

# TREATMENT OF PTAB CLAIM CONSTRUCTION DECISIONS: ASPIRING TO CONSISTENCY AND PREDICTABILITY

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The Patent Trial and Appeal Board (“PTAB” or “Board”) construes claims under two different standards, depending on whether the patent-at-issue is expired or will expire during reexamination or review.<sup>1</sup> For expired or soon-to-expire patents, the PTAB uses the ordinary and customary meaning or *Phillips* standard, the same standard used in district court.<sup>2</sup> For all other patents, the PTAB uses the broadest reasonable interpretation (“BRI”) standard.<sup>3</sup> Regardless of which standard the PTAB uses, there is little guidance from the Supreme Court or the Federal Circuit on exactly how district courts should treat PTAB claim construction decisions when construing claims during litigation.<sup>4</sup> The Supreme Court has acknowledged

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1. *In re CSB-System Int’l, Inc.*, 832 F.3d 1335, 1341 (Fed. Cir. 2016) (holding that the *Phillips* claim construction standard applies to all expired patents and those that will expire during ex parte reexamination); The applicable provisions of the Code of Federal Regulations provide:

A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears. A party may request a district court-type claim construction approach to be applied if a party certifies that the involved patent will expire within 18 months from the entry of the Notice of Filing Date Accorded to Petition.

37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016).

2. *CSB-System Int’l*, 832 F.3d at 1341; 37 C.F.R §§ 42.100(b), 42.200(b), 42.300(b) (2016).

3. *CSB-System Int’l*, 832 F.3d at 1341; 37 C.F.R §§ 42.100(b), 42.200(b), 42.300(b) (2016).

4. *See* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (affirming the Patent Office’s rulemaking authority to construe claims using the broadest reasonable interpretation standard); *SkyHawke Techs., LLC v. Deca Int’l Corp.*, 828 F.3d 1373, 1376 (Fed. Cir. 2016) (holding that neither the PTAB nor the district court is bound by the other’s claim construction decision when a different claim construction standard is used in each forum); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc) (setting guidelines for construction of claims in district court).

that inconsistent claim construction outcomes are possible,<sup>5</sup> and the Federal Circuit has asserted that issue preclusion is unlikely to apply in district court litigation to PTAB claim construction decisions made using the BRI standard.<sup>6</sup> However, neither Court has affirmatively stated how district courts should handle PTAB claim construction decisions and how they should take into account the different claim construction standards.

A survey of district court claim construction decisions across the country reveals the inconsistent manner in which district courts treat PTAB claim construction rulings, ultimately leading to unpredictable findings of infringement and invalidity.<sup>7</sup> For greater consistency in district court treatment of PTAB decisions and between these two forums, district courts should analyze PTAB claim constructions using a framework based on principles of administrative law and standards for appellate review.

In providing its claim construction decision, a district court may examine both the PTAB's factual findings regarding the extrinsic record as well as the PTAB's ultimate claim construction.<sup>8</sup> Based on the Supreme

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5. *Cuozzo*, 136 S. Ct. at 2144–46 (“These different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress’ regulatory design”).

6. *SkyHawke*, 828 F.3d at 1376, stated:

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.

7. *See, e.g.*, *Personalized Media Commc’ns, LLC v. Apple, Inc.*, No. 215CV01206JRGRSP, 2016 WL 6247054, at \*7–9, \*12–13, \*16–17, \*29–30, \*41–42 (E.D. Tex. Oct. 25, 2016); *Blitzsafe Tex., LLC v. Honda Motor Co.*, No. 2:15-CV-1274-JRG-RSP, 2016 WL 4762083, at \*12–17 (E.D. Tex. Sept. 13, 2016); *GoDaddy.com, LLC v. RPost Commc’ns Ltd.*, No. CV-14-00126-PHX-JAT, 2016 WL 212676, at \*30–31 (D. Ariz. Jan. 19, 2016); *Depuy Orthopaedics, Inc. v. Orthopaedic Hosp.*, No. 3:12-CV-299-CAN, 2016 WL 96164, at \*5 (N.D. Ind. Jan. 8, 2016); *Anglefix, LLC v. Wright Med. Tech., Inc.*, No. 2013-CV-02407-JPM-TMP, 2015 WL 9581865, at \*1, \*4 (W.D. Tenn. Dec. 30, 2015); *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 8073722, at \*11 (E.D. Tex. Dec. 4, 2015); *Blue Calypso, Inc. v. Groupon, Inc.*, 93 F. Supp. 3d 575, 598 (E.D. Tex. 2015); *Kroy IP Holdings, LLC v. Autozone, Inc.*, No. 2:13-CV-888-WCB, 2015 WL 557123, at \*4 (E.D. Tex. Feb. 10, 2015); *Pragmatus AV, LLC v. Yahoo! Inc.*, No. C-13-1176 EMC, 2014 WL 1922081, at \*4 (N.D. Cal. May 13, 2014). *See also* *Ilife Techs., Inc. v. Nintendo of Am., Inc.*, No. 3:13-CV-04987-M, 2017 WL 525708, at \*4–5 (N.D. Tex. Feb. 9, 2017) (surveying the different district court treatments of PTAB claim constructions).

8. *See, e.g.*, *THX, Ltd. v. Apple, Inc.*, No. 13-CV-01161-HSG, 2016 WL 6563340, at \*5 (N.D. Cal. Nov. 4, 2016); *Research Frontiers, Inc. v. E Ink Corp.*, No. CV 13-1231-LPS, 2016 WL 1169580, at \*7 (D. Del. Mar. 24, 2016); *Depuy*, 2016 WL 96164, at \*5; *Malibu Boats, LLC v. Nautique Boat Co.*, 122 F. Supp. 3d 722, 728 (E.D. Tenn. Jan. 28, 2015); *Anglefix*, 2015 WL 9581865, at \*1, \*4; *Pragmatus*, 2014 WL 1922081, at \*4.

Court's decisions in *Teva Pharm. USA, Inc. v. Sandoz, Inc.*<sup>9</sup> and *Dickinson v. Zurko*,<sup>10</sup> district courts should defer to the PTAB's factual findings and should replace the PTAB's factual findings with their own only when those findings are unsupported by substantial evidence pursuant to the Administrative Procedures Act ("APA").<sup>11</sup>

For well-reasoned PTAB ultimate claim construction decisions made under the ordinary and customary meaning or *Phillips* standard, district courts should give *Skidmore* deference.<sup>12</sup> The Patent and Trademark Office's ("PTO" or "Patent Office") expertise with interpreting technically complex subject matter justifies this intermediate level of judicial

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9. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015).

10. *Dickinson v. Zurko*, 527 U.S. 150 (1999).

11. *See* Administrative Procedure Act, 5 U.S.C. § 706(2) (2012); *Zurko*, 527 U.S. at 164.

12. *See generally* United States v. Mead Corp., 533 U.S. 218 (2001) (determining the bounds of strong judicial deference to administrative rulings); *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984) (clarifying the standard courts must use to review an agency's construction of the statute the agency administers); *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944) (holding that agency rulings, interpretations, and opinions are deserving of "great respect" if accompanied by sound reasoning and a thorough analysis); Kristin Hickman, *The Three Phases of Mead*, 83 *FORDHAM L. REV.* 527 (2014) (discussing the relationship between *Mead*, *Chevron*, and *Skidmore*). Commentators have argued that courts should give differing levels of deference to different types of PTO decisions. *See generally* Stuart Minor Benjamin & Arti K. Rai, *Administrative Power in the Era of Patent Stare Decisis*, 65 *DUKE L.J.* 1563 (2016) [hereinafter Benjamin & Rai, *Administrative Power*] (discussing situations where the PTO has asserted administrative power before the Federal Circuit); Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 *GEO. L.J.* 269 (2007) [hereinafter Benjamin & Rai, *Who's Afraid?*] (discussing the intersection of administrative law and patent law); William J. Blonjgan, *Road Under Construction: Administrative Claim Interpretations and the Path of Greater Deference from the Federal Circuit to the Patent Office*, 35 *AIPLA Q.J.* 415, 437–72 (2007) (advocating Federal Circuit deference to PTO claim construction decisions); Thomas Chen, *Patent Claim Construction: An Appeal for Chevron Deference*, 94 *VA. L. REV.* 1165, 1182–85 (2008) (advocating for *Chevron* type deference to district court claim construction decisions); John Golden, *Working Without Chevron: The PTO as Prime Mover*, 65 *DUKE L.J.* 1655 (2016) (arguing that the high-level *Chevron* deference does not generally apply to the PTO); Clarisa Long, *The PTO and the Market for Influence in Patent Law*, 157 *U. PA. L. REV.* 1965, 1975–83 (2009) (reviewing judicial deference to PTO decisions); Arti Rai, *Addressing the Patent Gold Rush: The Role of Deference to PTO Patent Denials*, 2 *WASH. U. J.L. & POL'Y* 199, 221–226 (2000) (calling for reform and greater deference to PTO decisions); Sarah Tran, *Administrative Law, Patents, and Distorted Rules*, 80 *GEO. WASH. L. REV.* 831, 854–78 (2012) (arguing that the Patent Act gives the PTO substantive rule making authority). This Note does not provide an opinion regarding the proper type of deference owed to the Patent Office generally. Rather, the focus here is on the narrow question of the type of deference district courts should give PTAB claim construction decisions.

deference.<sup>13</sup> Based on the Supreme Court's decisions in *Skidmore v. Swift & Co.*,<sup>14</sup> *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*,<sup>15</sup> and *United States v. Mead Corp.*,<sup>16</sup> PTAB case specific claim construction decisions merit "respect proportional to [the PTAB's] power to persuade," as provided under *Skidmore*.<sup>17</sup>

In cases where the PTAB uses the BRI standard, however, a district court should conduct an independent analysis of the proper meaning and scope of the claim at issue.<sup>18</sup> Otherwise, district courts face the danger of improperly broadening claim scope.<sup>19</sup> Instead of giving deference, district

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13. See, e.g., *Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012) (recognizing that the "PTO has special expertise in evaluating patent applications"); *Zurko*, 527 U.S. at 164 (finding that "courts and commentators have long invoked" reasons such as: "the PTO is an expert body," "the PTO can better deal with the technically complex subject matter," or "two (and sometimes more) PTO tribunals had reviewed the matter and agreed about the factual finding" to justify deference to agency fact finding.); *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1350 (Fed. Cir. 2013) (Newman, J., dissenting) ("Reexamination would allow patent holders and challengers to avoid the present costs and delays of patent litigation . . . Patent reexamination will also reduce the burden on our overworked courts by drawing on the expertise of the Patent and Trademark Office." (quoting 126 CONG. REC. 30, 364 (1980) (statement of Sen. Bayh))); cf. *Clearlamp, LLC v. LKQ Corp.*, No. 12 C 2533, 2016 WL 4734389, at \*6 (N.D. Ill. Mar. 18, 2016) ("The PTAB's decision is persuasive because it affords this court an opportunity to consider the PTAB's expert reasoning based on the evidence presented to it.").

14. *Skidmore*, 323 U.S. 134.

15. *Chevron*, 467 U.S. 837.

16. *Mead*, 533 U.S. 218.

17. *Skidmore*, 323 U.S. at 140.

18. See *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, 815 F.3d 734, 740 (Fed. Cir. 2016) (finding a difference in the actual construction of the term at issue based on the differing claim construction standards at the PTAB and at district court and asserting that "district courts seek out . . . the construction that most accurately delineates the scope of the claimed invention"); cf. *M-I LLC v. Fpusa, LLC*, No. SA:15-CV-406-DAE, 2016 WL 6088344, at \*5-6 (W.D. Tex. Oct. 17, 2016) (finding that because the PTAB and district courts use different standards for claim construction and validity, the PTAB's decision to institute an IPR, while instructive, is not dispositive (citing *Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842, 847 (Fed. Cir. 2008))).

19. See, e.g., *Am. Tech. Ceramics Corp. v. Presidio Components, Inc.*, No. 214CV6544KAMGRB, 2016 WL 6583637, at \*9 (E.D.N.Y. Nov. 7, 2016) (adopting PTAB's conclusion that no construction is necessary for the disputed phrase); *Karl Storz Endoscopy-Am., Inc. v. Stryker Corp.*, No. 14-CV-00876-RS, 2016 WL 3597426, at \*3 (N.D. Cal. July 5, 2016) (construing the phrase at issue identical to the PTAB's construction); *Card-Monroe Corp. v. Tuftco Corp.*, No. 1:14-CV-292, 2016 WL 3212085, at \*8 (E.D. Tenn. June 9, 2016) (rejecting defendant's proposed construction based in part on PTAB's rejection of the same); *Centrak, Inc. v. Sonitor Techs., Inc.*, No. CV 14-183-RGA, 2015 WL 9595999, at \*4 (D. Del. Dec. 30, 2015) (acknowledging the different claim construction standards but adopting the PTAB's construction nevertheless); *Star Envirotech, Inc. v. Redline Detection, LLC*, No. SACV1201861JGBDFMX, 2015 WL 12743875, at \*6 (C.D. Cal. Apr. 30, 2015) (adopting the PTAB's construction wholesale);

courts should treat PTAB ultimate claim constructions made under BRI as extrinsic evidence provided by an expert body, keeping in mind the different standards at issue.<sup>20</sup>

The approach advocated in this Note provides for more consistent treatment of PTAB claim construction decisions and greater consistency in determining the scope of a patent that has been adjudicated in competing forums, leading to greater predictability in district court rulings. The approach also serves to ameliorate concerns regarding the different claim construction standards used in post-issuance review proceedings and in litigation.<sup>21</sup> Part I of this Note provides background information on claim construction and issue preclusion. Part II gives a summary of the types of deference conferred on agency findings of fact and the evolution of the spectrum of judicial deference given to agency legal determinations in the context of the APA. Part II also specifically reviews the deference conferred on PTAB legal determinations. Part III surveys exemplary district court decisions and illustrates the inconsistent treatment of PTAB claim construction decisions made during post-issuance proceedings within each district and across districts. Part IV details the proposal for treatment of PTAB claim constructions outlined above. The Note concludes with a call for greater consistency and predictability of treatment of PTAB claim constructions.

## I. A PRIMER ON CLAIM CONSTRUCTION

Claim construction in litigation is a legal determination with “evidentiary underpinnings,” which are findings of fact regarding the

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Fairfield Indus., Inc. v. Wireless Seismic, Inc., No. 4:14-CV-2972, 2015 WL 1034275, at \*5 (S.D. Tex. Mar. 10, 2015) (treating the PTAB’s construction as intrinsic evidence and adopting the same).

20. See cases cited *supra* note 13.

21. See, e.g., *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2148 (2016) (“*Cuozzo* says that the use of the broadest reasonable construction standard in inter partes review, together with use of an ordinary meaning standard in district court, may produce inconsistent results and cause added confusion. A district court may find a patent claim to be valid, and the agency may later cancel that claim in its own review. We recognize that that is so.”); Brief for Pharm. Research and Mfrs. of Am. as Amicus Curiae Supporting Petitioner at 12, *Cuozzo*, 136 S. Ct. 2131 (No. 15-446) (“IPR can serve as a ‘complete substitute’ to litigation only if the district court and the PTAB consider the question of validity for the same patent claims in a consistent manner.”); Brief for Interdigital, Inc., Tessera Techs., Inc. and Fallbrook Techs. Inc. as Amici Curiae Supporting Petitioner at 3, *Cuozzo*, 136 S. Ct. 2131 (No. 15-446) (“The PTO’s rule is incompatible with the adjudicative nature of the PTAB’s proceedings and creates between the PTAB and the courts a double standard that whipsaws patentees, destabilizes the patent system, and weakens patent rights.”).



extrinsic record.<sup>22</sup> A district court construes disputed claim terms in litigation according to “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention,” or what is often referred to as the “ordinary and customary meaning” or “*Phillips*” standard.<sup>23</sup> The PTAB construes disputed claim terms during reexamination and in post-issuance proceedings, which include *inter partes*, covered business method, and post-grant reviews.<sup>24</sup> Like the district court, the PTAB’s claim construction is a legal determination with evidentiary underpinnings.<sup>25</sup>

Unlike the district court, however, the PTAB construes claims under two different standards.<sup>26</sup> The first, and the more controversial, is used for unexpired patents that will not expire prior to a final PTAB written decision.<sup>27</sup> For these patents, the PTAB gives the claim at issue its “broadest reasonable construction in light of the specification of the patent in which it appears,” or what is often referred to as the “broadest reasonable interpretation” or “BRI” standard.<sup>28</sup> The second standard is used in cases where the patent at issue has already expired or will expire within eighteen months from entry of the post-issuance petition.<sup>29</sup> For such patents, the PTAB may apply the ordinary and customary meaning standard—the standard used in district court.<sup>30</sup>

The PTAB uses two different standards in post-issuance proceedings because a patentee may seek permission to amend claims in an unexpired patent.<sup>31</sup> For over 100 years, the Patent Office has used the BRI standard to

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22. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015) (citing *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 378, 388 (1996)).

23. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc).

24. *See* 35 U.S.C. § 6(a)–(b) (2012); 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016); *In re CSB-System Int’l, Inc.*, 832 F.3d 1335, 1341 (Fed. Cir. 2016).

25. *See, e.g.*, *Microsoft Corp. v. Proxycorr, Inc.*, 789 F.3d 1292, 1297 (Fed. Cir. 2015); *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1332 (Fed. Cir. 2016).

26. 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016).

27. *Id.*

28. *Id.*; *see also* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2146–47 (2016) (upholding the PTO’s regulatory provision mandating the broadest reasonable construction standard); *Facebook, Inc. v. Pragmatus AV, LLC*, 582 F. App’x 864, 869 (Fed. Cir. 2014), *reh’g denied* (Oct. 30, 2014) (“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 cannot be narrower.”).

29. 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016).

30. *Id.*

31. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50720, 50721 (Aug. 20, 2015) (codified in 37 C.F.R. § 42) (justifying the PTO’s continued use of the BRI standard); *see also* *Idle Free Systems, Inc. v. Bergstrom, Inc.*, No. IPR2012–00027, 2013 WL 5947697, at \*4 (P.T.A.B. June 11, 2013)

examine the validity of proposed claims during prosecution and has applied the same standard to reexamination proceedings of unexpired patents, where a patentee may amend claims as a matter of right.<sup>32</sup> The Federal Circuit has justified this approach, asserting that it “serves the public interest” to interpret claims broadly during examination so that issuance of those claims are not “given broader scope than is justified.”<sup>33</sup> Any seeming unfairness is remedied during these proceedings as an applicant has the opportunity to amend claims to “correct errors in claim language and adjust the scope of claim protection as needed.”<sup>34</sup>

The PTO has used this justification to apply the BRI standard to post-issuance proceedings.<sup>35</sup> In response, patentees have criticized the PTO’s position because in post-issuance proceedings the ability to amend claims is not a matter of right and is rarely granted.<sup>36</sup> For expired patents, however, the PTO acknowledges that the same justification does not apply as the patentee loses the ability to amend claims.<sup>37</sup> As such, the PTAB applies the

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(requiring proof for amendment of claims “sufficient to persuade the Board that the proposed substitute claim is patentable over the prior art of record, and over prior art not of record but known to the patent owner”).

32. *Cuozzo*, 136 S. Ct. at 2145 (finding that the PTO’s past practice of using BRI in various proceedings justifies its continued use of the standard in post-issuance proceedings); *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (“The PTO broadly interprets claims during examination of a patent application since the applicant may ‘amend his claims to obtain protection commensurate with his actual contribution to the art.’” (quoting *In re Prater*, 415 F.2d 1393, 1404–05 (C.C.P.A. 1969))).

33. *Id.*; see also *In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989) (“An essential purpose of patent examination is to fashion claims that are precise, clear, correct, and unambiguous. Only in this way can uncertainties of claim scope be removed, as much as possible, during the administrative process.”).

34. *In re CSB-System Int’l, Inc.*, 832 F.3d 1335, 1341 (Fed. Cir. 2016); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004) (citing *Yamamoto*, 740 F.2d at 1571–72).

35. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. at 50721.

36. See, e.g., *Cuozzo*, 136 S. Ct. at 2145 (acknowledging *Cuozzo*’s argument that, as of June 30, 2015, only 5 out of 86 motions to amend had been granted); *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1304 (Fed. Cir. 2015) (holding that the PTAB has reasonably interpreted the provision of the Patent Act regarding amendment of claims by requiring the patentee to “show patentable distinction [of the substitute claims] over the prior art of record” (quoting *Idle Free*, 2013 WL 5947697, at \*4)).

37. *In re CSB-System*, 832 F.3d at 1341 (“When a patent expires during a reexamination proceeding, the PTO should thereafter apply the *Phillips* standard for claim construction. We hold as much regardless of whether this means that the Board applies a different standard than the examiner.”); see also *Institut Pasteur & Universite Pierre Et Marie Curie v. Focarino*, 738 F.3d 1337, 1343 (Fed. Cir. 2013) (holding that under § 1.530(j) the PTO may not issue an amended claim if the patent has expired during appeal); 37 C.F.R. § 1.530(j) (2015) (“No amendment may be proposed for entry in an

ordinary and customary meaning standard to expired or expiring patents in post-issuance proceedings.<sup>38</sup> The Federal Circuit has applied the same justification for use of the ordinary and customary meaning standard in *ex parte* reexaminations of expired or expiring patents.<sup>39</sup>

Regardless of which standard the PTAB uses, litigants present the PTAB's construction to the district court during claim construction proceedings, often arguing for or against the PTAB's construction.<sup>40</sup> The district court must then determine how to analyze and what weight to afford the PTAB's claim construction.<sup>41</sup> As shown below, district courts are not consistent in their approach.<sup>42</sup>

District courts may also grapple with whether issue preclusion, also known as collateral estoppel, applies to PTAB claim construction decisions.<sup>43</sup> Agency determinations have preclusive effect in district court litigation when the ordinary elements of issue preclusion are met.<sup>44</sup> This includes decisions made by the Patent and Trademark Office.<sup>45</sup> Accordingly, issue preclusion is applicable to an agency decision only when: (1) the issue in litigation is identical to the one decided in the agency action; (2) the issue was actually litigated in the agency action; (3) resolution of the issue was essential to a final judgment in the agency action; and (4) the party against whom estoppel is invoked had a full and fair

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expired patent.”); Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50720, 50721 (Aug. 20, 2015) (codified at 37 C.F.R. § 42) (adopting the ordinary and customary meaning standard to post-issuance proceedings for expired or expiring patents).

38. Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. at 50722; 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016).

39. *In re CSB-System*, 832 F.3d at 1341.

40. *See, e.g.*, cases cited *supra* note 7.

41. *See, e.g.*, cases cited *supra* note 7.

42. *See, e.g.*, cases cited *supra* note 7.

43. *See, e.g.*, *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 5996363, at \*1 (E.D. Tex. Oct. 14, 2015) (determining whether issue preclusion applies to the PTAB's claim construction decision made under the BRI standard).

44. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1310 (2015) (“So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”).

45. *Id.* (holding that issue preclusion applies to decisions made by the Trademark Trial and Appeal Board); *see also SkyHawke Techs., LLC v. Deca Int'l Corp.*, 828 F.3d 1373, 1376 (Fed. Cir. 2016) (discussing the applicability of issue preclusion to decisions made by the PTAB); *see also Blonder-Tongue Labs. Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 349–50 (1971) (holding that a patentee is collaterally estopped from relitigating the validity of the patent where a patent has been declared invalid in a proceeding in which the “patentee has had a full and fair chance to litigate the validity of his patent”).



opportunity to litigate the issue in the agency action.<sup>46</sup>

The Federal Circuit has stated that for PTAB claim construction decisions made under the BRI standard issue preclusion is unlikely to apply, because the differing claim construction standards mean the PTAB did not litigate the same issue before the district court.<sup>47</sup> To date, neither the Supreme Court nor the Federal Circuit has made any determinations as to whether issue preclusion applies to PTAB claim construction decisions made under the plain and ordinary meaning standard.<sup>48</sup> However, as discussed in detail below, it is likely that in rare circumstances these PTAB claim construction decisions would have preclusive effect.<sup>49</sup>

These rare circumstances aside, district courts should determine how to treat PTAB claim construction decisions more consistently. Accordingly, this Note presents a framework that applies to PTAB claim construction decisions more generally and focuses on the level of respect that district courts should give to PTAB findings of fact and ultimate claim constructions.

## II. JUDICIAL DEFERENCE TO PTAB DETERMINATIONS IN THE CONTEXT OF THE ADMINISTRATIVE PROCEDURE ACT

Judicial deference to agency factual and legal decisions is a result of an evolutionary process that began before the passage of the APA and has yielded a spectrum of deference.<sup>50</sup> The spectrum of deference ranges from

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46. See *B & B Hardware*, 135 S. Ct. at 1303 (2015); *In re Trans Tex. Holdings Corp.*, 498 F.3d 1290, 1297 (Fed. Cir. 2007); *Innovad Inc. v. Microsoft Corp.*, 260 F.3d 1326, 1334 (Fed. Cir. 2001).

47. *SkyHawke*, 828 F.3d at 1376 (granting plaintiff's motion to dismiss, which requested affirmance of PTAB's decision of validity but correction of its claim construction). Although the issue of preclusion was not squarely before the court in *SkyHawke*, the court analyzed whether issue preclusion would likely apply to the PTAB's claim construction decision made under the BRI standard. *Id.*

48. However, *SkyHawke* and *B & B Hardware* lend themselves to the argument that issue preclusion applies at least when the same claim construction standards are used. See cases cited *infra* notes 228–229, 231.

49. See discussion *infra* Section IV.B.1.

50. See generally *Mead*, 533 U.S. at 228; *Universal Camera Corp. v. NLRB*, 340 U.S. 474, 488 (1951) (giving deference to agency fact findings under a substantial evidence standard); William N. Eskridge, Jr. & Lauren E. Baer, *The Continuum of Deference: Supreme Court Treatment of Agency Statutory Interpretations from Chevron to Hamdan*, 96 GEO. L.J. 1083 (2008) (conducting an empirical study of 1014 Supreme Court decisions since *Chevron* and determining that “the Court’s deference practice functions along a continuum, ranging from an anti-deference regime reflected in the rule of lenity to the super-strong deference the Court sometimes announces in cases related to foreign affairs”);

“great respect at one end . . . to near indifference at the other.”<sup>51</sup> The discussion below provides a summary of the current status of the law, looking at deference to agency findings of fact and agency legal determinations.

A. REVIEW OF DEFERENCE TO AGENCY FINDINGS OF FACT GENERALLY AND TO THE PTAB SPECIFICALLY

The APA codifies the scope of review of agency determinations in Section 706: “The reviewing court shall . . . (2) hold unlawful and set aside agency action, findings, and conclusions found to be (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; . . . (E) unsupported by substantial evidence . . . .”<sup>52</sup> Although Section 706 governs judicial review of agency action generally, courts more often invoke the APA when reviewing agency findings of fact.<sup>53</sup> Court’s review an agency’s findings of fact for “substantial evidence” under Section 706(E), which is generally thought to be the same as the “arbitrary or capricious standard” under Section 706(A).<sup>54</sup>

Typically, judicial review of an agency’s factual findings is limited to

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Walter Gellhorn, *The Administrative Procedure Act: The Beginnings*, 72 VA. L. REV. 219 (1986) (providing a historical overview of the enactment of the APA); Thomas W. Merrill, *Judicial Deference to Executive Precedent*, 101 YALE L. J. 969 (1992) (conducting an empirical study of Supreme Court’s application of *Chevron* and finding that the Court is inconsistent in its application of *Chevron*); Martin Shapiro, *A Golden Anniversary: The Administrative Procedure Act of 1946*, 19 REG. 40 (1996) (discussing the evolution of administrative procedure law and characterizing the APA’s passage as “America’s fatal ascension to bureaucratic complexity . . . .”); see also *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2148 (2016) (Thomas, J., concurring) (questioning the constitutionality of *Chevron* and its progeny); *Dickinson v. Zurko*, 527 U.S. 150, 155 (1999) (“The APA was meant to bring uniformity to a field full of variation and diversity.”); S. DOC. NO. 77-8, at 91 (1st Sess. 1941) (“[T]he administrative interpretation is to be given weight—not merely as the opinion of some men or even of a lower tribunal, but as the opinion of the body especially familiar with the problems dealt with by the statute and burdened with the duty of enforcing it. This may be particularly significant when the legislation deals with complex matters calling for expert knowledge and judgment.”).

51. *Mead*, 533 U.S. at 228; see also Eskridge & Baer, *supra* note 50, at 1098–1120.

52. Administrative Procedure Act, 5 U.S.C. § 706 (2012).

53. See, e.g., *Zurko*, 527 U.S. at 152; *Universal Camera Corp. v. NLRB*, 340 U.S. 474, 487 (1951).

54. *Ass’n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of the Fed. Reserve Sys.*, 745 F.2d 677, 683–84 (D.C. Cir. 1984) (Scalia, J.) (finding that “[t]he ‘scope of review’ provisions of the APA, 5 U.S.C. § 706(2), are cumulative” and that there is no difference between the APA’s “arbitrary, capricious” standard and its “substantial evidence” standard as applied to court review of agency fact finding) (footnote omitted).

the administrative record.<sup>55</sup> Meaningful judicial review within the APA requires the agency to clearly articulate its basis and reasoning for a particular finding.<sup>56</sup> Accordingly, a court may set aside agency findings that fail to provide sufficient basis for the agency's decision.<sup>57</sup> In other words, an agency's opinion "must explicate its factual conclusions, enabling [the reviewing court] to verify readily whether those conclusions are indeed supported by 'substantial evidence' contained within the record."<sup>58</sup>

The APA standards apply to the Patent Office's factual findings.<sup>59</sup> In *Dickinson v. Zurko*, the Supreme Court confirmed that the Patent Office is an "agency" as defined under the APA.<sup>60</sup> As such, the "substantial evidence" review standard applies to the Patent Office's findings of fact.<sup>61</sup> The Court addressed the issue of whether judicial review of the Patent Office's factual findings is confined to the framework of the APA or whether the standard used to review district court findings of fact could apply.<sup>62</sup> After a historical review of cases decided before and after the APA and an analysis of the purpose of the APA, the Court concluded that it could not justify any exceptions to the APA standard of review.<sup>63</sup> The Court found that greater deference should be given to Patent Office factual findings under the "substantial evidence" review standard than district court decisions under the stricter "clearly erroneous" review standard.<sup>64</sup>

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55. *Kappos v. Hyatt*, 132 S. Ct. 1690, 1696 (2012) ("The PTO, no matter how great its authority or expertise, cannot account for evidence that it has never seen." (citing 5 U.S.C. § 706 (2012))).

56. *In re Sang Su Lee*, 277 F.3d 1338, 1342 (Fed. Cir. 2002) (quoting *Allentown Mack Sales & Serv., Inc. v. NLRB*, 522 U.S. 359, 374 (1998)).

57. *SEC v. Chenery Corp.*, 318 U.S. 80, 95 (1943) ("We merely hold that an administrative order cannot be upheld unless the grounds upon which the agency acted in exercising its powers were those upon which its action can be sustained.").

58. *In re Gartside*, 203 F.3d 1305, 1314 (Fed. Cir. 2000) ("[W]e hold that the Board is required to set forth in its opinions specific findings of fact and conclusions of law adequate to form a basis for our review." (quoting *Gechter v. Davidson*, 116 F.3d 1454, 1460 (Fed. Cir. 1997))).

