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The Standard of Review for Claim Construction in Inter Partes Review

by ALANA CANFIELD MANNIGÉ*

Abstract: The Court of Appeals for the Federal Circuit (Federal Circuit) hears appeals from the United States Patent & Trademark Office (PTO). Recently, the American Invents Act expanded the PTO's power in the patent world by creating new types of proceedings, including Inter Partes Review (IPR), by which one may challenge the validity of a patent. To determine the validity of patent claims in IPR proceedings, the PTO must first perform claim construction. As an administrative agency, the decisions of the PTO (such as claim construction) should be accorded significant deference by way of the Administrative Procedure Act (APA).

In the first ever appeal from an IPR proceeding, *In re Cuozzo Speed Technologies*, the Federal Circuit reviewed the PTO's claim construction according to the standard of review applicable to district courts (the Teva standard). This Note argues that the PTO's claim construction should have been reviewed according to the standard of review applicable to agencies (under the APA), not the standard of review applicable to district courts (the Teva standard).

The Note then provides a detailed analysis of what the standard of review for PTO claim construction should be under the APA. This Note concludes that for questions of fact (e.g., disputes over the meaning of extrinsic evidence), the appropriate standard of review is the substantial evidence standard; for questions of law (e.g., interpreting the PTO's Broadest Reasonable Interpretation standard), the appropriate standard of review should usually be the Auer "clearly erroneous" standard; finally, for mixed questions applying the law to the facts (e.g., the ultimate claim construction), the appropriate standard of review is the "arbitrary and capricious" standard. Importantly, the standard of review for the ultimate claim construction is the arbitrary and capricious standard, which is much more deferential than the de novo standard currently being applied by the Federal Circuit.

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I. Introduction

In almost every lawsuit that goes to trial, the losing party must decide whether to appeal the court’s ruling. The decision of whether or not to appeal is influenced by many factors, one of which is how much sway the lower court’s ruling would have on the appellate court — the “standard of review.” Standards of review may be more or less deferential to the lower court’s ruling. The more deferential the standard of review, the less likely it is that the losing party will be able to prevail on appeal.

Unfortunately, the appropriate standard of review on any given issue is frequently “ignored, manipulated, or misunderstood.”¹ This is especially the case when it comes to appeals made from decisions of administrative agencies rather than the courts.² Administrative agencies are governed by the Administrative Procedure Act (APA), which outlines specific standards of review for agency decisions.³ In general, agencies receive more deference

1. Amanda Peters, *The Meaning, Measure, and Misuse of Standards of Review*, 13 LEWIS & CLARK L. REV. 233, 235 (2009).

2. See David Zaring, *Reasonable Agencies*, 96 VA. L. REV. 135 (2010).

3. See 5 U.S.C. § 706 (1966).

for their decisions than lower courts do, primarily because agencies are considered to be experts in their fields.⁴

Patent law is currently undergoing a transition in which many decisions that were previously made only by the courts are now also being made by an administrative agency — the United States Patent & Trademark Office (PTO). The America Invents Act (AIA) of 2011 created a variety of new forums in which the PTO, instead of an Article III court, is the decision-maker.⁵ One popular forum has been Inter Partes Review (IPR), which is an administrative adjudicatory proceeding whereby one can challenge the validity of a patent.⁶ Congress created IPR partly as a way to address the “patent troll” problem⁷ — the situation in which a “nonpracticing entity” threatens frivolous litigation in order to force companies to pay the patent troll licensing fees, which are frequently less costly than the costs of litigation. Using IPR, the public can now initiate proceedings to have meritless patents declared invalid, and these proceedings are usually less costly and faster than litigation.⁸

The Federal Circuit, who hears appeals from patent law decisions originating in district courts, also hears appeals from IPR proceedings.⁹ As mentioned earlier, administrative decisions (such as those decisions made by the PTO during IPR) usually receive a higher level of deference than the decisions of Article III courts because administrative agencies are presumed to have expertise in their fields.¹⁰ So, the Federal Circuit is now in the interesting position of having to apply different standards of review to essentially the same subject matter — one standard for patent decisions originating from district court and another standard for patent decisions originating from the PTO.

Claim construction is one such decision. The process of defining the meaning of words in a claim is called “claim construction.”¹¹ Claim

4. See Connor N. Raso & William N. Eskridge, Jr., *Chevron as a Canon, Not a Precedent: An Empirical Study of What Motivates Justices in Agency Deference Cases*, 110 COLUM. L. REV. 1727, 1782 (2010) (“agency expertise has since the New Deal been the most commonly expressed rationale for judicial deference”).

5. See, e.g., 35 U.S.C. § 311 (Inter partes review); 35 U.S.C. § 321 (Post-grant review).

6. See 35 U.S.C. § 311.

7. See Adam Smith, *Patent Trolls – An Overview of Proposed Legislation and a Solution that Benefits Small Businesses and Entrepreneurs*, 9 OHIO ST. ENTREP. BUS. L.J. 201, 224 (2014-2015).

