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Intellectual Property Law Alert - Federal Circuit Affirms PTAB On All Issues In First Appeal Of Inter Partes Review Under The America Invents Act

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In a case of first impression, the U.S. Court of Appeals for the Federal Circuit in held in a 2-1 decision that it lacked the authority to review decisions of the Patent Trial and Appeal Board (PTAB), part of the U.S. Patent and Trademark Office (PTO) to initiate an *inter partes* review (IPR), even on appeal from a final written decision. *In Re Cuozzo Speed Technologies LLC*, 14-1301 (Feb. 4, 2015). Moreover, the Federal Circuit reaffirmed the "broadest reasonable interpretation" standard for claim construction used by the PTAB. The court also affirmed the PTAB's decisions to invalidate the claims at issue as obvious and to deny a motion to amend the claims.

The subject matter of the appeal involved a speed limit indicator for superimposing the actual speed of the vehicle versus the posted speed limit as determined by a GPS system. The patented speed limit indicator was owned by Cuozzo Speed Technologies LLC, which had sued a number of companies, including Garmin Ltd., General Motors Co. and TomTom, Inc. Garmin chose to bring an IPR challenge and successfully argued that the Cuozzo patent was an obvious variation of earlier inventions. The PTAB agreed with Garmin's position and held the Cuozzo patent invalid after applying its "broadest reasonable interpretation" standard to construe the claims of the Cuozzo patent.

In its primary argument before the Federal Circuit, Appellant Cuozzo argued that the PTAB may only institute an IPR based on grounds identified in the petition because "[t]he Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition . . . and any response . . . shows that there is a reasonable likelihood that the petitioner would prevail . . . ." citing 35 U.S.C. § 314(a). Section 314(d), however, is entitled "No appeal" and provides that "[t]he determination by the Director (of the PTO) whether to institute an *inter partes* review under this section shall be final and non-appealable." The PTO argued that Congress was clear that § 314(d) precludes review of the PTO's determination to institute an IPR. Cuozzo argued that § 314(d) does not completely preclude review of the decision to institute IPR, but instead merely "postpones review" of the PTO's authority until after the issuance of a final decision by the board. The Federal Circuit agreed with the PTO that the decision to institute an IPR cannot be appealed even after the PTAB's *final* written deicsion, expanding on an earlier decision in which the Federal Circuit had held that § 314(d) precludes *interlocutory* review of decisions whether to institute an IPR. The Federal Circuit did leave open the door, however, that on whether a decision to institute an IPR review is reviewable by

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mandamus in appropriate circumstances.

Cuozzo next argued that the PTAB erred in applying the "broadest reasonable interpretation" standard in its claim construction. The court rejected this argument also, finding that Congress had at least implicitly authorized the PTAB's use of the "broadest reasonable interpretation" standard. Further, the court noted that the America Invents Act (AIA), which created IPRs, conveyed rulemaking authority to the PTO and authorized the PTO to promulgate 37 C.F.R. § 42.100(b), which expressly provides that "[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." The Court further buttressed it opinion by stating that the "broadest reasonable interpretation" standard has been applied by the PTO and courts for more than 100 years in various types of proceedings.

Finally, applying a *de novo* standard of review to the PTAB's claim construction, the court affirmed the PTAB's construction of Cuozzo's claims and affirmed the PTAB's holdings as to the obviousness (invalidity) of Cuozzo's patent claims in view of the cited prior art. The court further affirmed the PTAB's denial of Cuozzo's motion for leave to amend its challenged claims. The PTAB found that the proposed amended claims would have improperly broadened the original claims.

The decision of the Federal Circuit in *Cuozzo* remains the law until either the Federal Circuit sitting *en banc* or the Supreme Court modifies or overturns it; both avenues are discretionary with each respective judicial body. As a result of *Cuozzo*, patentees are likely to continue to find their patents subject to frequent IPR challenges by competitors. In addition, companies dealing with patent trolls are likely to continue to find IPRs attractive compared to more time-consuming and expensive district court litigation.

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