59. *See, e.g., Dickinson v. Zurko*, 527 U.S. 150, 162 (1999) (holding that the "substantial evidence" standard of review applies to Patent Office findings of fact); *In re Sang Su Lee*, 277 F.3d at 1342 (applying standards of review under the APA to Patent Office determinations); *see also In re Gartside*, 203 F.3d at 1316 ("Although we have previously reviewed the Board's factual determinations in an obviousness analysis for clear error, . . . we now review them for substantial evidence.") (citations omitted).

60. *Zurko*, 527 U.S. at 154.

61. *Id.*; *see also In re Sang Su Lee*, 277 F.3d at 1342 ("Tribunals of the PTO are governed by the Administrative Procedure Act, and their rulings receive the same judicial deference as do tribunals of other administrative agencies.").

62. *Zurko*, 527 U.S. at 154.

63. *Id.* at 165.

64. *Id.* at 153, 164.

Additionally, the explication requirement, mandating that an agency provide a detailed basis for its findings, applies with equal force to Patent Office determinations.<sup>65</sup> “Judicial review of a Board decision,” the Federal Circuit has held, is “founded on the obligation of the agency to make the necessary findings and to provide an administrative record showing the evidence on which the findings are based, accompanied by the agency’s reasoning in reaching its conclusions.”<sup>66</sup> The Patent Office cannot depend on deferential judicial review under the APA to relieve it of the obligation to fully develop the basis for its findings.<sup>67</sup> Accordingly, when the PTAB provides sufficient evidentiary basis for its factual findings in claim construction, those findings should be upheld.<sup>68</sup>

B. REVIEW OF DEFERENCE AFFORDED TO AGENCY LEGAL DETERMINATIONS GENERALLY AND TO THE PATENT OFFICE SPECIFICALLY

Judicial deference to agency interpretations of law manifests in two separate doctrines: *Skidmore* and *Chevron*.<sup>69</sup> Although other doctrines have announced what may be considered stronger and weaker types of deference,<sup>70</sup> with respect to PTAB ultimate claim constructions, *Skidmore* and *Chevron* provide the relevant framework in light of the Court’s subsequent holding in *Mead*.<sup>71</sup>

1. *Deference to Agency Legal Determinations*

The Supreme Court held in *Skidmore* that agency rulings, interpretations, and opinions while not controlling constitute “a body of experience and informed judgment to which courts and litigants may properly resort for guidance.”<sup>72</sup> Under *Skidmore*, the weight that should be given to an agency judgment “depend[s] upon the thoroughness evident in

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65. See *In re Sang Su Lee*, 277 F.3d at 1342.

66. *Id.*

67. *Id.* at 1344.

68. See, e.g., *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1346 (Fed. Cir. 2016) (“We review the Board’s ultimate claim construction de novo and any underlying factual determinations involving extrinsic evidence for substantial evidence.”); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1316 (Fed. Cir. 2015) (same); *Microsoft*, 789 F.3d at 1297 (same).

69. See *United States v. Mead Corp.*, 533 U.S. 218 (2001); *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984); *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944).

70. See *Eskridge & Baer*, *supra* note 50; *Merrill*, *supra* note 50.

71. See generally *Mead Corp.*, 533 U.S. 218; *Chevron*, 467 U.S. 837; *Skidmore*, 323 U.S. 134.

72. *Skidmore*, 323 U.S. at 140.

its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade, if lacking power to control.”<sup>73</sup> In other words, a court should give an agency’s decision “great respect” if it provides sound reasoning for its decision but “near indifference” if it fails to do so.<sup>74</sup>

In *Chevron v. Natural Resources Defense Council*, the Court clarified the standard that courts must use to review an agency’s construction of the statute the agency administers.<sup>75</sup> The Court announced a two-step inquiry.<sup>76</sup> In the first step, the reviewing court must ask “whether Congress has directly spoken to the precise question at issue.”<sup>77</sup> This inquiry requires a finding of Congressional intent.<sup>78</sup> If Congress’s intent is clear, both court and agency “must give effect to the unambiguously expressed intent of Congress.”<sup>79</sup> If Congressional intent is not clear or the statute is silent on the issue, however, the court moves to the second inquiry.<sup>80</sup> In that case, the reviewing court must determine “whether the agency’s answer is based on a permissible construction of the statute,” that is, if it is “reasonable.”<sup>81</sup>

The *Chevron* two-step inquiry<sup>82</sup> requires courts to defer to the judgment

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73. *Id.*

74. *Mead*, 533 U.S. at 228; *see also* Benjamin & Rai, *Who’s Afraid?*, *supra* note 12, at 293 (discussing the sliding scale of deference provided under the *Skidmore* framework). Some argue that *Skidmore* in essence provides no deference to the agency as the reviewing court must use its independent judgment to evaluate the agency’s legal interpretation. *See, e.g.*, Colin Diver, *Statutory Interpretation in the Administrative States*, 133 U. PA. L. REV. 549, 565 (1985). Others characterize *Skidmore* as prescribing deference along a continuum with the varying degrees of deference depending on factors enumerated in *Skidmore* as well as others in subsequent cases. *See, e.g.*, Kristin E. Hickman & Matthew D. Krueger, *In Search of the Modern Skidmore Standard*, 107 COLUM. L. REV. 1235, 1255 (2007); *see also* *Alaska Department of Environmental Conservation v. EPA*, 540 U.S. 461, 487–88 (2004).

75. *Chevron*, 467 U.S. at 842–43 (“The power of an administrative agency to administer a congressionally created . . . program necessarily requires the formulation of policy and the making of rules to fill any gap left, implicitly or explicitly, by Congress.”).

76. *Chevron*, 467 U.S. at 843–44; *see also* Eskridge & Baer, *supra* note 50; STEPHEN G. BREYER ET AL., *ADMINISTRATIVE LAW AND REGULATORY POLICY: PROBLEMS, TEXT, AND CASES* 282–305, 350–61 (7th ed. 2011).

77. *Chevron*, 467 U.S. at 842.

78. *Id.* at 842–43.

79. *Id.* at 843–45.

80. *Id.*

81. *Id.*; *see also* *Am. Bar Ass’n v. FTC*, 430 F.3d 457, 468 (D.C. Cir. 2005).

82. The inquiry as to whether *Chevron* applies at all is often referred to as “Step Zero.” *See, e.g.*, Evan J. Criddle, *Chevron’s Consensus*, 88 B.U. L. REV. 1271, 1299, 1306–07 (2008) (describing “Step Zero” as a determination of “what forms of agency action does *Chevron* apply”); Cass R. Sunstein, *Chevron Step Zero*, 92 VA. L. REV. 187, 191 (2006) (asserting that although *Chevron* created a twostep framework for analysis, its application



of the administrative agency, even when “reconciling conflicting policies,” because agencies, not courts, are more “directly accountable to the people.”<sup>83</sup> As such, *Chevron* is highly deferential to the agency in question.<sup>84</sup>

After nearly two decades of determining the bounds of *Chevron*,<sup>85</sup> the Supreme Court’s articulation of *Chevron*’s standard and applicability culminated in *United States v. Mead*.<sup>86</sup> The Court limited the strong deference of *Chevron* step two to situations where “it appears that Congress delegated authority to the agency generally to make rules *carrying the force of law*, and that the agency interpretation claiming deference was promulgated in the exercise of that authority.”<sup>87</sup> In other words, a finding of Congressional intent to defer is required.<sup>88</sup>

has led to “the initial inquiry into whether the *Chevron* framework applies at all”). Because this Note focuses on *Skidmore*, a detailed analysis of *Chevron* is not provided here.

83. *Chevron*, 467 U.S. at 865–66; see also Eskridge & Baer, *supra* note 50.

84. *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001) (holding that when *Chevron* deference applies, “a reviewing court has no business rejecting an agency’s exercise of its generally conferred authority to resolve a particular statutory ambiguity simply because the agency’s chosen resolution seems unwise”); *Cathedral Candle Co. v. U.S. Int’l Trade Comm’n*, 400 F.3d 1352, 1363–64 (Fed. Cir. 2005) (interpreting the strength of *Chevron* deference); see also Eskridge & Baer, *supra* note 50, at 1086–87, 1092, 1099; Antonin Scalia, *Judicial Deference to Administrative Interpretations of Law*, 1989 DUKE L.J. 511, 521 (1989); Kenneth W. Starr, *Judicial Review in the Post-Chevron Era*, 3 YALE J. ON REG. 283, 284, 312 (1986).

85. See generally Cass R. Sunstein, *Law and Administration After Chevron*, 90 COLUM. L. REV. 2071, 2078–2091 (1990) (providing historical overview of the context in which the Supreme Court decided *Chevron* and its effects on cases that followed); Thomas W. Merrill & Kristin E. Hickman, *Chevron’s Domain*, 89 GEO. L.J. 833, 852–863 (2001) (discussing the implications of *Chevron* as it relates to *Skidmore*).

86. See *Mead*, 533 U.S. at 227–231; *Christensen v. Harris County*, 529 U.S. 576, 587 (2000) (“Interpretations such as those in opinion letters—like interpretations contained in policy statements, agency manuals, and enforcement guidelines, all of which lack the force of law—do not warrant *Chevron*-style deference. . . . Instead, interpretations contained in formats such as opinion letters are ‘entitled to respect’ under our decision in *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944), but only to the extent that those interpretations have the ‘power to persuade[.]’”).

87. *Mead*, 533 U.S. at 226–27 (emphasis added).

88. *Id.* at 229–31. See also *Christensen*, 529 U.S. at 596–97 (Breyer, J., dissenting) (discussing the applicability of *Skidmore* where it is doubtful that Congress actually intended to delegate interpretive authority to an agency such that *Chevron* would apply). The Court also made clear that the simple fact that a ruling “may be precedential in later transactions” is not enough as “precedential value alone does not add up to *Chevron* entitlement; interpretive rules may sometimes function as precedents . . . and they enjoy no *Chevron* status as a class.” *Mead*, 533 U.S. at 232 (citing Strauss, *The Rulemaking Continuum*, 41 DUKE L.J. 1463, 1472–73 (1992)). But see *SEC v. Chenery Corp.*, 332 U.S. 194, 202 (1947) (“In performing its important functions . . . an administrative agency must

In *Mead*, the Court considered whether the U.S. Customs Service deserved judicial deference for its tariff classification rulings specific to a particular article of import.<sup>89</sup> Letters outlining the U.S. Custom Service rulings were binding only on the specific importer to whom it was issued—other parties could not rely on them.<sup>90</sup> Classifications were made by forty-seven different customs offices, issuing between 10,000 to 15,000 rulings per year.<sup>91</sup> Finding no Congressional intent to delegate authority to the U.S. Custom Service to issue classification ruling letters with the force of law, the Court held that the ruling letters failed to qualify for strong *Chevron* deference.<sup>92</sup> The Court declared classification rulings to be “beyond the *Chevron* pale.”<sup>93</sup>

The Court, however, did not end the inquiry there: “*Chevron* did nothing to eliminate *Skidmore*’s holding that an agency’s interpretation may merit some deference whatever its form, given the “specialized experience and broader investigations and information” available to the agency . . . .”<sup>94</sup> Accordingly, a reviewing court could defer to U.S. Custom Service ruling letters under a *Skidmore* framework due to the specialized experience that the U.S. Custom Service brings to bear on subtle questions involving appropriate classification of imports.<sup>95</sup> “Judicial responses to administrative action,” the Court was adamant, “must continue to differentiate between *Chevron* and *Skidmore* . . . .”<sup>96</sup> Thus, according to the guideline provided under *Mead*, a reviewing court applies the *Chevron* framework when it finds Congressional intent to delegate authority to the agency to “make rules carrying the force of law.”<sup>97</sup> Otherwise, the reviewing court applies the *Skidmore* framework to agency legal determinations.<sup>98</sup>

## 2. Deference to the Patent Office’s Legal Determinations

### Challenges to the Patent Office’s statutory interpretations of the Patent

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be equipped to act either by general rule or by individual order. To insist upon one form of action to the exclusion of the other is to exalt form over necessity.”).

89. *Mead*, 533 U.S. at 221–23, 233.

90. *Id.* at 223.

91. *Id.* at 233 (citations omitted).

92. *Id.* at 231–32.

93. *Id.* at 234.

94. *Id.*

95. *Id.* at 235.

96. *Id.* at 238.

97. *Id.* at 226–27 (emphasis added). For a discussion of *Chevron* “Step Zero”, see generally Criddle, *supra* note 82; Sunstein, *supra* note 82.

98. *United States v. Mead Corp.*, 533 U.S. 218, 234 (2001); see also Thomas W. Merrill & Kristin E. Hickman, *Chevron’s Domain*, 89 GEO. L.J. 833, 855 (2001) (discussing the difference between *Chevron* and *Skidmore*).

Act, including issuance of regulations, are analyzed under the *Chevron* framework.<sup>99</sup> The Supreme Court recently applied this rule in *Cuozzo v. Lee*.<sup>100</sup> In that case, the Court applied *Chevron* to determine whether the Patent Office had the authority to issue its regulation mandating the broadest reasonable interpretation standard.<sup>101</sup> The Court determined that the Leahy-Smith America Invents Act, 35 U.S.C. § 100, contained a “gap” with respect to the claim construction standard the Patent Office should use in post-issuance proceedings.<sup>102</sup> Pursuant to *Mead*, the Court found the statute “express[ly] . . . authoriz[es] [the Patent Office] to engage in the process of rulemaking to address that gap.”<sup>103</sup> Under the *Chevron* step two analysis, the Court held that the Patent Office’s regulation was reasonable.<sup>104</sup>

Patent Office decisions that do not carry the force of law because they are not substantive in nature, however, should be given *Skidmore* deference.<sup>105</sup> These decisions include the PTO’s rulemaking authority related to procedural rules that govern how proceedings before the office are to be conducted.<sup>106</sup> For example, the PTO’s determination as to whether

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99. See, e.g., *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008) (reaffirming that the Patent Office is “entitled to *Chevron* deference when interpreting statutory provisions relating to the conduct of proceedings in the Patent Office”); *Lacavera v. Dudas*, 441 F.3d 1380, 1383 (Fed. Cir. 2006) (“Because the PTO is specifically charged with administering this statute, we analyze a challenge to the statutory authority of its regulations under the *Chevron* framework.”); *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1425 (Fed. Cir. 1988) (finding PTO’s interpretation of the reexamination statute to allow the PTO to stay reexaminations pending district court outcomes to be improper under *Chevron*); *Genetics & IVF Inst. v. Kappos*, 801 F. Supp. 2d 497, 510 (E.D. Va. 2011) (finding the PTO’s interpretation of the statute for patent term extension to be entitled to deference under *Chevron*).

100. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136 (2016).

101. *Id.*

102. *Id.* at 2142.

103. *Id.* (citing *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001)).

104. *Id.* at 2144 (citing *Mead*, 533 U.S. at 229).

105. See, e.g., *Cathedral Candle Co. v. U.S. Int’l Trade Comm’n*, 400 F.3d 1352, 1366 (Fed. Cir. 2005) (“We are confident that the Court did not mean for [the *Skidmore*] standard to reduce to the proposition that ‘we defer if we agree.’ If that were the guiding principle, *Skidmore* deference would entail no deference at all.”); *Merck & Co. v. Kessler*, 80 F.3d 1543, 1549 (Fed. Cir. 1996) (holding that the PTO’s power to promulgate regulations directed only to “the conduct of proceedings in the [PTO]” are not substantive and are entitled only to *Skidmore* deference); *Abraxis Bioscience, LLC v. Kappos*, 10 F. Supp. 3d 53, 68 (D.D.C. 2014), *vacated in part sub nom. Abraxis Bioscience, LLC v. Lee*, 563 F. App’x 786 (Fed. Cir. 2014) (applying *Skidmore* to challenged PTO regulation).