8. See EDWARD D. MANZO, *THE AMERICA INVENTS ACT: A GUIDE TO PATENT LITIGATION AND PATENT PROCEDURE* § 18:1 (2014).

9. 35 U.S.C. § 143.

10. See Raso & Eskridge, *supra* note 4, at 1782.

11. See CRAIG A. NARD, *THE LAW OF PATENTS* 512 (3d ed. 2014).

construction forms the foundation for most patent lawsuits and is frequently dispositive for the lawsuit in general.¹² This is because the patent's claims define what the inventor regards as his or her invention, and therefore the claims define the inventor's rights to exclude. Throughout patent prosecution, claims are interpreted by the patent examiner, who gives each term its "broadest reasonable interpretation" (BRI) in light of the patent application's specification.¹³ If a patent is granted and subsequently litigated, the district court must "construe" the claims. However, unlike the patent examiner, the district court gives the claims their "ordinary and customary meaning" (OCM) as interpreted by a person having ordinary skill in the art (PHOSITA) at the time of invention.¹⁴ Interestingly, during IPR, the claims are construed using the BRI standard, rather than the OCM standard.¹⁵

Only recently has the Supreme Court articulated the standard of review for claim construction appeals originating in the district courts.¹⁶ Under *Teva v. Sandoz*, the Federal Rules of Civil Procedure (FRCP) determine the standard of review for district court claim construction — questions of fact are to be reviewed for "clear error," while questions of law are to be reviewed *de novo*.¹⁷ The Supreme Court in *Teva* elaborated on this standard, stating that in claim construction, factual disputes over extrinsic evidence (e.g., expert testimony, dictionaries, and treatises) are questions of fact, while the ultimate claim construction is a question of law.¹⁸ The Federal Circuit quickly applied the *Teva* standard to claim construction appeals originating from IPR.¹⁹

This Note argues that the *Teva* standard is not the appropriate standard of review for claim construction appeals originating from IPR. This is because such appeals are guided by the principles of administrative law and the APA, not the FRCP. Similar to the FRCP, the standard of review in administrative law depends on the law-fact distinction.²⁰ One important difference between the FRCP and administrative law is that "mixed"

12. *Id.*

13. MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014).

14. Phillips v. AWH Corp., 415 F.3d 1303, 1312 (Fed. Cir. 2005).

15. See 37 C.F.R. § 42.100(b) ("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.").

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

17. *Id.* at 835.

18. *Id.* at 841.

19. *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268, 1280 (Fed. Cir. 2015).

20. ALFRED AMAN JR. & WILLIAM MAYTON, ADMINISTRATIVE LAW (3d ed. 2014).

questions applying the law to particular facts have a separate standard of review in administrative law, but under the FRCP the standard of review for such mixed questions has varied.²¹

Accordingly, this Note proposes that the appropriate standard of review for IPR claim construction decisions should be based in administrative law, which offers a more deferential standard than the *Teva* standard. This Note proposes which parts of claim construction are questions of fact, which parts are questions of law, and which parts are mixed questions applying the law to the facts. For questions of fact, this Note argues that the appropriate standard of review is the substantial evidence standard. For questions of law, this Note argues that the appropriate standard of review will usually be the *Auer* “clearly erroneous” standard. Finally, for mixed questions applying the law to the facts, this Note argues that the appropriate standard of review is the “arbitrary and capricious” standard.

One key difference between the *Teva* standard and the standards proposed above is the way the ultimate question of claim construction is treated. Under *Teva*, the ultimate claim construction is a question of law and reviewed *de novo*.²² In contrast, this Note proposes that the ultimate question of claim construction in administrative law is a mixed question that requires application of the law to the facts and is reviewed under the “arbitrary and capricious” standard, which is more deferential than the *de novo* standard used by the Federal Circuit.²³ This Note concludes by arguing that the combination of the BRI standard and the high deference that should be accorded to IPR claim construction creates an unfair environment favoring patent infringement defendants.

