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June 21, 2016

U.S. SUPREME COURT PUTS BRAKES ON CUOZZO

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In the first case it heard about inter partes review (IPR) proceedings, the U.S. Supreme Court upheld two vitally important aspects of the America Invents Act ("AIA"). In *Cuozzo Speed Technologies, LLC v. Lee*, the Court upheld the AIA's barring of challenges to decisions by the U.S. Patent and Trademark Office's ("USPTO") decisions to institute an IPR on a speedometer patent and the USPTO's use of the "broadest reasonable interpretation" standard for claim construction. A copy of the June 20, 2016 *Cuozzo* decision is available [here](#).

Since enactment of the 2011 AIA, the Patent Trial and Appeal Board ("PTAB") has conducted IPR proceedings under the broadest reasonable interpretation standard ("BRI") for claim interpretation -- a standard used by the USPTO for over 100 years in prosecution and interference proceedings, as Porzio previously discussed [here](#). Despite many opinions from both patent owners and dissenting judges at the Court of Appeals for the Federal Circuit that the construction standard in IPRs should be identical to the narrower approach of district courts, Justice Breyer, writing for the majority, found that BRI was a "reasonable exercise of the rulemaking authority that Congress delegated to the Patent Office" and did not find it "unreasonable...to prefer a degree of inconsistency in the standards used between the courts and the [USPTO], rather than among [USPTO] proceedings."

Cuozzo's argument was that the claims could survive under a district court's *Phillips*-type claim construction, but that BRI allowed for a broader prior art attack, increasing the likelihood of the claims being found invalid. The Justices, however, were not convinced -- giving patent owners more concerns in the face of the limited ability to amend claims IPR proceedings. [According to the USPTO](#), 86% of IPR trials that have completed to this point have resulted in at least some claims being found unpatentable. Moreover, as pointed out in the

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Supreme Court's majority opinion, only five out of 86 motions to amend claims of patents in IPR proceedings have been granted, making amendments to avoid the priority art unlikely.



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The Court also affirmed the provision under 35 U.S.C. § 314(d), barring challenges to the PTAB's decisions to institute or not institute IRPs. The majority found the explicit language of § 314(d) to be the death knell, stating, in part, that the decision to "institute an *inter partes* review...shall be final and non-appealable." The Court qualified the lack of review, suggesting that in cases where the petition for an IPR does not provide sufficient notice and fails on due process grounds or where the agency acted outside its statutory limits, such as by "canceling a patent claim for 'indefiniteness under § 112' in *inter partes* review.... [s]uch 'shenanigans' may be properly" reviewed. The dissent of Justices Alito and Sotomayor interpreted the statute as limiting interlocutory appeals but not having the far-reaching prohibition on challenges to institution decisions relating to review of the PTAB's merit-based final decision.

Cuozzo brought this appeal after the Federal Circuit rejected its attempt to challenge the USPTO's decision to institute under § 314(d) and the use of BRI. By disagreeing with Cuozzo's assertion that the PTAB used an overly broad standard in BRI, the Court reinforced the public's ability to defend against entities such as patent trolls and improperly granted patents.