106. See, e.g., *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142–43 (2016) (distinguishing between PTO’s authority to make procedural rules and its power to issue regulations); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1341 (Fed. Cir. 2008) (affording *Skidmore*-type deference to the PTO’s interpretation of the phrase “original application” as used in the AIPA); *BlackLight Power, Inc. v. Rogan*, 295 F.3d 1269, 1274 (Fed. Cir.

extensions apply to the term of a patent and what “original application” means under the Patent Act are procedural in nature.<sup>107</sup> The Federal Circuit has articulated three criteria for evaluating when *Skidmore* deference is appropriate to an agency involved in making procedural rules: (1) whether “the agency has conducted a careful analysis of the statutory issue”; (2) whether “the agency’s position has been consistent and reflects agency-wide policy”; and (3) whether “the agency’s position constitutes a reasonable conclusion as to the proper construction of the statute, even if [the court] might not have adopted that construction without the benefit of the agency’s analysis.”<sup>108</sup> These criteria reflect *Skidmore*’s flexibility in allowing a reviewing court to decide whether or not to defer to an agency’s legal determinations based on the thoroughness and consistency of the agency’s ruling.<sup>109</sup> As applied to the PTO, the more well-reasoned its opinion, the greater the deference it should receive.<sup>110</sup>

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2002) (finding the PTO’s decision to reexamine the patent application in question to be “reasonably within the scope of the agency’s authority and was not an arbitrary or capricious action” under *Skidmore*); *Bayer AG v. Carlsbad Tech., Inc.*, 298 F.3d 1377, 1381 (Fed. Cir. 2002) (finding that the “district court properly accorded deference to the to the [sic] PTO’s implementing regulations . . . under *Skidmore* . . .”); *Merck*, 80 F.3d at 1549 (holding that the PTO’s regulatory powers are entitled only to *Skidmore* deference); *Abraxis Bioscience*, 10 F. Supp. 3d at 68 (applying *Skidmore* to challenged PTO regulation); *Mohsenzadeh v. Lee*, 5 F. Supp. 3d 791, 801 (E.D. Va. 2014), *aff’d*, 790 F.3d 1377 (Fed. Cir. 2014) (“USPTO regulations, however, may still qualify for some deference under *Skidmore*, where a court looks to an agency’s basic ‘power to persuade.’”). *But see* *PhotoCure ASA v. Kappos*, 603 F.3d 1372, 1376 (Fed. Cir. 2010) (finding that “*Skidmore* deference is not warranted because the PTO’s interpretation is neither persuasive nor consistent”).

107. *Merck*, 80 F.3d at 1549 (rejecting the PTO’s determination as to when restoration extensions apply to pre-June 8, 1995 patents); *Cooper Techs.*, 536 F.3d at 1341 (affirming the PTO’s interpretation of the phrase “original application”).

108. *Cathedral Candle*, 400 F.3d at 1366; *see also* *Zenith Radio Corp. v. United States*, 437 U.S. 443, 450 (1978) (“[L]ongstanding and consistent administrative interpretation is entitled to considerable weight.”).

109. *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944).

110. *See id.*; *see also* *Neurovision Med. Prods., Inc. v. Medtronic Pub. Ltd. Co.*, No. 2:16-CV-127-JRG-RSP, 2016 WL 6277241, at \*22 (E.D. Tex. Oct. 27, 2016) (“The Court notes that while it is not bound by the construction of ‘trachea’ by the Patent Trial and Appeal Board (‘PTAB’) in IPR2015-00502, it finds the PTAB’s construction persuasive.”); *Magna Elecs., Inc. v. TRW Auto. Holdings Corp.*, No. 1:12-CV-654, 2015 WL 11401855, at \*12, \*14 (W.D. Mich. Apr. 28, 2015) (“Because the Court is persuaded by the PTAB’s reasoning, it will adopt the interpretation advanced by the PTAB rather than either suggestion submitted by the parties.”), *reconsideration denied*, No. 1:12-CV-654, 2016 WL 4239184 (W.D. Mich. Jan. 6, 2016); *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 8073722, at \*10 (E.D. Tex. Dec. 4, 2015) (giving the PTAB’s claim construction “reasoned deference”); *Abraxis Bioscience*, 10 F. Supp. 3d at 68 (applying *Skidmore* to challenged PTO regulation).

### III. SURVEY OF DISTRICT COURT TREATMENT OF PTAB CLAIM CONSTRUCTION DECISIONS

District courts across the country treat PTAB claim constructions inconsistently—both across and within districts, depending on which judge makes the determination.<sup>111</sup> At one end of the spectrum, district courts adopt a deferential attitude and give great weight to PTAB findings of fact and ultimate claim constructions, while at the other end they mostly ignore or outright reject the PTAB’s analysis and construction.<sup>112</sup> Even where courts adopt a deferential stance, courts rarely use the term “deference” or allude to administrative law principles in considering PTAB claim constructions.<sup>113</sup> The following sections review decisions that exemplify this inconsistency, first with respect to PTAB findings of fact and second with respect to PTAB ultimate claim constructions.

#### A. DEFERENCE TO PTAB FINDINGS OF FACT RELATED TO CLAIM CONSTRUCTION

Evidentiary underpinnings or findings of fact related to extrinsic evidence, such as dictionary definitions and expert opinions, are uncommon at both the PTAB and the district court because the intrinsic record usually provides the context that enables a court to properly interpret the scope of a claim.<sup>114</sup> Even where a court makes factual findings regarding the extrinsic evidence, it must do so in light of the intrinsic record, such as the specification and claims.<sup>115</sup> Nevertheless, district courts in a few cases have had an opportunity to consider the evidentiary underpinnings of the PTAB’s claim construction.<sup>116</sup> A few of those cases are presented below according to the level of deference given.

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111. *See, e.g.*, cases cited *supra* note 7.

112. *See, e.g.*, cases cited *supra* note 7.

113. *See, e.g.*, cases cited *supra* note 7.

114. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 840–41 (2015) (“[A]s we said in *Markman*, subsidiary factfinding is unlikely to loom large in the universe of litigated claim construction . . . We recognize that a district court’s construction of a patent claim, like a district court’s interpretation of a written instrument, often requires the judge only to examine and to construe the document’s words without requiring the judge to resolve any underlying factual disputes.”); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc).

115. *Phillips*, 415 F.3d at 1313 (“[E]xtrinsic evidence may be useful to the court, but it is unlikely to result in a reliable interpretation of patent claim scope unless considered in the context of the intrinsic evidence.”).

116. *Anglefix, LLC v. Wright Med. Tech., Inc.*, No. 2013-CV-02407-JPM-TMP, 2015 WL 9581865, at \*1, \*4 (W.D. Tenn. Dec. 30, 2015); *Blue Calypso, Inc. v. Groupon, Inc.*, 93 F. Supp. 3d 575, 598 (E.D. Tex. 2015); *Kroy IP Holdings, LLC v. Autozone, Inc.*, No. 2:13-CV-888-WCB, 2015 WL 557123, at \*4 (E.D. Tex. Feb. 10, 2015).



1. *Deference to and Wholesale Adoption of PTAB's Findings of Fact*

In *Anglefix, LLC v. Wright Medical Technology, Inc.*, the district court gave deference to and adopted wholesale the PTAB's findings of fact.<sup>117</sup> There, defendants in two separate litigations involving the same patent successfully petitioned the PTAB to institute *inter partes* review proceedings.<sup>118</sup> After the PTAB's final decision in both proceedings, the district court undertook construction of the asserted claims.<sup>119</sup>

One of the disputed phrases was “tappable contact region” for which the parties proposed differing constructions.<sup>120</sup> The PTAB had relied on a dictionary definition of “tap” in constructing the disputed phrase.<sup>121</sup> In its analysis, the court noted the PTAB's construction and its reliance on the dictionary definition of “tap.”<sup>122</sup> Without further discussion or comment on the different claim construction standards, the court found that the “constructions by [the] PTAB support Defendant's construction” and construed the phrase “tappable contact region” consistent with the PTAB's factual findings.<sup>123</sup>

2. *Deference to and Limited Adoption of PTAB Findings of Fact*

In *Blue Calypso, Inc. v. Groupon, Inc.*, the court in the Eastern District of Texas applied a deferential stance towards the PTAB's findings of fact and adopted the PTO's findings for one term but rejected its findings for another.<sup>124</sup> In that case, the plaintiff proposed a broad construction for the term “subsidy,” based on the PTAB's construction in a covered business method review, to include not just monetary currency but other forms of currency such as “reward points.”<sup>125</sup> The PTAB had construed “subsidy” to mean “financial assistance given by one to another.”<sup>126</sup> Its construction was based in part on a dictionary definition of “subsidy,” defining the term as “1. Monetary assistance granted by a government to a person or group in support of an enterprise regarded as being in the public interest. 2. Financial

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117. *Anglefix*, 2015 WL 9581865, at \*1, \*4 (adopting the PTAB's findings of fact where the PTAB's ultimate claim construction was made using the BRI standard).

118. *Id.*

119. *Id.*

120. *Id.* at \*9.

121. *Id.* at \*10.

122. *Id.*

123. *Id.*

124. *Blue Calypso, Inc. v. Groupon, Inc.*, 93 F. Supp. 3d 575, 598 (E.D. Tex. 2015).

125. *Id.* at 595–96; *see also* *Groupon, Inc. v. Blue Calypso, Inc.*, No. CBM2013-00035, 2014 WL 7273562, at \*4–5 (P.T.A.B. Dec. 17, 2014) (applying the BRI standard).

126. *Blue Calypso*, 93 F. Supp. 3d at 595–96.

assistance given by one person or government to another.”<sup>127</sup> Citing the PTAB’s findings, the court adopted a modified version of the PTAB’s construction defining the term to mean “[providing] value or savings to another.”<sup>128</sup> The court modified the PTAB’s construction to make clear that “financial” is not limited to monetary currency.<sup>129</sup>

The court then turned its attention to construction of the phrase “subsidy program.”<sup>130</sup> Defendants argued for a construction that mirrored the PTAB’s ultimate claim construction.<sup>131</sup> The PTAB had relied on a dictionary definition of “program,” defining the term as “[a] system of services, opportunities, or projects, usually designed to meet a social need,” in construing the phrase “subsidy program” to mean “a system of opportunities designed to give financial assistance to another.”<sup>132</sup> The court, however, rejected the PTAB’s dictionary definition because the court did not believe that the specification supported the PTAB’s factual determination.<sup>133</sup> On those grounds, the court also rejected the PTAB’s ultimate claim construction as well.<sup>134</sup>

### 3. *No Deference Given to and Rejection of PTAB’s Findings of Fact*

In *Kroy IP Holdings, LLC v. Autozone, Inc.*, the court in the Eastern District of Texas did not adopt a deferential stance towards the PTAB’s factual findings and refused to give any weight to the PTAB’s analysis.<sup>135</sup> In that case, the PTAB had relied on a dictionary definition of the term “inventory” in construing the phrase “inventory management system.”<sup>136</sup> In its initial claim construction order, the district court did not mention or consider the PTAB’s analysis.<sup>137</sup>

In its order denying reconsideration, the district court expressly rejected the PTAB’s findings of fact primarily because it believed the PTAB did not

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127. *Id.*

128. *Id.*

129. *Id.* at 596.

130. *Id.* at 597.

131. *Id.*

132. *Id.*

133. *Id.*

134. *Id.*

135. *Kroy IP Holdings, LLC v. Autozone, Inc.*, No. 2:13-CV-888-WCB, 2015 WL 557123, at \*4 (E.D. Tex. Feb. 10, 2015) (rejecting the PTAB’s construction made using the BRI standard).

136. *Safeway Inc. v. Kroy IP Holdings, LLP*, IPR2014-00685, 2014 WL 4616513, at \*4-5 (P.T.A.B. Sept. 11, 2014).

137. *See Kroy IP Holdings, L.L.C. v. Autozone, Inc.*, No. 2:13-CV-888-WCB, 2014 WL 7336234, at \*2 (E.D. Tex. Dec. 23, 2014).

fully engage in a detailed analysis of the term “inventory” in the context of the asserted patent.<sup>138</sup> The PTAB, however, had provided an explanation for its construction based on the intrinsic record and used the dictionary definition of “inventory” to confirm that its construction was in accordance with the plain meaning of the term.<sup>139</sup> Nevertheless, the district court rejected the PTAB’s finding because it did not believe that the PTAB sufficiently accounted for all of the teachings in the intrinsic record.<sup>140</sup>

## B. DEFERENCE TO PTAB ULTIMATE CLAIM CONSTRUCTIONS

In considering the PTAB’s ultimate claim constructions, district courts must determine whether to adopt a deferential stance towards the PTAB and whether (1) to adopt the PTAB’s ultimate claim construction, as it is usually in line with one of the parties’ proposed constructions, (2) to reject the PTAB’s analysis and ultimate claim construction, or (3) to adopt a hybrid construction informed by the PTAB’s construction. The cases that follow demonstrate district courts’ varied approaches to these questions. It should be kept in mind that the PTO’s use of the ordinary and customary meaning standard for expired patents is relatively recent,<sup>141</sup> and, therefore, the majority of the cases below involve those where the PTAB used the BRI standard.

### 1. *Deference to and Wholesale Adoption of the PTAB’s Ultimate Claim Construction*

In a number of cases, district courts have taken a strong deferential stance towards the PTAB and have adopted the PTAB’s ultimate claim constructions, even in cases where the PTAB used the BRI standard. For example, in *GoDaddy.com LLC v. RPost Communications Ltd.*, the court in the District of Arizona had a choice between adopting the construction of a disputed phrase according to a prior construction from litigation in the Eastern District of Texas or adopting the PTAB’s construction from an *inter partes* review of a related patent.<sup>142</sup> Using the BRI standard, the PTAB had

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138. *Kroy IP*, 2015 WL 557123, at \*4.

139. *Safeway*, 2014 WL 4616513, at \*4.

140. *Kroy*, 2015 WL 557123, at \*4; *see also* Papst Licensing GmbH & Co. KG v. Xilinx Inc., No. 16-CV-00925-LHK, 2016 WL 3196657, at \*15 (N.D. Cal. June 9, 2016) (taking judicial notice of the dictionary definition used by the PTAB but holding that such evidence would not alter the court’s construction).

141. The PTO did not amend its rules to adopt the ordinary and customary standard for expired or expiring patents until August 2015. *See* Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 80 Fed. Reg. 50720, 50721 (Aug. 20, 2015) (codified at 37 C.F.R. § 42).

142. *GoDaddy.com, LLC v. RPost Commc’ns Ltd.*, No. CV-14-00126-PHX-JAT, 2016 WL 212676, at \*30–31 (D. Ariz. Jan. 19, 2016).

reviewed but rejected the court's construction in the Eastern District of Texas because it used the conjunction "and" to require that "at least one command *and* one response is needed," instead of one or the other being sufficient.<sup>143</sup> Based on the PTAB's analysis, the court in the District of Arizona also rejected the construction of the Eastern District of Texas in favor of the substance of the PTAB's construction.<sup>144</sup>

In a different case before the District of Arizona, *Cayenne Medical, Inc. v. Medshape, Inc.*, the court was asked to determine whether a disputed term was indefinite based on the PTAB's analysis during claim construction in an *inter partes* review using the BRI standard.<sup>145</sup> The court concluded that "although the PTAB's finding on indefiniteness is not binding . . . [d]ecisions of the [PTAB] . . . are to be given great weight."<sup>146</sup> The court went on to state that "the PTAB's finding is compelling evidence that the [disputed term] is indefinite."<sup>147</sup> Based on the PTAB's claim construction the court thus found that claims using the disputed term were indefinite.<sup>148</sup>

In *SunPower Corp. v. PanelClaw, Inc.*, the defendant asked the court in the District of Delaware to find for noninfringement based on the PTAB's construction of a disputed term during an *inter partes* review using the ordinary and customary meaning standard.<sup>149</sup> The plaintiff insisted that the PTAB's construction is not binding.<sup>150</sup> The court, however, noted that the PTAB used the ordinary and customary standard of construction as the asserted patent had expired at the time of the *inter partes* review.<sup>151</sup> For this reason, the court found that "it is not improper for the court to take the PTAB's claim construction into consideration, particularly where that construction was 'similar to that of a district court's review.'" <sup>152</sup> The court adopted the PTAB's construction, finding it to be "well-reasoned and

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143. *Id.*; see also *Symantec Corp. v. RPost Commc'ns Ltd.*, IPR2014-00355, 2014 WL 3542162, at \*1 (P.T.A.B. July 15, 2014).