II. Background on Claim Construction and Inter Partes Review

A. Claim Construction

The claims of a patent define the metes and bounds of the patentee’s right to exclude. As such, the meaning of the words in each claim is of great importance and frequently a point of contention. The process of deciding the meaning of the words in a claim is called “claim construction.”²⁴ In district court, claim construction usually occurs during a *Markman* hearing, which is a hearing in which each party presents its interpretation of the

21. FED. PRAC. & PROC. CIV. § 2589 (3d ed. 2014).

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

23. KEITH WERHAN, PRINCIPLES OF ADMINISTRATIVE LAW 394 (2d ed. 2014).

24. See Nard, *supra* note 11, at 391.

claims, resulting in a decision by the judge on the actual claim construction.²⁵ Frequently, the *Markman* hearing is dispositive in a case and the winning party moves for summary judgment soon after the hearing.²⁶

In district court, claims are construed according to the OCM.²⁷ The OCM of a particular term in a claim is the “[m]eaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.”²⁸ In deciding the OCM of a claim, courts are permitted to consider both intrinsic evidence (the patent’s specification and prosecution history) and extrinsic evidence (expert and inventor testimony, dictionaries, and learned treatises).²⁹ The relative value of extrinsic evidence and intrinsic evidence is somewhat unclear.³⁰ While recognizing that interpretation of claim language should not occur “in a vacuum,” the Federal Circuit has also stated that extrinsic evidence is “less significant than the intrinsic record in determining the legally operative meaning of claim language.”³¹ Unfortunately, the courts have not clearly defined the goal of claim construction, which could be two-fold: (a) identifying the objective intent of the inventor, as it would appear to a PHOSITA and/or (b) putting the public on notice regarding the metes and bounds of the claimed invention.

In contrast to district courts, the PTO does not use the OCM standard for claim construction. Instead, the PTO uses the “broadest reasonable interpretation” (BRI) standard.³² The rationale for this difference has been that the PTO construes claims during examination, during which time the applicant is free to amend the claims.³³ Therefore, the PTO construes the claims broadly in order to force applicants to amend claims whose scope is not supported by the patent’s specification.³⁴ Like the OCM standard, the BRI standard is defined in light of the patent’s specification and from the perspective of PHOSITA. While the OCM and BRI could be equivalent, the OCM should never be broader than the BRI (for example, the BRI of the

25. *Id.* at 398.

26. *Id.*

27. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005).

28. *Id.* at 1313.

29. *Id.* at 1317 (citing *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 980 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996)).

30. The debate between the value of intrinsic evidence and extrinsic evidence has been compared to the debate between the Corbin and Williston approaches to the interpretation of contracts. *See Nard*, *supra* note 11, at 76.

31. *Phillips*, 415 F.3d at 1317 (citations omitted).

32. MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014).

33. *Id.*

34. *Id.*

word “green” might include all shades of green, while the OCM of the word “green” might be a particular shade of green).

B. Inter Partes Review

Historically, the only way for one to challenge the validity of a patent has been to first be sued for patent infringement and then counterclaim that the patentee’s patent is invalid. This was highly inefficient, especially given the prevalence of frivolous lawsuits by nonpracticing entities. In 2011, Congress passed the AIA, which created a new forum allowing any member of the public to challenge the validity of a patent in a post-grant proceeding before the PTO, regardless of whether the challenger has first been sued for patent infringement. Under the AIA, one can challenge the validity of a patent in a few different ways, but this Note focuses on IPR, which has become quite popular due to the high success rate of those who initiate IPR.³⁵ IPR is considered an adjudicatory proceeding, containing procedures such as discovery and a hearing before a panel of three administrative law judges, who form part of the Patent Trial and Appeal Board (PTAB).³⁶

During inter partes review, the challenger can claim that the patent is invalid for lack of novelty and lack of nonobviousness.³⁷ Importantly, most invalidity decisions require that the PTO first engage in claim construction. Unlike district courts, PTAB uses the BRI standard of claim construction.³⁸ The PTO’s decision to use the BRI standard in IPR has been criticized by many, who argue that the appropriate standard should have been the OCM standard.³⁹

III. What Standard of Review Should the Federal Circuit Apply

35. See, e.g., 35 U.S.C. § 311 (inter partes review); 35 U.S.C. § 321 (post-grant review).

36. See Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959 (2013).

37. 4 Pat. L. Fundamentals § 15A: 36 (2d ed. 2015).

38. See 37 C.F.R. § 42.100(b) (“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.”).

39. See Grant Ford, *Broadest Reasonable Interpretation vs. Ordinary and Customary Meaning: Challenges Introduced by Applying Different Claim Construction Standards at the PTAB and District Court*, <http://www.sughrue.com/Broadest-Reasonable-Interpretation-vs-Ordinary-and-Customary-Meaning-8211-Challenges-Introduced-by-Applying-Different-Claim-Construction-Standards-at-the-PTAB-and-District-Courts-09-11-2014.com> (last visited Apr. 1, 2015).

to Claim Construction in Inter Partes Review?

