition of ‘behavioral integrity’ would be understood by one of ordinary skill in the art in light of the specification of the ‘280 patent. **Absent some underlying facts or data to support [the expert’s] new definition of ‘behavioral integrity,’ his testimony in this regard is entitled to little, if any, weight.**”

Effect of PTAB Construction on District Court *Markman*

- *Adidas AG v. Under Armour Inc.*, No. 1-14-cv-00130 (D. Del 2015)
 - **The court denied defendants’ motion to modify claim construction in light of the PTAB’s claim construction during IPR because issue preclusion did not apply.**
 - “The PTAB’s choice not to institute an IPR is not the type of adjudication that leads to issue preclusion. In declining to institute the IPR, the PTAB did not reach a final decision on the construction of [the term]. . . . **The court is not bound by a preliminary claim construction used by the PTAB for the limited purpose of denying an IPR request.**”
- *Microwave Vision, SA v. ESCO Techs., Inc.*, No. 1-14-cv-01153 (ND Ga 2016)
 - The court found “network of probes” and “support” were both required to pivot.
 - “[T]he PTAB . . . found that the [patent’s] Specification itself failed to ‘clearly associate the combination of separate structures disclosed in Figures 1 and 2 as corresponding to the claimed dual functions.’ . . . **At bottom, and regardless of whether the analysis is framed in patentability or indefiniteness terms, the PTAB and this Court simply disagree that the [patent] fails to ‘clearly associate’ the structures in Figures 1 and 2 with the ‘both’ pivot function.**”
- *See Sommer*, “Claim Construction At PTAB and Its Effect on District Court,” Law 360, <http://www.law360.com/ip/articles/804014> (6/29/16)

PTAB Can Adopt New Claim Construction

- *Intellectual Ventures II v. Ericsson Inc.*, 686 Fed.Appx. 900 (Fed Cir. 2017).
 - The Federal Circuit held that **the PTAB can freely adopt its own claim construction. Additionally, the PTAB is not constrained to only those claim constructions proposed by the parties.** Intellectual Ventures, Ericsson, and Google (another IPR petitioner) each submitted oral argument briefings which included how to interpret the phrase “an indication of an operating bandwidth.”
 - The Federal Circuit also found that Intellectual Ventures II LLC had notice that the construction was a central issue to the IPR, that issue had been “extensively litigated” during the IPR proceedings.

- *Volkswagen AG v. Emerachem Holdings LLC*, IPR2014-01555, Paper 54 (PTAB July 13, 2016).
 - **The Board is not bound by Petitioner and Patent Owner’s interpretation of the claim language**, which may have inherent favoring of a particular interpretation for strategic reasons.

Expert Cannot Contradict Court's Claim Construction

- Denying Use of Experts
 - *Eli Lilly v. Genentech, Inc.*, Civil Action No. 2-13-CV-0724 (C.D. Cal. 1/14/15).
 - *SPH Am. LLC v. AT&T Mobility, LLC*, Civil Action No. 13-CV-2318-CA (SD Cal. 1/19/15).
 - *Signal IP, Inc. v. Mercedes-Benz USA, LLC*, Civil Action No. 2-14-CV-03109 (C.D. Cal. 1/14/15).
 - *Flash Memory Chips and Prod. Containing Same*, Inv. No. 337-TA-893 (USITC).
- Permitting Use of Experts
 - *Prism Techs., LLC v. Sprint Spectrum*, Civil Action No. 8-12-CV-00123 (N. Neb. 6/9/15).
 - *Excelsior Med. Corp. v. Ivera Med. Corp.*, Civil Action No. 9-13-cv-80840 (SD Fla. 10/31/14).