144. *GoDaddy.com*, 2016 WL 212676, at \*30–31.

145. *Cayenne Med., Inc. v. Medshape, Inc.*, No. 2:14-CV-0451-HRH, 2016 WL 2606983, at \*2 (D. Ariz. May 6, 2016); see also *Medshape, Inc. v. Cayenne Med., Inc.*, No. IPR2015-00848, 2015 WL 5453171, at \*4 (P.T.A.B. Sept. 14, 2014).

146. *Cayenne Med.*, 2016 WL 2606983, at \*3. The court's reasoning was based on the Ninth Circuit's holding in a trademark case regarding the Trademark Trial and Appeal Board. *Id.* (citing *Lahoti v. Vericheck, Inc.*, 636 F.3d 501, 506 n.1 (9th Cir. 2011)).

147. *Id.*

148. *Id.* at \*6.

149. *SunPower Corp. v. PanelClaw, Inc.*, No. CV 12-1633-MPT, 2016 WL 1293479, at \*6 (D. Del. Apr. 1, 2016).

150. *Id.*

151. *Id.* at \*5.

152. *Id.* at \*6.

persuasive.”<sup>153</sup>

Other courts have similarly deferred to and adopted the PTAB’s claim constructions or its reasoning in both cases where the PTAB used the ordinary and customary meaning standard as well as where it used the BRI standard.<sup>154</sup>

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153. *Id.*

154. *See, e.g.*, *Cequent Performance Prod., Inc. v. Hopkins Mfg. Corp.*, No. 13-CV-15293, 2017 WL 371230, at \*14 (E.D. Mich. Jan. 26, 2017) (“Although the Court acknowledges that the USPTO construes claim limitations under a ‘broadest reasonable construction’ standard, while district courts apply a plain and ordinary meaning standard, the Court does not feel that the different standards lead to a different result for this particular claim limitation . . . Accordingly, the Court adopts the construction set forth by the USPTO in the IPR Final Written Decision.”); *Am. Tech. Ceramics Corp. v. Presidio Components, Inc.*, No. 214CV6544KAMGRB, 2016 WL 6583637, at \*9 (E.D.N.Y. Nov. 7, 2016) (adopting PTAB’s conclusion that no construction is necessary for disputed phrase where PTAB used the BRI standard); *Neurovision Med. Prods., Inc. v. Medtronic Pub. Ltd. Co.*, No. 2:16-CV-127-JRG-RSP, 2016 WL 6277241, at \*22 (E.D. Tex. Oct. 27, 2016) (noting in a case where the PTAB used the BRI standard that “while [the court] is not bound by the construction of ‘trachea’ by the Patent Trial and Appeal Board (‘PTAB’) in IPR2015-00502, it finds the PTAB’s construction persuasive.” (citing *Nuvasive Inc. v. Neurovision Medical Products, Inc.*, No. IPR2015-00502, 2015 WL 4381727, at \*4–5 (P.T.A.B. July 16, 2015))); *Karl Storz Endoscopy-Am., Inc. v. Stryker Corp.*, No. 14-CV-00876-RS, 2016 WL 3597426, at \*3 (N.D. Cal. July 5, 2016) (construing the phrase at issue identical to the PTAB’s construction where the PTAB used the BRI standard (citing *Stryker Corp. v. Karl Storz Endoscopy-Am., Inc.*, No. IPR2015-00672, 2015 WL 5190755, at \*6 (P.T.A.B. Sept. 1, 2015))); *Card-Monroe Corp. v. Tuftco Corp.*, No. 1:14-CV-292, 2016 WL 3212085, at \*8 (E.D. Tenn. June 9, 2016) (rejecting defendant’s proposed construction based in part on PTAB’s rejection of the same where the PTAB used the BRI standard (citing *Tuftco Corp. v. Card-Monroe Corp.*, No. IPR2015-00505, Paper 6 at 5 (P.T.A.B. July 22, 2015))); *Centrak, Inc. v. Sonitor Techs., Inc.*, No. CV 14-183-RGA, 2015 WL 9595999, at \*4 (D. Del. Dec. 30, 2015) (“I find the PTAB’s construction of this term . . . to be well-reasoned and persuasive . . . While the PTAB assigns claim terms their ‘broadest reasonable construction in light of the specification,’ 37 C.F.R. § 42.100(b), it is difficult to conceive of how Plaintiff’s proposed construction is any broader than Defendant’s; the two constructions are merely different.”); *Star Envirotech, Inc. v. Redline Detection, LLC*, No. SACV1201861JGBDFMX, 2015 WL 12743875, at \*6 (C.D. Cal. Apr. 30, 2015) (finding, where the PTAB used the BRI standard, that “the PTAB’s reasoning is persuasive, the Court adopts it as well”); *Magna Elecs., Inc. v. TRW Auto. Holdings Corp.*, No. 1:12-CV-654, 2015 WL 11401855, at \*12, \*14 (W.D. Mich. Apr. 28, 2015) (holding, where the PTAB used the ordinary and customary meaning standard, for one disputed term that “the Court agrees that the PTAB’s construction is consistent with the specification, and adopts TRW’s proposed construction because it is identical to the PTAB’s construction” and for another term that “[b]ecause the Court is persuaded by the PTAB’s reasoning, it will adopt the interpretation advanced by the PTAB rather than either suggestion submitted by the parties” (citing *TRW Auto. Holdings Corp. v. Magna Elecs., Inc.*, IPR2014-00259, Paper 19 at 5 (P.T.A.B. July 26, 2014))); *Fairfield Indus., Inc. v. Wireless Seismic, Inc.*, No. 4:14-CV-2972, 2015 WL 1034275, at \*5 (S.D. Tex. Mar. 10, 2015) (“Although PTAB applies a different construction standard than the district courts



2. *Deference to and Adoption of PTAB's Ultimate Claim Construction Depending on the PTAB's Reasoning*

In some cases where district courts have taken a deferential stance towards the PTAB, they have carefully scrutinized the PTAB's analysis and only adopted the PTAB's ultimate claim constructions when those constructions were well reasoned. For example, in *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, the court in the Eastern District of Texas adopted the PTAB's ultimate claim construction for some terms but not others based on the PTAB's analysis.<sup>155</sup> Specifically, the court was tasked with construing disputed terms of nine asserted patents.<sup>156</sup> The court placed the asserted patents into three groups.<sup>157</sup> In the first group, four of the six patents had undergone *inter partes* review.<sup>158</sup> With respect to eight of the disputed terms in the first group, the parties proposed constructions that were in line with the PTAB's claim construction performed under the broadest reasonable interpretation standard.<sup>159</sup> Depending on the term at issue, the court adopted or rejected the PTAB's construction, finding such prior constructions to be "entitled to reasoned deference" under the principle of *stare decisis*, a principle unrelated to deference given under administrative law principles, although similar in application.<sup>160</sup>

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do, its claim construction analysis serves as further intrinsic evidence that [patentee's] proposed construction is appropriate."); *Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, No. C-13-03587, 2014 WL 4802426, at \*4 (N.D. Cal. Sept. 26, 2014) (granting motion to stay and recognizing that "[w]hile the PTAB's constructions will not be binding on this court, the IPR will inform this court's ultimate reasoning").

155. *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 8073722, at \*11 (E.D. Tex. Dec. 4, 2015).

156. *Id.*

157. *Id.* at \*2.

158. *Id.* at \*5.

159. *Id.*

160. *Id.* at \*4 ("In general, prior claim construction proceedings involving the same patents-in-suit are 'entitled to reasoned deference under the broad principals [sic] of stare decisis and the goals articulated by the Supreme Court in *Markman*, even though stare decisis may not be applicable per se.'" (quoting *Maurice Mitchell Innovations, LP v. Intel Corp.*, No. 2:04-CV-450, 2006 WL 1751779, at \*4 (E.D. Tex. June 21, 2006) (Davis, J.)); *TQP Development, LLC v. Inuit Inc.*, No. 2:12-CV-180, 2014 WL 2810016, at \*6 (E.D. Tex. June 20, 2014) (Bryson, J.) ("[P]revious claim constructions in cases involving the same patent are entitled to substantial weight, and the Court has determined that it will not depart from those constructions absent a strong reason for doing so.")); *see also Texas Instruments, Inc. v. Linear Techs. Corp.*, 182 F. Supp. 2d 580, 589 (E.D. Tex. 2002) (finding that the doctrines of stare decisis and collateral estoppel do not apply to claim construction decisions of other districts, although such decisions can be informative); *cf Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 391(1996) (emphasizing the importance of uniformity in claim construction through the application of stare decisis).

For example, for the term “physical integrity,” the court noted the PTAB’s findings regarding the intrinsic evidence and adopted the PTAB’s construction based on support in the specification.<sup>161</sup> With respect to the term “behavioral integrity,” the court found that “[o]n balance, Plaintiff failed to justify departing from the PTAB’s construction, which is entitled to ‘reasoned deference.’”<sup>162</sup> The court provided a similar justification for adopting a construction that was in line with the PTAB’s for the phrase “means for communication with a master repository . . .”<sup>163</sup> For another means-plus-function claim, the court rejected the opinion of the plaintiff’s expert because it “failed to persuasively demonstrate that the additional steps identified by the PTAB are not part of the algorithm disclosed . . . .”<sup>164</sup> The court also adopted the PTAB’s findings regarding the intrinsic evidence and the PTAB’s ultimate construction of the term “means for receiving the authorization ob[j]ject . . . .”<sup>165</sup>

However, for the term “repository” and “trusted,” the court found that the patentee acted as his own lexicographer and rejected the PTAB’s similar but distinguishable construction.<sup>166</sup> The court also rejected the PTAB’s construction for the means-plus-function claim limitation of “processing a request from the means for requesting.”<sup>167</sup> The PTAB had found that for performing the recited function the specification discloses a corresponding structure in the form of an algorithm.<sup>168</sup> The court, however, rejected the PTAB’s analysis and instead held that the corresponding structure did not require anything beyond “a special purpose computer.”<sup>169</sup> The court stated that although the PTAB is entitled to “reasoned deference,” the court “conducts an independent review of claim construction disputes.”<sup>170</sup>

Other courts have similarly deferred to the PTAB’s constructions, adopting the PTAB’s constructions for some but not all terms at issue.<sup>171</sup>

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161. *Contentguard*, 2015 WL 8073722, at \*9.

162. *Id.* at \*11.

163. *Id.* at \*44.

164. *Id.* at \*48.

165. *Id.* at \*50–51 (alteration in original).

166. *Id.* at \*7.

167. *Id.* at \*46–47.

168. *Id.*

169. *Id.*

170. *Id.*

171. *See, e.g.,* *Godo Kaisha IP Bridge 1 v. Broadcom Ltd.*, No. 2:16-CV-134-JRG-RSP, 2016 WL 6611490, at \*23 (E.D. Tex. Nov. 9, 2016) (Payne, J.) (rejecting defendants’ proposed construction based in part on the PTAB’s rejection of a similar argument and its claim construction); *Intellectual Ventures I LLC v. AT&T Mobility LLC*, No. CV 13-1668-LPS, 2016 WL 4363485, at \*4 (D. Del. Aug. 12, 2016) (“Consistent with the Court’s conclusion is the PTAB’s determination that, even under a broadest reasonable

These cases primarily consist of those where the PTAB used the BRI standard.<sup>172</sup>

### 3. *No Deference to and Rejection of PTAB Ultimate Claim Constructions*

In some cases, district courts have not given any deference to the PTAB and refused to fully consider the PTAB's claim constructions, primarily because of the differing standards used in each forum. For example, in *Pragmatus AV, LLC v. Yahoo! Inc.*, the court in the Northern District of California treated a PTAB *inter partes* reexamination decision as an *inter*

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interpretation claim construction standard, 'packet blocks' mean 'a block of data including a discrete number of packets.'"); *Memory Integrity, LLC v. Intel Corp.*, No. 3:15-CV-00262-SI, 2016 WL 1122718, at \*16 n. 9 (D. Or. Mar. 22, 2016) ("The Court agrees with [plaintiff] that PTAB's decision has little weight for purposes of construing terms in a district court [where the PTAB used the BRI standard], but the Court nonetheless notes that PTAB reached the same conclusion about the construction of 'states associated with selected ones of the cache memories' that the Court now reaches. Courts have held that PTAB decisions may at least provide a district court with guidance . . . This Court uses the PTAB decision on this issue not for guidance, but for comfort."); *Polaris Indus., Inc. v. CFMOTO Powersports, Inc.*, No. CV 10-4362 (JNE/HB), 2016 WL 727109, at \*3, \*5 (D. Minn. Feb. 23, 2016) (noting further support for the court's construction that "the Patent Trial and Appeal Board ("PTAB") adopted a similar construction" but finding the PTAB's construction of a different term unpersuasive because of the different claim construction standards); *Anglefix, LLC v. Wright Med. Tech., Inc.*, No. 213CV02407JPMTMP, 2015 WL 9581865, at \*8 (W.D. Tenn. Dec. 30, 2015) (giving the PTAB's claim construction under the BRI standard due weight but further modifying the construction of the term at issue under the plain and ordinary standard); *Not Dead Yet Mfg., Inc. v. Pride Sols., LLC*, No. 13 C 3418, 2015 WL 5829761, at \*8-10, \*14 (N.D. Ill. Oct. 5, 2015) (agreeing with the PTAB's ultimate conclusions made under the BRI standard in some respects but not in others and stating that "[a]lthough the court's conclusion differs from the findings of the PTAB, because review of patent language and other intrinsic evidence for purposes of claim construction is solely a determination of law, the PTAB's claim construction findings are subject to *de novo* review by this court") (applying the appellate review standard in *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015)); *Motio, Inc. v. BSP Software LLC*, No. 4:12-CV-647, 2015 WL 5004914, at \*10 (E.D. Tex. Aug. 21, 2015) (construing some terms "[c]onsistent with the PTAB's analysis" where the PTAB applied the BRI standard); *Blue Calypso, Inc. v. Groupon, Inc.*, 93 F. Supp. 3d 575, 594 (E.D. Tex. 2015) (finding that the preamble of the asserted claims was limiting based on the PTAB's findings and conclusions); *SurfCast, Inc. v. Microsoft Corp.*, 6 F. Supp. 3d 136, 148, 155 n.13, 156 n.14, 158 n.15, 159 nn.16-17, 163 n.21 (D. Me. 2014) (rejecting the PTAB construction made under the BRI standard for most but not all disputed claim terms); *Virginia Innovation Scis., Inc. v. Samsung Elecs. Co.*, 983 F. Supp. 2d 713, 764 (E.D. Va. 2014), *vacated*, 614 F. App'x 503 (Fed. Cir. 2015) (recognizing the court "generally gives deference to final PTO decisions, based in part on the PTO's specialized knowledge and expertise" but refusing to reconsider the decision because of the parties' failure to timely inform the court of an *inter partes* review).