As mentioned earlier, the AIA has recently created a shift in power in the patent system.⁴⁰ Decisions that used to be the sole province of the courts are now also the province of the PTO, an administrative agency. As such, one can expect administrative law to start playing a much bigger role in the patent system, especially when it comes to the standard of review for IPR decisions. Unfortunately, there is a lag in the courts recognizing the importance of administrative law, probably due to simple inertia. One prime example of this lag is the case *In re Cuozzo Speed Technologies*, which was the first appeal of an IPR decision to the Federal Circuit. One issue on appeal was claim construction.⁴¹

As luck would have it, while *In re Cuozzo Speed Technologies* was pending, the Supreme Court decided the *Teva* case, which defined the standard of judicial review for the claim construction decisions of a district court.⁴² Under *Teva*, legal conclusions are reviewed *de novo*, while conclusions regarding disputed facts are reviewed for clear error, in accordance with Rule 52 of the FRCP.⁴³ Two weeks later, the Federal Circuit applied the brand new *Teva* standard of review to the claim construction in the first ever IPR appeal, *In re Cuozzo Speed Technologies*.⁴⁴ Since the record in that case had no extrinsic evidence, there were no factual disputes and the Federal Circuit's standard of review was simply *de novo*.⁴⁵

This Note argues that the Federal Circuit's application of *Teva* to claim construction in IPR is inappropriate because IPR claim construction occurs during an administrative adjudicatory proceeding, and therefore the standard of review is governed by the principles of administrative law and the APA, not the FRCP. In both the context of the FRCP and the APA, a key issue in determining the appropriate standard of review is whether the court is reviewing a question of law or a question of fact.⁴⁶ In *Teva*, the court considered only these two categories because they are all that is mentioned in the FRCP. Unlike the FRCP, administrative law recognizes a third category — “mixed” questions that involve agency discretion for applying

40. See Wasserman, *supra* note 36, at 2018.

41. *In re Cuozzo Speed Technologies, LLC*, 778 F.3d at 1282.

42. *Teva*, 135 S. Ct. at 835.

43. *Teva*, 135 S. Ct. at 835; Fed. R. Civ. Proc. 52(a)(6).

44. *In re Cuozzo Speed Technologies, LLC*, 778 F.3d at 1282–83.

45. *Id.*

46. Fed. R. Civ. P. 52(a)(6); 5 U.S.C. § 706.

law to the facts.⁴⁷ Therefore, the first step in identifying the appropriate level of deference for claim construction in IPR is distinguishing which aspects of the decision were drawn to (a) questions of fact, (b) questions of law, and (c) mixed questions applying the law to the facts.⁴⁸

A. Distinguishing Between Questions of Fact, Questions of Law, and “Mixed” Questions

Distinguishing between questions of fact, questions of law, and “mixed” applications of the law to facts is the first step in determining the appropriate standard of review of an agency decision.⁴⁹ According to *Black’s Law Dictionary*, one definition for a question of fact is “an issue that has not been predetermined and authoritatively answered by the law.”⁵⁰ On the other hand, a question of law can be defined as “a question that the law itself has authoritatively answered, so that the court may not answer it as a matter of discretion.”⁵¹ *Black’s Law Dictionary* does not have a definition for mixed questions, but in administrative law mixed questions are questions that involve “the application of the law to facts.”⁵² Questions of law ask how the law itself should be interpreted in general; mixed questions ask what the outcome should be in a specific situation after one applies the law to the facts.

Distinguishing between a pure question of law and a “mixed” application of the law to particular facts is often a difficult task.⁵³ Robert Levin has suggested referring to “mixed” questions as “discretionary” questions.⁵⁴ According to Levin, one way of distinguishing questions of law from fact is for courts to “separate normative issues falling within their own province (questions of law) from normative issues that are primarily for the

47. *NLRB v. Hearst Publ’ns*, 322 U.S. 111, 131 (1944) (stating that “[w]here the question is one of specific application of a broad statutory term in a proceeding in which the agency administering the statute must determine it initially, the reviewing court’s function is limited” and the decision should be “accepted if it has ‘warrant in the record’ and a reasonable basis in law.”); *see also* Ronald M. Levin, *Identifying Questions of Law in Administrative Law*, 74 GEO. L.J. 1, 12 (1985) (arguing that the application of law to fact is an instance of agency discretion).

48. Aman and Mayton, *supra* note 20, at 357–58.

49. *Id.*

50. BLACK’S LAW DICTIONARY 618 (4th ed. 2011).

51. *Id.*

52. Aman and Mayton, *supra* note 20, at 358.

53. Ronald M. Levin, *Identifying Questions of Law in Administrative Law*, 74 GEO. L.J. 1, 11–12 (1985).

54. *Id.*

agency (questions of discretion).”⁵⁵ In light of the seminal *Chevron* decision,⁵⁶ perhaps the appropriate way to tell whether an issue is within the province of the courts or the agency is to look at legislative intent — if there was clear legislative intent not to delegate the issue to the agency, then the issue is question of law; but if there was intent to delegate the issue to the agency or intent was ambiguous, then the issue is a “mixed” one of agency discretion.