Expert Testimony/Declaration in Conflict with *Markman*

- **Precluding expert from contradicting the court's claim construction**
 - *ART+COM Innovationpool v. Google Inc.*, No. 1-14-cv-00217 (D. Del. 2016)
 - *Mobile Telecomm. Techs., LLC v. LG Elect. Mobilecomm USA, Inc.*, No. 2-13-cv-00947 (ED Tex. 2016)
 - *Metaswitch Networks Ltd. v. Genband LLC*, No. 2-14-cv-00744 (ED Tex. 2016)

- **Permitting expert to testify where expert failed to properly apply the court's claim construction**
 - *Smart Vent, Inc. v. USA Floodair Vents, Ltd.*, No. 1-10-cv-00168 (D.N.J. 6/27/16)

Expert Cannot Contradict Court's Claim Construction

■ Denying Use of Experts

- *Bombardier Recreational Prod. Inc., et al. v. Artic Cat, Inc. et al.*, Civil Action No. 0-12-CV-02706 (CD Minn. Feb 21, 2017).
- *Sonix Tech. Co. Ltd. v. Pub. Int'l, Ltd., et al.*, Civil Action No. 1-13-cv-02082 (ND Ill Oct. 2, 2017).
- *Network-1 Security Solutions, Inc. v. Alcatel-Lucent USA, Inc., et al.*, Civil Action No. 6-11-cv--00492 (ED Tex Sept. 14, 2017).
- *Viva Healthcare Packaging Ltd. et al. v. CTL Packaging USA Inc., et al.*, Civil Action No. 3-13-cv-00569 (WD NC July 12, 2016).
- *Ferring Pharm. Inc., v. Par Pharm., Inc.* Civil Action No. 15-cv-173 (D. Del. July 11, 2017).

Expert Cannot Contradict Court's Claim Construction cont'd.

■ Permitting Use of Experts

- *Comcast Cable Comm'ns, LLC et al., v. Sprint Comm'ns Co. LP et al.*, Civil Action No. 2-12-cv-00859 (E.D. PA Nov. 9, 2016).
- *Boehringer Ingelheim Pharma GmbH & Co, KG, et al v. Teva Pharm. USA, Inc., et al.* Civil Action No. 3-14-cv-07811 (D.N.J. Aug. 5, 2016).
- *MIS Sciences Corp., v. R Post Comm'ns Ltd., et al.*, Civil Action No. 3-14-cv-00376 (N.D. Cal. August 25, 2016).
- *Core Wireless Licensing S.a.r.l. v. Apple Inc.*, Civil Action No. 5-15-cv-05008 (N.D. Cal. Nov. 18, 2016).
- *Amgen Inc., et al., v. Hospira, Inc.*, Civil Action No. 1-15-cv-00839 (D. Del. Sept. 11, 2017).
- *Cisco Sys., Inc. v. Arista Networks, Inc.*, Civil Action No. 5-14-cv-05344 (N.D.D Cal. Nov. 16, 2016).

Sanctions and Claim Construction

- If you advance a claim construction position without proper support and analysis, and stand your ground to the bitter end, it may cost you.

- Fees
 - *Source Vagabond Ltd.*
 - *Cartner v. Alamo Group, Inc.*
 - *Pure Fishing, Inc. v. Normark Group*

- No Fees
 - *Shieldmark, Inc. v. Insite Solutions LLC*

Sanctions and Claim Construction

- In “*Raylon LLC v. Complus Data Innovations, Inc.*, 700 F.3d 1361 (Fed. Cir. 2012), the Federal Circuit overturned a trial court’s denial of Rule 11 sanctions. Raylon’s claims were for a handheld system for issuing tickets. Raylon contended that the accused devices, which possessed fixed displays incapable of pivoting, met the claim limitation “pivotally mounted display” because a user could move the entire device while holding it.
- The trial court (Davis, CJ, ED Tex) rejected Raylon’s claim construction and infringement theory as “stretch[ing] the bounds of reasonableness,” but determined that Raylon’s positions did not “cross the line.” The trial court concluded that Raylon had not brought the suit “to coerce a nuisance value settlement.”
- **The Federal Circuit reversed, finding that Raylon’s subjective motives, which grounded the trial court’s analysis, were irrelevant. In the Fifth Circuit the proper standard was objective reasonableness.** Although reasonable minds could differ as to claim construction positions, **Raylon’s claim construction**, which contradicted the claim language, specification and prosecution history, was “**so unreasonable that no reasonable litigant could believe it,**” such that the court particularly noted that the trial court’s conclusion that “Raylon’s claim construction arguments and infringement theory do stretch the bounds of reasonableness...they do not cross the line” was not supported by any analysis or explanation.
- The court concluded that Raylon’s claim construction was frivolous, a Rule 11 violation and sanctionable. The court also vacated the trial court’s § 285 holding, as it was based on the flawed Rule 11 analysis. **The case was remanded for determination of a proper Rule 11 sanction and full consideration of the defendants’ § 285 motion in light of the Rule 11 violation.**