172. See cases cited *supra* note 154.

*partes* review decision and declined to give any deference to the PTAB's ultimate claim construction made under the BRI standard.<sup>173</sup> Defendant Yahoo proposed a construction based on the PTAB's construction in an *inter partes* reexamination, which provided that "addressing information" means "a physical location."<sup>174</sup> "The problem for Yahoo," the court was adamant, "is that this Court owes no deference to the PTAB's claim construction done as part of an *inter partes* review."<sup>175</sup> The court made this determination because the PTAB's construction was based on the BRI standard, not the ordinary and customary standard the district court uses.<sup>176</sup> Although the court acknowledged the parties' statements during the *inter partes* review and the PTAB's analysis, it sided with the plaintiff and rejected Yahoo's proposed construction.<sup>177</sup>

Courts in other districts have similarly refused to defer to the PTAB's ultimate claim constructions in cases where the PTAB used the BRI standard.<sup>178</sup>

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173. *Pragmatus AV, LLC v. Yahoo! Inc.*, No. C-13-1176 EMC, 2014 WL 1922081, at \*4 (N.D. Cal. May 13, 2014); *Yahoo! Inc.'s Response to Pragmatus' Opening Claim Construction Brief* at 3, *Pragmatus AV, LLC v. Yahoo! Inc.*, Case No. 3-13-cv-01176-EMC, 2014 WL 2859963 (N.D. Cal. Mar. 10, 2014) (No. 43).

174. *Pragmatus*, 2014 WL 1922081, at \*4.

175. *Id.*

176. *Id.* ("[B]ecause the PTAB concluded that the broadest definition of the term 'addressing information' is physical location, network location information (such as an IP address)—which is broader in meaning than physical location—is necessarily an inappropriate construction.").

177. *Id.* at \*4–7.

178. *THX, Ltd. v. Apple, Inc.*, No. 13-CV-01161-HSG, 2016 WL 6563340, at \*5 (N.D. Cal. Nov. 4, 2016) ("[T]he Court is unpersuaded by the argument that it should adopt Apple's proposed construction because it is consistent with PTAB's broadest reasonable construction."); *Microwave Vision, S.A. v. ETS-Lindgren Inc.*, No. 1:14-CV-1153-SCJ, 2016 WL 5092462, at \*9 (N.D. Ga. Sept. 20, 2016) (refusing to reconsider its means-plus-function construction based on the PTAB's reasoning and construction made under the BRI standard); *Research Frontiers, Inc. v. E Ink Corp.*, No. CV 13-1231-LPS, 2016 WL 1169580, at \*7 (D. Del. Mar. 24, 2016) (rejecting the PTAB's basis for its construction); *Depuy Orthopaedics, Inc. v. Orthopaedic Hosp.*, No. 3:12-CV-299-CAN, 2016 WL 96164, at \*5 (N.D. Ind. Jan. 8, 2016) (finding, where the PTAB used the BRI standard, that "[e]xtrinsic evidence may include a PTAB decision regarding IPR, but the court 'owes no deference to the PTAB's claim construction done as part of an *inter partes* review' " (quoting *Pragmatus*, 2014 WL 1922081, at \*4)); *Malibu Boats, LLC v. Nautique Boat Co.*, 122 F. Supp. 3d 722, 728 (E.D. Tenn. Jan. 28, 2015) (denying stay pending *inter partes* review and asserting that the court would not owe any deference to the PTAB's claim construction (citing *Pragmatus*, 2014 WL 1922081, at \*4)); *Smartflash LLC v. Apple, Inc.*, No. 6:13-CV-447, 2014 WL 3366661, at \*4 (E.D. Tex. July 8, 2014) ("It is also unlikely that the claim construction aspect of the CBM review would significantly simplify the issues before the Court because The [sic] PTAB and district courts construe claims under different standards.").

4. *No Deference to and Apparent Disregard for PTAB Ultimate Claim Constructions*

In other cases, courts have not analyzed nor opined on the PTAB's claim construction. For example, in *Custom Media Technologies LLC v. Comcast Cable Communication, Inc.*, the parties in the District of Delaware disputed whether a phrase at issue was indefinite.<sup>179</sup> The plaintiff proposed a construction based on the PTAB's construction in an *inter partes* review where the PTAB used the BRI standard.<sup>180</sup> The plaintiff also presented expert testimony to support its position.<sup>181</sup> The district court did not perform an analysis of the PTAB's decision.<sup>182</sup> Instead, based on the expert testimony, the court found that the disputed phrase was not indefinite and adopted plaintiff's proposed construction.<sup>183</sup>

In *Personalized Media Communications, LLC v. Apple, Inc.*, the court in the Eastern District of Texas determined the meaning of five disputed phrases where the PTAB provided an analysis of the same or similar phrases.<sup>184</sup> While the court noted the parties' positions regarding the PTAB's constructions, which used the BRI standard, it did not consider the PTAB's findings or decisions because of the different standards used in each forum.<sup>185</sup> Instead, the court made an independent determination of the meaning of each disputed phrase with little to no mention of the PTAB's analysis.<sup>186</sup>

Other decisions similarly do not analyze PTAB's ultimate claim constructions made under the BRI standard.<sup>187</sup>

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179. *Custom Media Techs. LLC v. Comcast Cable Commc'ns, LLC*, No. CV 13-1421-LPS, 2015 WL 4743671, at \*5 (D. Del. Aug. 11, 2015).

180. *Id.*

181. *Id.*

182. *Id.*

183. *Id.*

184. *Personalized Media Commc'ns, LLC v. Apple, Inc.*, No. 2015-CV-01206-JRG-RSP, 2016 WL 6247054, at \*7-9, \*12-13, \*16-17, \*29-30, \*41-42 (E.D. Tex. Oct. 25, 2016) (Payne, J.).

185. *Id.*

186. *Id.*

187. *Blitzsafe Texas, LLC v. Honda Motor Co.*, No. 2:15-CV-1274-JRG-RSP, 2016 WL 4762083, at \*12-17 (E.D. Tex. Sept. 13, 2016) (Payne, J.) (acknowledging the parties' positions with respect to the PTAB's analysis but not considering the PTAB's findings or conclusions in performing its own analysis of the meaning of the two disputed phrases); *Better Mouse Co., LLC v. Steelseries Aps*, No. 2:14-CV-198-RSP, 2015 WL 5210667, at \*11 (E.D. Tex. Sept. 3, 2015) (Payne, J.) (same).



#### IV. THE PROPER DEFERENCE THAT SHOULD BE GIVEN TO PTAB FINDINGS OF FACT AND ULTIMATE CLAIM CONSTRUCTIONS

The discussion below provides a proposal for treatment of PTAB finds of fact and ultimate claim constructions using a framework based on principles of administrative law and standards for appellate review. The approach advocated below provides for more consistent treatment of PTAB claim construction decisions and greater consistency in determining the scope of patents that have been adjudicated in competing forums.

##### A. THE PROPER DEFERENCE THAT SHOULD BE GIVEN TO PTAB FINDINGS OF FACT UNDER *TEVA* AND *ZURKO*

The PTAB's task of determining the scope of a patent is a complex technical determination with factual underpinnings that deserve deference.<sup>188</sup> The extent to which district courts should defer to the PTAB's factual findings should be determined using guidance from *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*<sup>189</sup> and *Dickinson v. Zurko*.<sup>190</sup>

In *Teva*, the Supreme Court clarified that when the Federal Circuit reviews a district court's claim construction decision it should review a district court judge's factual determinations based on subsidiary or extrinsic evidence for clear error and review the district court's "ultimate

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188. See, e.g., *Old Reliable Wholesale, Inc. v. Cornell Corp.*, 635 F.3d 539, 548 (Fed. Cir. 2011) ("The fact that the PTO, after assessing the relevant prior art, confirmed the patentability of all claims of the '950 patent undercuts Cornell's contention that Old Reliable had no reasonable basis for its assertion that its patent was not anticipated."); *Hyatt v. Kappos*, 625 F.3d 1320, 1334 (Fed. Cir. 2010) (en banc) (recognizing the deference owed the PTO as "the knowledgeable agency charged with assessing patentability"); *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1331 (Fed. Cir. 2008) ("This is not to say that the determinations made by the corps of examiners are not important, or should not be worthy of appropriate deference to their expertise in . . . technical matters, especially when we have the benefit of well-reasoned explications."); *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1304 (Fed. Cir. 2008) ("When no prior art other than that which was considered by the PTO examiner is relied on by the attacker, he has the added burden of overcoming the deference that is due to a qualified government agency presumed to have properly done its job . . ."); *Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 98 F.3d 1563, 1569 (Fed. Cir. 1996) ("The presumption of validity is based on the presumption of administrative correctness of actions of the agency charged with examination of patentability."); *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1139 (Fed. Cir. 1985) (holding that the presumption of validity is due "in part from recognition of the technological expertise of the patent examiners").

189. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015).

190. *Dickinson v. Zurko*, 527 U.S. 150 (1999).

construction” *de novo*.<sup>191</sup> There, the Supreme Court considered a case where the district court’s ultimate claim construction depended on evidentiary underpinnings, which include evidence needed to understand the background science of a disputed term at the time of the invention.<sup>192</sup> Because the district court makes credibility determinations about witnesses, the Court held that a reviewing court must not set aside the district court’s findings of fact unless they are clearly erroneous under Rule 52(a)(6).<sup>193</sup> Thus, pursuant to *Teva* the Federal Circuit must defer to district court factual findings based on the extrinsic record.<sup>194</sup>

The Supreme Court’s decision in *Teva* parallels its holding in *Zurko*.<sup>195</sup> As discussed above, the Court found that the Patent Office’s factual findings must be reviewed under the “substantial evidence” standard, which is more deferential than the “clearly erroneous” standard used for review of district court decisions.<sup>196</sup> The Court based its decision in *Zurko* on Section 706 of the APA and its decision in *Teva* on Rule 52(a)(6), both of which give due regard to the respective trier of fact.<sup>197</sup> The Federal Circuit has used the

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191. *Teva*, 135 S. Ct. at 841 (abrogating *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1454 (Fed. Cir. 1998) (en banc)). The Court’s determinations of intrinsic evidence are reviewed *de novo*. *Id.* (“[W]hen the district court reviews only evidence intrinsic to the patent (the patent claims and specifications, along with the patent’s prosecution history), the judge’s determination will amount solely to a determination of law, and the Court of Appeals will review that construction *de novo*.”); see also *Microsoft Corp. v. Proxycorn, Inc.*, 789 F.3d 1292, 1297 (Fed. Cir. 2015) (holding that review of PTAB claim construction decisions follow a similar standard as that established in *Teva* for review of district court decisions, asserting that “[as] a general matter, we review the Board’s conclusions of law *de novo* and its findings of fact for substantial evidence”).

192. *Teva*, 135 S. Ct. at 841.

193. *Id.* at 836, 840; see also FED. R. CIV. P. 52(a)(6) (“Findings of fact, whether based on oral or other evidence, must not be set aside unless clearly erroneous, and the reviewing court must give due regard to the trial court’s opportunity to judge the witnesses’ credibility.”).

194. *Teva*, 135 S. Ct. at 842 (“An appellate court will review the trial judge’s factual determination about the alleged intimidation deferentially (though, after reviewing the factual findings, it will review a judge’s ultimate determination of voluntariness *de novo*.”) (citing FED. R. CIV. P. 52(a)(6)); see also *Microsoft*, 789 F.3d at 1297; *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1332 (Fed. Cir. 2016).

195. See *Dickinson v. Zurko*, 527 U.S. 150, 164 (1999).

196. *Id.*

197. Compare *Teva*, 135 S. Ct. at 833 (“Federal Rule of Civil Procedure 52(a)(6) states that a court of appeals ‘must not . . . set aside’ a district court’s ‘[f]indings of fact’ unless they are clearly erroneous.’ It sets out a ‘clear command’, and ‘does not make exceptions or . . . exclude certain categories of factual findings’ from the court of appeals’ obligation.”) (citations omitted), with *Zurko*, 527 U.S. at 162 (“This Court has described the APA court/agency ‘substantial evidence’ standard as requiring a court to ask whether a ‘reasonable mind might accept’ a particular evidentiary record as ‘adequate to support a conclusion.’”).

*Teva/Zurko* framework as a guide post in holding that its review of PTAB’s underlying factual determinations involving extrinsic evidence is reviewed for “substantial evidence.”<sup>198</sup>

Following the Federal Circuit’s lead, district courts should also defer to PTAB findings of fact underlying claim construction decisions involving the same patent and should replace the PTAB’s factual findings with their own only when those findings are unsupported by substantial evidence.<sup>199</sup> Although a district court is competent to receive evidence as a factfinder and is not formally reviewing the PTAB’s findings,<sup>200</sup> deferring to the PTAB’s technical expertise with respect to evidence that the PTAB has already reviewed and adjudged will bring a measure of predictability to district courts’ factual findings and uniformity in treatment of the PTAB’s factual findings.<sup>201</sup> Of course, if the extrinsic evidence before a district court is new, there is no basis to defer.<sup>202</sup> In that instance, the district court must assess the credibility of newly presented evidence, determine how that evidence should be viewed in light of the entire record, and assign the evidence an appropriate weight.<sup>203</sup> Accordingly, with respect to previously presented evidence district courts should defer to the PTAB’s factual findings.<sup>204</sup>

This Note’s exhortation to defer is tempered by the explication requirement of Section 706 of the APA that underlies the “substantial evidence” standard.<sup>205</sup> The PTAB cannot simply rely on deferential review to relieve it of its obligation to provide a detailed and well-reasoned administrative record for its factual findings.<sup>206</sup> Only when its record is

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198. *See, e.g., Nike*, 812 F.3d at 1346 (“We review the Board’s ultimate claim construction *de novo* and any underlying factual determinations involving extrinsic evidence for substantial evidence.”); *Microsoft*, 789 F.3d at 1297 (same); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1316 (Fed. Cir. 2015) (same).

199. *See* Administrative Procedure Act, 5 U.S.C. § 706(2) (2012); *Zurko*, 527 U.S. at 164.

200. *Kappos v. Hyatt*, 132 S. Ct. 1690, 1697 (2012) (holding that district courts are competent to receive and review *de novo* new evidence presented under 35 U.S.C. § 145 proceedings).

201. *See Zurko*, 527 U.S. at 160 (finding, to justify deference to agency factfinding, courts and commentators have long invoked the fact that the PTO is an “expert body” that “can better deal with the technically complex subject matter”).

202. *See Kappos*, 132 S. Ct. at 1700 (“Though the PTO has special expertise in evaluating patent applications, the district court cannot meaningfully defer to the PTO’s factual findings if the PTO considered a different set of facts.”).

203. *Id.*

204. *See id.*

205. *See In re Sang Su Lee*, 277 F.3d 1338, 1342 (Fed. Cir. 2002).

206. *Id.* at 1344.

sufficiently thorough and clear does the PTAB deserve deference.<sup>207</sup>

As shown in the exemplary cases discussed above, to some extent, district courts intuitively analyze PTAB's findings of fact under the explication requirement.<sup>208</sup> For example, in *Blue Calypso*, the district court took a deferential stance towards the PTAB's findings of fact based on a dictionary definition for the term "subsidy."<sup>209</sup> The PTAB had provided a detailed analysis of its findings using the patent specification.<sup>210</sup> The district court adopted the PTAB's findings and only modified the PTAB's construction for clarity.<sup>211</sup> However, the district court rejected the PTAB's reliance on a dictionary definition of "program" because it was not sufficiently supported by the intrinsic record.<sup>212</sup> In *Kroy IP*, the district court did not take a deferential stance towards the PTAB but evaluated the PTAB's reliance on a dictionary definition to determine whether the PTAB had sufficiently analyzed the term "inventory" in the context of the patent specification.<sup>213</sup> Pointing to the PTAB's failure to adequately support its position, the court rejected the PTAB's findings.<sup>214</sup>

The district courts' treatment of the PTAB's findings of fact in *Blue Calypso* and *Kroy IP* demonstrate a willingness to analyze the PTAB's findings for sufficient support and adopt or reject those findings based on the thoroughness of the PTAB's analysis.<sup>215</sup> However, district courts have not explicitly and uniformly adopted a standard for deferral nor have they articulated a clear basis for doing so.<sup>216</sup> Formalizing an approach under the "substantial evidence" standard of Section 706 of the APA will provide greater uniformity and a clearer guideline for treatment of PTAB findings

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207. See, e.g., *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1346 (Fed. Cir. 2016) ("We review the Board's ultimate claim construction de novo and any underlying factual determinations involving extrinsic evidence for substantial evidence."); *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1316 (Fed. Cir. 2015) (same); *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1297 (Fed. Cir. 2015) (same).