In the case of claim construction, the starting point for the task of identifying questions of law, questions of fact, and mixed questions is the Supreme Court’s recent *Teva* decision. According to *Teva*, questions of fact in claim construction are those factual disputes arising from extrinsic evidence.⁵⁷ Extrinsic evidence is “all evidence external to the patent and prosecution history, including expert and inventor testimony, dictionaries, and learned treatises.”⁵⁸ In contrast, *Teva* identifies that the ultimate claim construction based solely on intrinsic evidence is a question of law.⁵⁹ Intrinsic evidence includes the specification and prosecution history.⁶⁰ The court’s rationale for why the ultimate claim construction is a question of law was that it is similar to “construing other written instruments, such as deeds, contracts, or tariffs,”⁶¹ which are questions of law.

This Note agrees with the Court’s conclusion in *Teva* that disputes over extrinsic evidence constitute questions of fact. However, this Note argues that the Court in *Teva* conflated two distinct issues when identifying questions of law: (a) the ultimate claim construction, and (b) disputes over the meaning of intrinsic evidence. While this conflation may be proper in the context of the FRCP, it is improper in the context of administrative law, which requires distinguishing questions of law (e.g., disputes over the meaning of extrinsic evidence) from mixed questions (e.g., the ultimate claim construction) when identifying the appropriate standard of review. This Note analyzes the ultimate

55. Levin, *supra* note 53, at 13.

56. *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, 467 U.S. 837, 843–44 (1984) (identifying Congress’ intent to delegate as important in deciding the appropriate level of deference for an agency’s interpretation of its own statute); *see also* *United States v. Mead Corp.*, 533 U.S. 218, 230 (2001) (“It is fair to assume generally that Congress contemplates administrative action with the effect of law when it provides for a relatively formal administrative procedure tending to foster the fairness and deliberation that should underlie a pronouncement of such force.”).

57. *Teva Pharm. USA, Inc.*, 135 S. Ct. at 841.

58. *Phillips*, 415 F.3d at 1317 (citing *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 980 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996)).

59. *Teva Pharm. USA, Inc.*, 135 S. Ct. at 841.

60. *Id.*

61. *Id.* at 837.

claim construction separately from disputes over the meaning of intrinsic evidence.

This Note argues that the ultimate question of claim construction is likely a “mixed” question that requires applying the law to the facts. Firstly, the ultimate claim construction depends on applying the appropriate legal standard (either the OCM or the BRI) to extrinsic factual evidence and the intrinsic evidence.⁶² Therefore, the ultimate claim construction requires applying the law to the facts, making it a “mixed” question of law and fact. In a similar vein, all claim construction involves adopting the perspective of PHOSITA, and thus requires applying the law (i.e., the PHOSITA standard) to the facts. One could argue that the application of legal standards similar to the PHOSITA standard (such as the reasonable person standard in torts) have traditionally been the realm of the jury and should therefore be questions of fact.⁶³ However, the fact that an issue is put to a jury does not necessitate that the issue is a question of fact (for example, the legal conclusion of obviousness in patent law is frequently put to the jury).⁶⁴ In the case of patent law, the Supreme Court has implied that the PHOSITA analysis does not result in a factual finding by stating that the ultimate question of obviousness is a legal conclusion,⁶⁵ as is the ultimate question of claim construction.⁶⁶ However, in both cases, the legal conclusions depend on subsidiary factual findings,⁶⁷ and therefore this Note argues that the ultimate question of claim construction is a “mixed” application of the law to the facts.

Secondly, this Note argues that Levin’s framework supports the conclusion that the ultimate claim construction is a mixed question because Congress likely intended for the ultimate question of claim construction in IPR to be the province of the PTO, not the courts.⁶⁸ When the AIA was passed, the PTO had been applying the BRI standard for years, while the courts had been applying the OCM standard. The Federal Circuit has even condoned the PTO’s rule establishing the use of the BRI standard for claim construction, thereby acknowledging Congress’ delegation of authority to

62. *Id.* at 841; MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014).

63. Stephen A. Weiner, *The Civil Jury Trial and the Law-Fact Distinction*, 54 CALIF. L. REV. 1867, 1876–78 (1966).

64. *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1359 (Fed. Cir. 2012).

65. *Id.*

66. *See Teva*, 135 S. Ct. at 841.

67. *Kinetic Concepts*, 688 F.3d at 1359; *Teva*, 135 S. Ct. at 841.

68. *See* Melissa F. Wasserman, *supra* note 36, at 1981 (making a compelling argument on why the AIA may have been intended to shift the bulk of patent law interpretation and enforcement from the courts to the PTO).

the PTO for establishing the substantive standard.⁶⁹ This history supports the conclusion that applications of the BRI standard are the province of the PTO, not the courts.