Sanctions and Claim Construction (cont'd)

In *Taurus IP, LLC v. DaimlerChrysler Corp.*, 726 F.3d 1306 (Fed. Cir. 2013), the Federal Circuit affirmed an exceptional case finding that a patent assertion entity had no reasonable basis, especially after claim construction, for pursuing an infringement claim, stating that:

“Having carefully considered the record before us, we conclude that the district court properly found the DaimlerChrysler Patent Suit to be exceptional. In reaching this conclusion, we find sufficient basis in the district court’s findings that Taurus improperly asserted and maintained its positions in the litigation. We need not rely on the findings related to vexatious litigation or witness tampering. Rather, no reasonable litigant in Taurus’s position could have expected a finding that a web surfer accessing the accused external websites satisfied the requirement for a “user,” as recited in claim 16. **Although reasonable minds can differ on claim construction positions, [regarding] Taurus’s proposed constructions of “user” . . . the written description provides no support for Taurus’s unreasonably broad construction** and instead limits the term to those with sufficient internal access to the data model to allow the creation and editing of relationship information. **When patentees have sought unreasonable claim constructions divorced from the written description, this court has found infringement claims objectively baseless....**

Sanctions and Claim Construction (cont'd)

We are not persuaded by Taurus’s argument that the claim construction of “user” was vague until issuance of the Summary Judgment Decision. When read in light of the specification, the district court’s construction provided clear limitations on the scope of “user.” Indeed, as the briefing to this court demonstrates, Taurus appears to have understood, but merely disagreed with the court’s construction. Taurus is correct that this court reversed two district court decisions relied on in the [trial court’s] Post-Trial Decision for the proposition that “Taurus’s decision to proceed in the face of this court’s constructions prolonged the litigation in bad faith.” **Those reversals did not, however disturb the rule that a case can be found exceptional when a party prolongs litigation in bad faith....**

While an adverse claim construction generally cannot, alone, form the basis for an exceptional case finding, this court’s decisions in *DePuy Spine* and *Medtronic Navigation* do not undermine the rule that a party cannot assert baseless infringement claims and must continually assess the soundness of pending infringement claims, especially after an adverse claim construction.... In both cases, this court reversed because it determined that the arguments posited were not, in fact, baseless. ... For the reasons set forth above, such is not the case here. Thus, the reversal in *DePuy Spine* and *Medtronic Navigation* do not carry the day for Taurus.

Sanctions and Claim Construction (cont'd)

■ Fees

- *Pure Fishing, Inc. v. Normark Corp.*, Civil Action No. 3-10-cv-02140 (D. S.Car. 10/28/14).
- *TNS Media Research, LLC v. TRA Global, Inc.*, Civil Action No. 1-11-cv-04039 (SDNY 11/4/14).
- *Intex Recreation Corp. v. Team Worldwide Corp.*, Civil Action No. 1-04-cv-01785 (D.D.C. 1/9/15).
- *Cambrian Sci. Corp. v. Cox Comm'n Inc.*, Civil Action No. 8-11-cv-01011 (CD Cal. 1/6/15).
- *UltimatePointer, LLC v. Nintendo Co., Ltd.*, Civil Action No. 2-14-cv-00865 (WD Wash. 3/11/15).
- *TechRadium Inc. v. FirstCall Network, Inc.*, Civil Action No. 4-13-cv-02487 (SD Tex. 2/27/15).