208. *Anglefix, LLC v. Wright Med. Tech., Inc.*, No. 2013-CV-02407-JPM-TMP, 2015 WL 9581865, at \*1, \*4 (W.D. Tenn. Dec. 30, 2015); *Blue Calypso, Inc. v. Groupon, Inc.*, 93 F. Supp. 3d 575, 598 (E.D. Tex. 2015) (Gilstrap, J.); *Kroy IP Holdings, LLC v. Autozone, Inc.*, No. 2:13-CV-888-WCB, 2015 WL 557123, at \*4 (E.D. Tex. Feb. 10, 2015).

209. *Blue Calypso*, 93 F. Supp. 3d at 595–96.

210. *Id.* at 596.

211. *Id.*

212. *Id.* at 597.

213. *Kroy*, 2015 WL 557123, at \*4.

214. *Id.*

215. See *Blue Calypso*, 93 F. Supp. 3d at 597; *Kroy*, 2015 WL 557123, at \*4.

216. See *Blue Calypso*, 93 F. Supp. 3d at 597; *Kroy*, 2015 WL 557123, at \*4.

of fact.<sup>217</sup>

B. THE PROPER DEFERENCE THAT SHOULD BE GIVEN TO PTAB  
ULTIMATE CLAIM CONSTRUCTIONS

As explained in detail below, PTAB claim constructions do not carry the force of law and cannot receive strong deferential treatment under *Chevron*.<sup>218</sup> However, PTAB claim constructions made using the ordinary and customary standard are deserving of deference under the *Skidmore* framework.<sup>219</sup> PTAB claim constructions made using the BRI standard, however, should not receive deferential treatment.<sup>220</sup> In these cases, district courts should treat and analyze PTAB ultimate claim constructions as extrinsic evidence provided by an expert body.<sup>221</sup>

1. *PTAB Claim Constructions Do Not Carry the Force of Law*

Under the doctrines of *Chevron* and *Mead*, issue preclusion, and estoppel, PTAB claim construction determinations generally do not have the force of law. First, PTAB claim constructions are individual determinations that do not bear on the Patent Office’s construction of the patent statute or any other Patent Office proceeding.<sup>222</sup> Like the classification letter rulings at issue in *Mead*, PTAB claim construction rulings apply only to a specific claim of a particular patent, may not be relied on for a determination of claim scope involving non-related patents, and are generally issued by different panels of the PTAB during each post issuance proceeding.<sup>223</sup> Put another way, there is no evidence of congressional intent that would elevate the status of individual PTAB claim construction

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217. See Administrative Procedure Act, 5 U.S.C. § 706(2) (2012); *Dickinson v. Zurko*, 527 U.S. 150, 164 (1999).

218. See *United States v. Mead Corp.*, 533 U.S. 218, 234 (2001).

219. See *id.* at 228 (“There is room at least to raise a *Skidmore* claim here, where the regulatory scheme is highly detailed, and Customs can bring the benefit of specialized experience to bear on the subtle questions in this case . . . .”); *Microwave Vision, S.A. v. ETS-Lindgren Inc.*, No. 1:14-CV-1153-SCJ, 2016 WL 5092462, at \*6 (N.D. Ga. Sept. 20, 2016) (“[I]gnoring the PTAB decision entirely smacks of folly . . . .”).

220. See cases cited *supra* notes 18–19.

221. See cases cited *supra* note 13.

222. See 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016) (each provision requiring construction of each claim in a patent at issue without regard to other patents).

223. *Id.*; see also Benjamin & Rai, *Administrative Power*, *supra* note 12, at 1586 (“*Mead*’s reasoning that *Chevron* deference is not warranted for the actions of many different units not supervised by the agency head supports the proposition that *Chevron* deference is inapplicable to routine PTAB decisions that are not specifically supervised by the PTO Director.”); cf. *Kahrs Int’l, Inc. v. United States*, 713 F.3d 640, 648 (Fed. Cir. 2013) (“Customs’ ruling, which was published as required by statute . . . is entitled to *Skidmore* deference.”).



decisions to “the *Chevron* pale.”<sup>224</sup> This is evident by the fact that the Federal Circuit reviews PTAB ultimate claim construction decisions *de novo* and may overturn the PTAB’s construction without an obligation to defer.<sup>225</sup>

Second, as discussed above, issue preclusion applies only to PTAB ultimate claim construction determinations under limited circumstances.<sup>226</sup> Specifically, PTAB claim constructions made using the BRI standard have no preclusive effect on the district court nor do they preclude a party from asserting a different construction in litigation.<sup>227</sup> Administrative decisions can ground issue preclusion in district court “when ordinary elements of issue preclusion are met.”<sup>228</sup> However, the majority of PTAB claim construction decisions likely “cannot . . . satisfy those ordinary elements” given that the PTAB and district court use different claim construction standards, and the same issues are not litigated.<sup>229</sup>

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224. *United States v. Mead Corp.*, 533 U.S. 218, 234 (2001).

225. *See* cases cited *supra* note 191.

226. *SkyHawke Techs., LLC v. Deca Int’l Corp.*, 828 F.3d 1373, 1376 (Fed. Cir. 2016); *cf.* *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1555 (Fed. Cir. 1985) (“The Examiner’s decision, on an original or reissue application, is never binding on a court. It is, however, evidence the court must consider in determining whether the party asserting invalidity has met its statutory burden by clear and convincing evidence.”).

227. *See SkyHawke*, 828 F.3d at 1376; *Fromson*, 755 F.2 at 1555.

228. *SkyHawke*, 828 F.3d at 1376; *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1303 (2015) (“When an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply *res judicata* to enforce repose.”); *see also In re Trans Tex. Holdings Corp.*, 498 F.3d 1290, 1297 (Fed. Cir. 2007) (identifying four factors to determining whether issue preclusion applies: “(1) identity of the issues in a prior proceeding; (2) the issues were actually litigated; (3) the determination of the issues was necessary to the resulting judgment; and, (4) the party defending against preclusion had a full and fair opportunity to litigate the issues”); Paul R. Gugliuzza, *(In)valid Patents*, 92 NOTRE DAME L. REV. 271, 291 (2016) (discussing the applicability of issue preclusion of district court claim constructions to PTAB claim construction determinations).

229. *SkyHawke*, 828 F.3d at 1376 (providing that issue preclusion likely does not apply when issues are not identical and “issues are not identical if the second action involves application of a different legal standard, even though the factual setting of both suits may be the same” (citing *B & B Hardware*, 135 S. Ct. at 1303)); *see also In re Trans Tex. Holdings*, 498 F.3d at 1297 (identifying four factors to determining whether issue preclusion applies: “(1) identity of the issues in a prior proceeding; (2) the issues were actually litigated; (3) the determination of the issues was necessary to the resulting judgment; and, (4) the party defending against preclusion had a full and fair opportunity to litigate the issues”). *But see* Timothy R. Holbrook, *The Patent Trial and Appeal Board’s Evolving Impact on Claim Construction*, 24 TEX. INTELL. PROP. L.J. 301, 329–32 (2016) (discussing the possibility of PTAB claim construction decisions made under the BRI standard having preclusive effect).

Although litigants may assert issue preclusion when the PTAB applies the ordinary and customary meaning standard,<sup>230</sup> the opportunity to do so is rare. Issue preclusion applies only to final, appealable PTAB decisions.<sup>231</sup> PTAB claim construction decisions made at the decision to institute stage<sup>232</sup> are not appealable and do not have preclusive effect.<sup>233</sup> A decision invalidating any claims of a patent will either be appealed or result in termination of any current or future litigation involving those invalidated claims.<sup>234</sup> Any PTAB final decision that is appealed will result in a binding decision from the Federal Circuit, including a determination of the proper construction of the claims at issue.<sup>235</sup> Accordingly, litigants will only have the opportunity to assert issue preclusion in district court when the PTAB confirms validity of the patent, the parties to the post-issuance proceeding and litigation are the same, and the decision is not appealed.<sup>236</sup> In this rare

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230. To date, the author is not aware of any cases brought before the district court arguing issue preclusion in the limited circumstances described. However, *SkyHawke* and *B & B Hardware* provide a basis for an argument that issue preclusion applies when the same claim construction standards are used. See *supra* notes 228–229; see also *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015) (“prior cases [construing the same claim] will sometimes be binding because of issue preclusion, and sometimes will serve as persuasive authority”) (citation omitted) (alteration in original); *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 5996363, at \*1 (E.D. Tex. Oct. 14, 2015) (finding that issue preclusion is unlikely to apply primarily because the PTAB used the BRI standard) (citing *B & B Hardware*, 135 S. Ct. at 1303); cf. *Ilife Techs., Inc. v. Nintendo of Am., Inc.*, No. 3:13-CV-04987-M, 2017 WL 525708, at \*18 (N.D. Tex. Feb. 9, 2017) (“A prior construction involving the same patents-in-suit is entitled to ‘reasoned deference under the broad principles of stare decisis and the goals articulated in *Markman*.’”).

231. See *SkyHawke*, 828 F.3d at 1376 (“no preclusion based on [a] judgment that is not subject to appeal” (citing *Kircher v. Putnam Funds Tr.*, 547 U.S. 633, 647 (2006))).

232. The PTAB may provide its claim construction determination in both its decision to institute and in its the final written decision, although it may not substantively change constructions in its final written decision without affording the parties an opportunity to respond to its new claim construction position. *SAS Inst., Inc. v. ComplementSoft, LLC.*, 825 F.3d 1341, 1351 (Fed. Cir. 2016) (holding that although the PTAB is free to adopt a construction in its final written decision, it cannot “chang[e] theories in midstream”).

233. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016) (holding that PTO’s decision to institute is generally non-appealable).

234. See 35 U.S.C. § 319 (2012); 37 C.F.R. § 42.73(a) (2012).

235. See 28 U.S.C. § 1295 (2011); 35 U.S.C. § 319 (2012).

236. See *SkyHawke*, 828 F.3d at 1376; see also *In re Trans Tex. Holdings Corp.*, 498 F.3d 1290, 1297 (Fed. Cir. 2007) (“Issue preclusion is not warranted in this case because the PTO was not a party to the earlier litigation.”); cf. *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1555 (Fed. Cir. 1985) (holding that the PTO’s decision to grant or deny a patent is never binding on a court, although it is evidence the court must consider in making its validity determination).

circumstance, issue preclusion should apply.<sup>237</sup>

Where the PTAB has construed claims using the customary and ordinary meaning standard and issue preclusion is unlikely to apply, the district court should defer to the PTAB's claim construction under *Skidmore* as discussed below.<sup>238</sup> These circumstances include (1) where the PTAB has construed claims at the decision to institute stage and the post-issuance proceeding is terminated prior to a final, appealable decision, (2) where the PTAB has construed claims at the decision to institute stage and claim construction in parallel litigation occurs prior to the PTAB's final, appealable decision, and (3) where the parties to the post-issuance proceeding are different from those in litigation.<sup>239</sup>

Finally, and relatedly, estoppel usually does not apply to PTAB claim construction decisions, because “judicial estoppel only binds a party to a position that it advocated and successfully achieved[.]”<sup>240</sup> A party to a post-issuance proceeding cannot be prevented from advancing a claim construction position in parallel or later litigation that it did not endorse in the post-issuance proceeding.<sup>241</sup> For the same reason, the PTAB's claim construction determinations do not create any prosecution history estoppel for a patentee that does not advocate for the PTAB's constructions.<sup>242</sup>

Accordingly, complete judicial deferral under *Chevron* to the PTAB's claim construction would run afoul of the principles articulated in *Mead* as well as principles of preclusion and estoppel.<sup>243</sup> Thus, while PTAB claim construction decisions present a strong argument for deference, they fail to carry the force of law as required under *Mead*.<sup>244</sup>

## 2. *PTAB Ultimate Claim Construction Made Under Ordinary and Customary Standard Should be Evaluated Under Skidmore*

Although PTAB claim constructions made under the ordinary and customary meaning standard are undeserving of *Chevron* deference and may not always have preclusive effect, they are still worthy of deference

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237. See *SkyHawke*, 828 F.3d at 1376; *Fromson*, 755 F.2d at 1555.

238. See cases cited *supra* note 219.

239. See, e.g., *SunPower Corp. v. PanelClaw, Inc.*, No. CV 12-1633-MPT, 2016 WL 1293479, at \*6 (D. Del. Apr. 1, 2016) (deferring to PTAB construction made under the ordinary and customary meaning standard because it was “well-reasoned and persuasive”).

240. *SkyHawke*, 828 F.3d at 1376.

241. *Id.*

242. *Id.*

243. See *United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001); *SkyHawke*, 828 F.3d at 1376.

244. *Mead*, 533 U.S. at 226–27.

under a *Skidmore* framework and should not be unduly minimized.<sup>245</sup> As the Court prescribed in *Mead*, “the well-reasoned views of the agencies implementing a statute ‘constitute a body of experience and informed judgment to which courts and litigants may properly resort for guidance.’”<sup>246</sup> PTAB ultimate claim construction determinations provide precisely such guidance.<sup>247</sup> As discussed above, parties to post-issuance proceedings present evidence, both intrinsic and extrinsic, from which the PTAB must construe the disputed claim “in light of the specification of the patent in which it appears.”<sup>248</sup> This determination is usually complex in nature and requires technical expertise, which gives the PTAB power to persuade, even if lacking power to control.<sup>249</sup>

Therefore, as required by *Skidmore*, district courts should defer to the PTAB’s ultimate claim construction based on the “thoroughness evident in its consideration, the validity of its reasoning, [and] its consistency with earlier and later pronouncements.”<sup>250</sup> In practice, district courts should fully consider and evaluate the PTAB’s claim construction determinations—that is, they should adopt a deferential stance towards the PTAB.<sup>251</sup> When such determinations are accompanied by detailed analysis of the intrinsic and extrinsic record, district courts should adopt the PTAB’s ultimate claim

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245. *See id.* at 228 (2001); *Microwave Vision, S.A. v. ETS-Lindgren Inc.*, No. 1:14-CV-1153-SCJ, 2016 WL 5092462, at \*6 (N.D. Ga. Sept. 20, 2016).

246. *See Mead*, 533 U.S. at 227.

247. *See, e.g.*, *DSS Tech. Mgmt., Inc. v. Apple, Inc.*, No. 14-CV-05330-HSG, 2015 WL 1967878, at \*4 (N.D. Cal. May 1, 2015) (“And even if the PTAB does not invalidate some or all of the claims, the PTAB’s claim construction and invalidity analyses ‘would likely prove helpful to this Court,’ whether or not the standard applied is identical to the one this Court must apply in the litigation.” (quoting *Black Hills Media, LLC v. Pioneer Elecs. (USA) Inc.*, No. CV 14-00471 SJO PJWX, 2014 WL 4638170, at \*6 (C.D. Cal. May 8, 2014))); *Black Hills Media*, 2014 WL 4638170, at \*6 (“While the PTAB interprets claim terms using the ‘broadest reasonable construction,’ 37 C.F.R. § 42.100(b), its analysis would likely prove helpful to this Court, no matter its final determination.”).

248. 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016).

249. *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944); *see also Universal Camera Corp. v. NLRB*, 340 U.S. 474, 488 (1951) (finding that judicial review of agency adjudication does not “negative the function of the Labor Board as one of those agencies presumably equipped or informed by experience to deal with a specialized field of knowledge, whose findings within that field carry the authority of an expertness which courts do not possess and therefore must respect”).

250. *Skidmore*, 323 U.S. at 140.