In contrast to the ultimate claim construction, this Note argues that disputes over the interpretation of intrinsic evidence in post-grant proceedings come in many varieties, and could be either a “mixed” question or a question of law. More specifically, this Note contends that disputes over intrinsic evidence come in two major categories: (a) disputes that can only be resolved by adopting the perspective of PHOSITA, and (b) disputes that can be resolved using judicial canons of claim construction. The former category represents a “mixed” question of applying the PHOSITA standard to the facts, while the latter category represents a pure question of law. Admittedly, an analysis under Levin’s framework shows that Congress’ intent on the topic of intrinsic evidence is unclear, since both the courts and the PTO had been interpreting intrinsic evidence for years when the AIA was enacted. However, an analysis of the different types of disputes regarding intrinsic evidence does show that category (b) disputes have more typically been deemed pure questions of law.

Examples of category (a) disputes include: the meaning of an ambiguous figure in the drawings, the role of preferred embodiments (illustrative vs. limitative), and the role of the specification’s distinctions over the prior art.⁷⁰ Examples of category (b) disputes are the traditional legal canons of claim construction (similar in nature to canons associated with contractual and statutory interpretation), including: the doctrine of claim differentiation, the treatment of the preamble and transition phrases, the doctrine of prosecution history estoppel, the doctrine of construing claims to encompass the preferred embodiments, and the doctrine of interpreting claim language in light of the specification.

Note that each of the examples in category (b) relates to canons of claim interpretation, and those principles are similar to canons of contract interpretation. This is important because in *Teva*, the Supreme Court’s rationale for why the question of the ultimate claim construction is a question of law was that it is similar to “construing other written instruments, such as deeds, contracts, or tariffs,”⁷¹ which are questions of law. This Note argues that such a rationale applies more to category (b) intrinsic evidence than it

69. *In re Cuzo Speed Technologies, LLC*, 778 F.3d at 1282.

70. For a detailed description on these types of disputes, see Peter S. Menell et al., *Patent Claim Construction: A Modern Synthesis and Structured Framework*, 25 BERKELEY TECH. L.J. 711, 749 (2010).

71. *Teva*, 135 S. Ct. at 837.

does to either category (a) intrinsic evidence or the ultimate claim construction. Interpreting category (a) intrinsic evidence involves applying the PHOSITA legal standard to the facts; the ultimate claim construction is also about applying a legal standard (OCM or BRI) to the facts. In contrast, interpreting category (b) intrinsic evidence involves utilizing only legal principles of interpreting a document, which is similar to contract interpretation, a question of law.⁷²

B. The Standard of Review for Questions of Fact

In claim construction, the questions of fact are those that arise out of disputes over extrinsic evidence.⁷³ The standard of review for such findings of fact depends on whether post-grant proceedings are deemed formal or informal.⁷⁴ In a formal proceeding, questions of fact are reviewed for “substantial evidence.”⁷⁵ In an informal proceeding, questions of fact are reviewed under the “arbitrary and capricious” standard of review.⁷⁶ A proceeding is formal if its enabling statute requires the proceeding to be determined “on the record” after the “opportunity for an agency hearing.”⁷⁷ The AIA does not explicitly identify IPR as a formal proceeding, and while the AIA does require an “oral hearing” and discovery, it does not require that decisions be made “on the record.”⁷⁸ Therefore, one could reasonably assume that IPR proceedings do not meet the statutory test for being classified as formal proceedings and should be reviewed under the arbitrary or capricious standard or review.

However, while IPR proceedings do not meet the traditional test for being classified as formal, this Note argues that IPR will nevertheless likely be treated as a formal proceeding by the Federal Circuit and therefore questions of fact during IPR should be reviewed for “substantial evidence.” Melissa Wasserman has already made the argument that post-grant proceedings should be treated as formal proceedings because they possess many of the hallmarks of formal adjudication, such as discovery and oral

72. See *Doe I v. Wal-Mart Stores, Inc.*, 572 F.3d 677, 681 (9th Cir. 2009) (stating that contract interpretation is a question of law); *but see Tyler v. Cuomo*, 236 F.3d 1124, 1134 (9th Cir. 2000) (stating that contract interpretation is a mixed questions of law and fact).

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

74. 5 U.S.C. § 706.

75. 5 U.S.C. § 706(2)(E).

76. 5 U.S.C. § 706(2)(A).

77. 5 U.S.C. § 554.

78. 35 U.S.C. § 316.

argument.⁷⁹ Wasserman's argument is backed by case law that has treated adjudicatory proceedings as formal proceedings, despite the lack of the phrase "on the record" in the enabling statute.⁸⁰ Even more telling is that in *In re Gartside*, the Federal Circuit decided that the substantial evidence standard of formal proceedings applies to appeals from PTO interference proceedings, which are less formal than the new AIA post-grant proceedings.⁸¹ In *In re Gartside*, the Federal Circuit had based its conclusion partly on the fact that appeals from interferences were required to be reviewed "on the record" developed by the PTO.⁸² The AIA has a similar requirement for IPR, requiring review to be based "on the record" developed by the PTO.⁸³ Therefore, it is likely that the standard of review for factual findings in IPR will be the substantial evidence standard.