■ No Fees

- *DietGoal Innovations LLC v. Chipotle Mexican Grill, Inc.*, Civil Action No. 2-12-cv-00764 (ED Tex. 10/14/14).
- *The Robbins Co. v. Herrenknecht Tunneling Sys. USA, Inc.*, Civil Action No. 5-13-cv-02113 (ND Ohio 5/29/15).

Sanctions and Claim Construction (cont'd)

- Fees
 - *Chaffin v. Bradon et al.*, 2017 WL 2704474 (Fed Cir. June 23, 2017).

- No Fees
 - *Drago Intellectual Property LLC v. AT&T Services, Inc.* Civil Action No. 1-13-CV-02061 (D. Del. July 12, 2016).

Sanctions and Claim Construction (cont'd)

- Fees – Effect of Claim Construction re Continuing Case
 - *Chicago Bd. Opt. Ex., Inc. v. Int’l. Secs. Ex.*, 2014 WL 6978644 (ND Ill. 2014)
 - **Continuing to make arguments contrary to construction**, even after the construction was affirmed by the Federal Circuit, is exceptional.
 - *Segan LLC v. Zynga Inc.*, No. 3-14-cv-01315 (ND Cal 2015)
 - “[Plaintiff] proposed this construction even though every time the verb ‘access’ or ‘accessing’ appears in the patent (and it appears many times), it is used in the ordinary way (i.e., ‘to obtain’ or ‘gain entry to’). [Plaintiff] might as well have argued that the sky is the ground. Even in the world of patent law, where lawyers and experts often take great liberties with words, this proposed construction of ‘access’ stand out as exceptional.”
 - *Flexiteek Am., Inc. v. Plasteak, Inc.*, No. 0-12-cv-60215 (SD Fla 2016)
 - Continuing to argue infringement claims, which were rendered baseless after court issued claim construction, makes case exceptional.
 - *Iris Connex, LLC v. Dell Inc.*, No. 2-15-cv-01915 (E.D. Tex. 2015), Motion for Rule 11 Sanctions (1/25/2017), following summary judgment of noninfringement the court sanctioned plaintiff’s counsel \$25,000 under Rule 11 for advancing a frivolous claim construction:
 - “[Counsel] violated Rule 11 because he advanced a claim construction divorced from the specification and claim language, ignored the file history, contravened Federal Circuit law, relied heavily on extrinsic evidence to the exclusion of the intrinsic evidence, and asked the Court to adopt a construction that simply did not make any sense.” (Memorandum Opinion and Final Judgment (Dkt. 149) pages 44-46).

Sanctions and Claim Construction (cont'd)

- No Fees
 - *In re Unified Messaging Solutions Patent Litig.*, No. 1-12-cv-06286 (ND Ill 2015)
 - “[T]here is a fine line between using the specification to interpret the meaning of a claim and importing limitations from the specification into the claim. **This is far too fine a line to draw in awarding fees under § 285.**”
 - *Enovsys LLC v. AT&T Mobility LLC*, No. 2-11-cv-05210 (CD Cal. 2/16/16)
 - Case not exceptional where litigation position following claim construction was not baseless.
 - *SAP Am., Inc. v. Wellogix, Inc.*, No. 4-10-cv-01224 (SD Tex 2016) [Sim Lake, J.]
 - “[Plaintiff] points out that ‘the reexamination process resulted in the cancellation of every single one of [the] 120 claims [defendants identified] and invalidation of all six of [defendants’] patents.’...[Plaintiff] prevailed in the patent litigation, but not before a reexamination process which both parties appealed aspects of the PTO’s initial findings. **Although [plaintiff] argues that the final outcome shows [defendants’] position was meritless, the lengthy reexamination and appeals process suggests otherwise. . . . Victory alone, even total victory, is not sufficient reason to award fees.**”