

Latham & Watkins [Litigation & Trial](#) and [Intellectual Property](#)
[Litigation](#) Practices

October 15, 2018 | Number 2390

USPTO Harmonizes New Claim Construction Standard in PTAB Proceedings

The PTAB will apply the same Phillips standard applied by district courts and the ITC.

Key Points:

- The change is not retroactive, and will apply only to IPR, PGR, and CBM petitions filed on or after November 13, 2018.
- Ex parte reexaminations and reissue examinations are not affected.
- The PTAB will also consider previous district court and ITC claim constructions.
- Litigants will need to develop a comprehensive patent litigation strategy early in the case.

On October 10, 2018, the United States Patent and Trademark Office (USPTO) published a final rule that replaces the current “broadest reasonable interpretation” (BRI) standard with the criteria set by *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) in America Invents Act post-grant proceedings. The final rule hews closely to the USPTO’s May 9, 2018 proposal, with a few minor deviations — most notably removing the provision requiring retroactive application of the new standard.

The Scope of the Final Rule

The final rule applies only to inter partes review (IPR), post-grant review (PGR), and the transitional program for covered business method patents (CBM) arising from petitions filed on or after November 13, 2018.

Proceedings filed before that effective date are unaffected, even if they are later appealed to the Federal Circuit and remanded back to the PTAB. Also, the new rule does not affect any ex parte reexaminations or reissue examinations, in which patent examiners, and the PTAB if the applicant appeals the examiner’s rejections, will continue to apply the BRI standard.

The PTAB will apply the *Phillips* standard to *all* claims in IPRs, PGRs, and CBMs filed after the effective date, including proposed substitute claims in motions to amend. The patent owner’s ability to amend claims was one of the original bases for applying BRI in these proceedings. However, the USPTO noted that six years of experience have shown that claim amendments remain relatively rare. As such, and to ensure consistency throughout a proceeding, the USPTO has also now adopted the *Phillips* standard for proposed claim amendments. If patent owners find the narrower *Phillips* construction helpful in overcoming prior art, they may be more likely to amend in these proceedings instead of reexamination or reissue.

Although the PTAB will apply the same claim construction standard as district courts, the PTAB will not adopt the courts' *Markman*-style hearing procedures. Instead, it will apply the new standard in its existing framework, just as it already does for claims involving expired and soon-to-expire patents.

The Potential Impact of the Rule Change

Patent litigants, whether plaintiffs or defendants, in district court or the before the ITC, will need to develop a comprehensive patent litigation strategy early because they likely will be involved in parallel PTAB proceedings directed to the same patents. The USPTO reports that 86.8% of patents in IPRs, PGRs, and CBMs have also been in district court litigation. Ideally, the PTAB should arrive at the same construction as the district court or ITC. As a result, early claim-construction rulings from the PTAB could simplify cases also pending before the district court and the ITC.

In addition to harmonizing its claim construction standard with the district courts and the ITC, the new rule requires the PTAB to consider timely submitted claim constructions from those other venues. In a response to a comment, the USPTO stated that parties are *required* by the existing discovery rules to submit a prior claim construction ruling that is inconsistent with the party's position before the PTAB. As a result, parties will be less likely to obtain inconsistent constructions, for example, a broad construction favorable to invalidity at the PTAB and a narrow construction favorable for noninfringement in court.

Ultimately, this rule change helps cement the PTAB as the less-expensive alternative forum to litigate patent validity. The harmonized claim construction standard should help ensure consistent results across venues while simplifying cases for the courts. In addition, litigants will need to more tightly coordinate their (non)infringement and (in)validity strategy at the outset because an early construction ruling could have a direct impact in another venue. For example, PTAB proceedings could result in earlier claim construction rulings — a critical piece of the infringement inquiry — thereby potentially influencing how the disputes are resolved in those other venues. Latham will closely watch these determinations at the PTAB to see how they influence litigation outcomes in other venues.

If you have questions about this *Client Alert*, please contact one of the authors listed below or the Latham lawyer with whom you normally consult:

[Lisa K. Nguyen](#)

lisa.nguyen@lw.com
+1.650.470.4848
Silicon Valley

[Bob Steinberg](#)

bob.steinberg@lw.com
+1.202.637.2301
Washington, D.C.

[Jonathan M. Strang](#)

jonathan.strang@lw.com
+1.202.637.2362
Washington, D.C.

You Might Also Be Interested In

En Banc Federal Circuit Overturns PTAB's IPR Time-Bar Ruling

PTAB Spotlight

SAS Institute Follow-Up: New PTAB Procedures and Strategies

Patent Office Issues New Guidance for PTAB Challenges

Client Alert is published by Latham & Watkins as a news reporting service to clients and other friends. The information contained in this publication should not be construed as legal advice. Should further analysis or explanation of the subject matter be required, please contact the lawyer with whom you normally consult. The invitation to contact is not a solicitation for legal work under the laws of any jurisdiction in which Latham lawyers are not authorized to practice. A complete list of Latham's *Client Alerts* can be found at www.lw.com. If you wish to update your contact details or customize the information you receive from Latham & Watkins, visit <https://www.sites.lwcommunicate.com/5/178/forms-english/subscribe.asp> to subscribe to the firm's global client mailings program.