251. *See, e.g.*, *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 8073722, at \*11 (E.D. Tex. Dec. 4, 2015) (thoroughly evaluating the PTAB’s basis for its claim construction determination).

construction.<sup>252</sup>

As shown in the exemplary cases above, some courts are willing to thoroughly assess the PTAB's ultimate claim construction decision and analysis in making their own claim construction determinations.<sup>253</sup> For example, in *Contentguard*, the court took a deferential stance towards the PTAB's ultimate claim construction, asserting that the PTAB is "entitled to reasoned deference."<sup>254</sup> Depending on the term at issue, the court adopted or rejected the PTAB's construction based on the thoroughness of the PTAB's analysis of the intrinsic record.<sup>255</sup> Although the court in *Contentguard* did not consider the differing claim construction standards at issue and adopted the PTAB's construction under a BRI standard, its willingness to defer to the PTAB and to evaluate its analysis are a step in the right direction.<sup>256</sup> However, district courts have not expressly and uniformly adopted a standard for deference and have not articulated a clear basis for their treatment of PTAB claim construction decisions.<sup>257</sup> Formalizing an approach under administrative law principles will provide greater uniformity and a clearer guideline for treatment of PTAB ultimate claim construction decisions.<sup>258</sup>

In post-issuance proceedings where the PTAB applies the district court-type claim construction standard,<sup>259</sup> deferral to well-reasoned PTAB ultimate claim construction decisions is paramount to consistent interpretation of the scope of the claims at issue.<sup>260</sup> A consistent

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252. See, e.g., *SunPower Corp. v. PanelClaw, Inc.*, No. CV 12-1633-MPT, 2016 WL 1293479, at \*6 (D. Del. Apr. 1, 2016) (deferring to PTAB construction made under the ordinary and customary meaning standard because it was "well-reasoned and persuasive").

253. See, e.g., cases cited *supra* note 171.

254. *Contentguard Holdings*, 2015 WL 8073722, at \*11.

255. See, e.g., *id.* at \*2-11, \*44-51.

256. See *id.*

257. See, e.g., cases cited *supra* note 171.

258. See *United States v. Mead Corp.*, 533 U.S. 218 (2001); *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837 (1984); *Skidmore v. Swift & Co.*, 323 U.S. 134 (1944).

259. 37 C.F.R. §§ 42.100(b), 42.200(b), 42.300(b) (2016).

260. Cf. *TQP Dev., LLC v. Intuit Inc.*, No. 2:12-CV-180-WCB, 2014 WL 2810016, at \*6 (E.D. Tex. June 20, 2014) (Bryson, J.) (holding that, although other district court claim construction decisions are not binding on the court, "previous claim constructions in cases involving the same patent are entitled to substantial weight, and the Court has determined that it will not depart from those constructions absent a strong reason for doing so"); *Maurice Mitchell Innovations, L.P. v. Intel Corp.*, No. 2:04-CV-450, 2006 WL 1751779, at \*4 (E.D. Tex. June 21, 2006), *aff'd*, 249 F. App'x 184 (Fed. Cir. 2007) ("[T]he Court accepts the premise that a uniform treatment of claim construction is desirable, but rejects Intel's suggestion that this Court is bound in any way to accept the claim construction by [another district court judge].").



interpretation furthers the purpose of the definiteness requirement of Section 112(b), mandating claims to “particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention,” thereby, “appris[ing] the public of what is still open to them.”<sup>261</sup> At the same time, it provides a defined set of exclusive rights to the patentee.<sup>262</sup> Additionally, a consistent interpretation has the same benefits as issue preclusion: it prevents unnecessary waste of litigants’ resources and adjudicators’ time, and it discourages forum shopping.<sup>263</sup>

### 3. *PTAB Ultimate Claim Constructions Made Under BRI Should Be Treated As Extrinsic Evidence Provided by an Expert Body*

Deference to PTAB ultimate claim constructions made under BRI is not justified.<sup>264</sup> In these cases, the standard used in district court to interpret claims differs significantly enough from that used by the PTAB that the district court should evaluate the proper meaning and scope of the claims.<sup>265</sup> Although in some cases the district court and the PTAB reach the same conclusion after independent evaluations,<sup>266</sup> deference to the PTAB’s

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261. 35 U.S.C. § 112(b) (2012); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2125 (2014) (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996)).

262. *See* U.S. Const. art. I, § 8, cl. 8.

263. *See* *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1298–99 (2015).

264. *See* *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2146 (2016); *SkyHawke Techs., LLC v. Deca Int’l Corp.*, 828 F.3d 1373, 1376 (Fed. Cir. 2016).

265. *See* *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 734, 740 (Fed. Cir. 2016) (finding a difference in the actual construction of the term at issue based on the differing claim construction standards at the PTAB); *SkyHawke*, 828 F.3d at 1376 (“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.”); *Wonderland Nurserygoods Co. v. Thorley Indus., LLC*, No. CIV.A. 12-196, 2014 WL 5325353, at \*3 (W.D. Pa. Oct. 20, 2014) (pointing to the difference in claim construction standards and finding that “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 . . . .”); *cf.* *Maurice Mitchell Innovations, L.P. v. Intel Corp.*, No. 2:04-CV-450, 2006 WL 1751779, at \*4 (E.D. Tex. June 21, 2006), *aff’d*, 249 F. App’x 184 (Fed. Cir. 2007) (holding that a prior district court’s claim construction is not binding but “entitled to reasoned deference under the broad principles of stare decisis”).

266. *See, e.g.*, *Memory Integrity, LLC v. Intel Corp.*, No. 3:15-CV-00262-SI, 2016 WL 1122718, at \*16 n.9 (D. Or. Mar. 22, 2016) (“The Court agrees with [plaintiff] that PTAB’s decision has little weight for purposes of construing terms in a district court, but the Court nonetheless notes that PTAB reached the same conclusion about the construction of ‘states associated with selected ones of the cache memories’ that the Court now reaches. Courts

ultimate claim construction under the broadest reasonable interpretation standard is unwarranted because deference could lead to improper broadening of the scope of the claims at issue and produce unsound litigation outcomes.<sup>267</sup> To resolve the resulting inconsistency between district court and PTAB claim constructions when different standards are used, congressional action or a change of heart at the PTO is required.<sup>268</sup>

However, PTAB opinions may be properly treated as extrinsic evidence from an expert body,<sup>269</sup> keeping in mind the differing claim construction standards, much like opinions from experts that courts consider during claim construction.<sup>270</sup> As the Federal Circuit has stated, expert opinion can be useful to a court for a variety of purposes, such as to provide background

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have held that PTAB decisions may at least provide a district court with guidance . . . This Court uses the PTAB decision on this issue not for guidance, but for comfort.”).

267. *Id.*

268. *See Cuozzo*, 136 S. Ct. 2146.

269. *See, e.g., Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012) (recognizing that the “PTO has special expertise in evaluating patent applications”); *Dickinson v. Zurko*, 527 U.S. 150, 164 (1999) (finding that reasons such as “the PTO is an expert body, or that the PTO can better deal with the technically complex subject matter . . . [or] two (and sometimes more) PTO tribunals had reviewed the matter and agreed about the factual finding . . . are reasons that courts and commentators have long invoked to justify deference to agency factfinding [sic]”); *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1350 (Fed. Cir. 2013) (Newman, J., dissenting) (“Reexamination would allow patent holders and challengers to avoid the present costs and delays of patent litigation . . . Patent reexamination will also reduce the burden on our overworked courts by drawing on the expertise of the Patent and Trademark Office.” (quoting 126 CONG. REC. 30, 364 (1980) (statement of Sen. Bayh))); *Microwave Vision, S.A. v. ETS-Lindgren Inc.*, No. 1:14-CV-1153-SCJ, 2016 WL 5092462, at \*6 (N.D. Ga. Sept. 20, 2016) (evaluating the PTAB’s claim construction decision and holding that “[t]he opinion of an expert body like the PTAB can carry significant persuasive weight when courts deal with technically complex issues, like patents”); *Clearlamp, LLC v. LKQ Corp.*, No. 12 C 2533, 2016 WL 4734389, at \*6 (N.D. Ill. Mar. 18, 2016) (“The PTAB’s decision is persuasive because it affords this court an opportunity to consider the PTAB’s expert reasoning based on the evidence presented to it.”); *Virginia Innovation Scis., Inc. v. Samsung Elecs. Co.*, 983 F. Supp. 2d 713, 764 (E.D. Va. 2014), *vacated*, 614 F. App’x 503 (Fed. Cir. 2015) (recognizing the court “generally gives deference to final PTO decisions, based in part on the PTO’s specialized knowledge and expertise”).

270. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005) (en banc); *cf. In re Etter*, 756 F.2d 852, 857 (Fed. Cir. 1985) (“The innate function of the reexamination process is to increase the reliability of the PTO’s action in issuing a patent by reexamination of patents thought ‘doubtful.’ When the patent is concurrently involved in litigation, an auxiliary function is to free the court from any need to consider prior art without the benefit of the PTO’s initial consideration.”) (citation omitted); *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983) (“One purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding).”).

on the technology at issue, to explain how an invention works, to ensure that the court's understanding of the technical aspects of the patent is consistent with that of a person of skill in the art, or to establish that a particular term in the patent or the prior art has a particular meaning in the pertinent field.<sup>271</sup>

Given the PTAB's expertise in dealing with technically complex subject matter, district courts should consider the PTAB's claim construction analysis conducted under the BRI standard in order to glean insight from the PTAB's understanding of the invention of the patent-at-issue.<sup>272</sup> Treating PTAB opinions as extrinsic evidence ensures that PTAB opinions are not outright rejected without consideration nor completely disregarded, like the decisions discussed above in *Custom Media*<sup>273</sup> and *Personalized Media*.<sup>274</sup> Such an approach would provide a measure of consistency and predictability.<sup>275</sup>

## V. CONCLUSION

Inconsistent approaches to the PTAB's claim construction determinations encourage losing parties to retry their luck and failed arguments in district court, wasting the parties' and judicial resources alike.<sup>276</sup> Inconsistent claim constructions for the same claim terms fail to apprise the public of what is still open to them and how they can avoid infringement.<sup>277</sup> They also fail to grant a defined set of exclusive rights to the patentee.<sup>278</sup> The approach advocated in this Note will ameliorate these concerns as much as possible while respecting the inherent inconsistency in Congress's statutory design.<sup>279</sup>

Using principles of administrative law and guidance on how appellate courts must review district court and PTAB claim construction decisions, this Note devises a framework for district courts to analyze PTAB findings

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271. *Phillips*, 415 F.3d at 1317.

272. *See* cases cited *supra* note 269.

273. *Custom Media Techs. LLC v. Comcast Cable Commc'ns, LLC*, No. CV 13-1421-LPS, 2015 WL 4743671, at \*5 (D. Del. Aug. 11, 2015).

274. *Personalized Media Commc'ns, LLC v. Apple, Inc.*, No. 2015-CV-01206-JRG-RSP, 2016 WL 6247054, at \*7-9, \*12-13, \*16-17, \*29-30, \*41-42 (E.D. Tex. Oct. 25, 2016); *see also* cases cited *supra* note 187.

275. *See supra* Section III.B.3-III.B.4.

276. *See B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1298-99 (2015).

277. 35 U.S.C. § 112(b) (2012); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2125 (2014) (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996)).

278. *See* U.S. Const. art. I, § 8, cl. 8.

279. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2146 (2016).

of fact and ultimate claim constructions. First, with respect to PTAB findings of fact, the “evidentiary underpinnings” of the PTAB’s claim construction determination, the Supreme Court’s decisions in *Teva* and *Zurko* provide the proper guidance on how district courts should treat PTAB findings based on Section 706 of the APA.<sup>280</sup> Based on this guidance, district courts should defer to the PTAB and adopt its findings of fact if they are supported by “substantial evidence.”<sup>281</sup>

Second, with respect to PTAB ultimate claim construction decisions made under the ordinary and customary standard, the standard used in district court, district courts should defer to the PTAB’s expertise under *Skidmore* and adopt the PTAB’s ultimate claim constructions that are well reasoned and supported by the extrinsic and intrinsic record.<sup>282</sup> However, with respect to PTAB ultimate claim constructions made under the broadest reasonable interpretation standard, the more commonly applied standard by the PTAB, district courts should perform an independent analysis of the proper scope and meaning of a claim at issue. In these circumstances, district courts may properly treat these PTAB determinations as extrinsic evidence from an expert body.<sup>283</sup>

Using the approach outlined above would provide a more unified and consistent approach to treatment of PTAB claim construction rulings in parallel or later litigation involving the same patent.<sup>284</sup> District court

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280. See Administrative Procedure Act, 5 U.S.C. § 706 (2012) (“The reviewing court shall . . . (2) hold unlawful and set aside agency action, findings, and conclusions found to be (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; . . . (E) unsupported by substantial evidence . . . .”); *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015); *Dickinson v. Zurko*, 527 U.S. 150 (1999).

281. See Administrative Procedure Act, 5 U.S.C. § 706(2) (2012); *Zurko*, 527 U.S. at 164.

282. See *United States v. Mead Corp.*, 533 U.S. 218, 227 (2001).

283. See cases cited *supra* notes 13, 270.

284. See *supra* discussion of differing treatment of PTAB ultimate claim constructions in Section II.B; see, e.g., *THX, Ltd. v. Apple, Inc.*, No. 13-CV-01161-HSG, 2016 WL 6563340, at \*5 (N.D. Cal. Nov. 4, 2016); *Research Frontiers, Inc. v. E Ink Corp.*, No. CV 13-1231-LPS, 2016 WL 1169580, at \*7 (D. Del. Mar. 24, 2016); *GoDaddy.com, LLC v. RPost Commc’ns Ltd.*, No. CV-14-00126-PHX-JAT, 2016 WL 212676, at \*30–31 (D. Ariz. Jan. 19, 2016); *Depuy Orthopaedics, Inc. v. Orthopaedic Hosp.*, No. 3:12-CV-299-CAN, 2016 WL 96164, at \*5 (N.D. Ind. Jan. 8, 2016); *Contentguard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 8073722, at \*11 (E.D. Tex. Dec. 4, 2015); *Malibu Boats, LLC v. Nautique Boat Co.*, 122 F. Supp. 3d 722, 728 (E.D. Tenn. Jan. 28, 2015); *Pragmatus AV, LLC v. Yahoo! Inc.*, No. C-13-1176 EMC, 2014 WL 1922081, at \*4 (N.D. Cal. May 13, 2014); cf. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 391 (1996) (finding that the treatment of claim construction as a purely legal question should promote intrajurisdictional certainty through the application of stare decisis).

ultimate claim constructions performed under this framework would alleviate, at least to an extent, concerns that different claim construction standards at the PTAB and in district court undermine the purpose of post-issuance proceedings under the America Invents Act.<sup>285</sup> Yet, because district courts are not bound by the PTAB's claim constructions,<sup>286</sup> this approach still allows courts to provide the proper check on executive decisions.<sup>287</sup>

The PTAB often faces the difficult task of deciphering technically complex claims and crafting exact meaning for disputed terms. At a minimum, district courts should not ignore the PTAB's analysis and examination.<sup>288</sup> As shown above, some district courts are apt to do exactly that.<sup>289</sup>

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285. See cases cited *supra* note 21.

286. See cases cited *supra* note 226.

287. See also Scalia, *supra* note 84, at 521; Starr, *supra* note 84, at 284, 312.

288. See, e.g., *Blitzsafe Texas, LLC v. Honda Motor Co.*, No. 2:15-CV-1274-JRG-RSP, 2016 WL 4762083, at \*12–17 (E.D. Tex. Sept. 13, 2016); *Better Mouse Co., LLC v. Steelseries Aps*, No. 2:14-CV-198-RSP, 2015 WL 5210667, at \*11 (E.D. Tex. Sept. 3, 2015); *Custom Media Techs. LLC v. Comcast Cable Commc'ns, LLC*, No. CV 13-1421-LPS, 2015 WL 4743671, at \*5 (D. Del. Aug. 11, 2015).

289. See discussion *supra* Section III.B.4.