Compared to the "clearly erroneous" standard that the *Teva* decision has articulated for questions of fact arising from district court decisions, the substantial evidence standard is quite similar.⁸⁴ The clearly erroneous standard focuses on whether a judge has a "[d]efinite and firm conviction that a mistake has been committed."⁸⁵ The substantial evidence standard requires the reviewing court to ask whether the lower court's decision was supported by "[s]uch relevant evidence as a reasonable mind might accept as adequate to support a conclusion."⁸⁶ Some have noted that the two standards have nearly identical outcomes.⁸⁷ Interestingly, one of the few cases in which a difference has been found is a patent law case, *Dickinson v. Zurko*, in which the Supreme Court stated that "[t]he difference is a subtle one — so fine that (apart from the present case) we have failed to uncover a single instance in which a reviewing court conceded that use of one standard rather

79. See Wasserman, *supra* note 36, at 1981.

80. See, e.g., *Seacoast Anti-Pollution League v. Costle*, 572 F.2d 872, 878 (1st Cir. 1978) (applying a presumption of formality when a statute requires a hearing); *Chem. Waste Mgmt., Inc. v. U.S. E.P.A.*, 873 F.2d 1477, 1482 (D.C. Cir. 1989) (applying the *Chevron* two-step test to an agency's interpretation of the level of formality required); but see *City of W. Chicago, Ill. v. U.S. Nuclear Regulatory Comm'n*, 701 F.2d 632, 641 (7th Cir. 1983) (requiring the phrases "on the record" and "hearing" both to be present for formal proceedings to be triggered).

81. *In re Gartside*, 203 F.3d 1305, 1315 (Fed. Cir. 2000).

82. *Id.* at 1313.

83. 35 U.S.C. § 144 ("The United States Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken *on the record* before the Patent and Trademark Office.") (emphasis added).

84. Amanda Peters, *supra* note 1, at 245–46.

85. *U. S. v. U.S. Gypsum Co.*, 333 U.S. 364, 395 (1948).

86. *Consol. Edison Co. of N.Y. v. NLRB*, 305 U.S. 197, 229 (1938).

87. Paul R. Verkuil, *An Outcomes Analysis of Scope of Review Standards*, 44 WM. & MARY L. REV. 679 at n. 36 (2002).

than the other would in fact have produced a different outcome.”⁸⁸ In *Zurko*, the Court stated that the substantial evidence standard is “slightly less strict” than the clearly erroneous standard,⁸⁹ but post-*Zurko* the precise contours of the two standards remains elusive.

C. The Standard of Review for Questions of Law

Usually, questions of law that are not interpretations of a statute that an agency administers are reviewed independently by the appellate court.⁹⁰ If that were the case for claim construction, then the Federal Circuit’s decision to apply *de novo* review in *In re Cuozzo Speed Technologies* would be proper. Such a result would also be in accord with the *Marbury v. Madison* doctrine that courts are ultimately responsible for interpreting the law.⁹¹ Unfortunately, claim construction presents a more nuanced problem than simply being a pure question of law. Firstly, claim construction involves subsidiary factual conclusions.⁹² Secondly, identifying exactly what “the law” is in the context of claim construction is complicated because there is judicially created common law regarding claim construction (the OCM standard)⁹³ and there is also administrative precedent for claim construction (the BRI standard).⁹⁴

As mentioned earlier, distinguishing questions of law from applications of law to particular facts is quite important.⁹⁵ Questions of law require a court to identify the appropriate legal standard, while applications of law require a court to apply that standard to a particular set of facts.⁹⁶ In *In re Cuozzo Speed Technologies*, the Federal Circuit did in fact address a pure question of law because the court identified that the BRI standard (not the OCM standard) was the appropriate legal standard for claim construction in IPR proceedings.⁹⁷ The court then treated the application of that law as if it were simply another pure question of law, thereby ignoring the precedent in administrative law that distinguishes pure legal questions from “mixed”

88. *Dickinson v. Zurko*, 527 U.S. 150, 162–163 (1999).

89. *Id.* at 162.

90. See Werhan, *supra* note 23, at 362 (2d ed. 2014); see also 5 U.S.C. § 706 (“[t]he reviewing court shall decide all relevant questions of law . . .”).

91. *Marbury v. Madison*, 5 U.S. 137, 177 (1803) (“It is emphatically the province and duty of the judicial department to say what the law is.”).

92. *Teva*, 135 S. Ct. at 838.

93. *Phillips*, 415 F.3d at 1314.

94. See, e.g., *In re Bond*, 910 F.2d 831, 833 (Fed. Cir. 1990).

95. See Aman and Mayton, *supra* note 20, at 357–58.

96. *Id.*

97. *In re Cuozzo Speed Technologies, LLC*, 778 F.3d at 1282.

questions of law and fact.⁹⁸ This Note argues that after the court identified the BRI as being the appropriate standard, the only pure question of law left was what exactly the phrase “broadest reasonable interpretation” means.

But the determination of what exactly the “broadest reasonable interpretation” means lies squarely with the PTO because the BRI is language from the PTO’s own regulation.⁹⁹ An agency is entitled to special *Auer* deference for interpretations of its own regulations — more precisely, an agency’s interpretation of its own regulation is entitled to “controlling weight unless it is plainly erroneous or inconsistent with the regulation.”¹⁰⁰ Thus, even if the Federal Circuit were to address the general meaning of the BRI, it would have to do so with a high level of deference to the PTO. It is noteworthy, however, that recently there has been growing opposition to *Auer* deference and it is unclear whether this standard is here to stay.¹⁰¹

While the PTO should be afforded *Auer* deference for its interpretation of the BRI, this may be moot in light of pending legislation that could make the PTO’s claim construction standard the OCM rather than the BRI.¹⁰² Since such legislation would come directly from Congress, it would override the PTO’s regulations. In that case, the PTO would not be entitled to special *Auer* deference for questions of law in claim construction, since it would not be interpreting its own regulations. Instead, the PTO would be interpreting a phrase in a statute that it administers, which means that the PTO would be afforded either *Chevron* or *Skidmore* deference for its interpretations of the OCM standard.¹⁰³ It is noteworthy that under *Brand X*, the PTO’s interpretation of the OCM would not be bound by the judicial precedent on the subject.¹⁰⁴ Thus, the Federal Circuit would be required to give the PTO either *Chevron* or *Skidmore* deference for an interpretation of the OCM that

98. *In re Cuozzo Speed Technologies, LLC*, 778 F.3d at 1282–83.

99. See 37 C.F.R. § 42.100(b) (“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.”).

100. *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945); see also *Auer v. Robbins*, 519 U.S. 452, 462–63 (1997).

101. *Decker v. Nw. Env’tl. Def. Ctr.*, 133 S. Ct. 1326, 1339 (2013) (Justice Scalia, in his dissent, stated that “For decades, and for no good reason, we have been giving agencies the authority to say what their rules mean . . .”).

102. See H.R. 5360, 113th Cong. § 3308 (2014); S. 1720, 113th Cong. § 7 (2013).

103. *Chevron*, 467 U.S. at 842 (1984); see also Wasserman, *supra* note 36, at 2018 (making a normative argument for why the PTO should receive *Chevron* deference, at least for adjudications).

104. *Nat’l Cable & Telecomm. Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 982–83 (2005) (“Only a judicial precedent holding that the statute unambiguously forecloses the agency’s interpretation, and therefore contains no gap for the agency to fill, displaces a conflicting agency construction.”).

is different from the Federal Circuit's own jurisprudence regarding the OCM.

Even if the pending legislation is never passed, there is still a lingering issue regarding the PTO's current interpretation of the OCM. This is because the PTO in fact uses the OCM standard as part of its current analysis of the BRI.¹⁰⁵ According to the PTO, "Under a broadest reasonable interpretation, words of the claim must be given their plain meaning, unless such meaning is inconsistent with the specification. The plain meaning of a term means the *ordinary and customary* meaning given to the term by those of ordinary skill in the art at the time of the invention."¹⁰⁶ Identifying the level of deference the PTO should receive for its interpretation of a judicially created common law standard is a difficult task. The appropriate level of deference for agency interpretations of common law doctrine has been characterized as a "fault line" in administrative law, lacking definitive answers.¹⁰⁷ And while agencies are permitted to interpret the statutes that they administer in a way that is contrary to the judicial precedent regarding the statute,¹⁰⁸ this holding has never explicitly been extended to agency interpretations of judicially created common law.

This Note argues that the first step in identifying the level of deference the PTO should receive when interpreting common law is determining whether Congress intended to import common law claim construction doctrine into the AIA.¹⁰⁹ If Congress intended to import common law claim construction doctrine into the AIA, then the PTO would indeed be interpreting a common law doctrine and the level of deference is debatable, ranging from *de novo* review to *Chevron*-like deference.¹¹⁰ If, however, Congress did not intend to import common law claim construction doctrine into the AIA, then the PTO would not be interpreting a common law doctrine; instead, the PTO would simply be enforcing its own BRI using its own parallel version of the OCM.

105. MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014).

106. *Id.* (emphasis added).

107. Jeffrey A. Pojanowski, *Reason and Reasonableness in Review of Agency Decisions*, 104 NW. U. L. REV. 799, 800 (2010).

108. *Brand X*, 545 U.S. at 982–83 ("Only a judicial precedent holding that the statute unambiguously forecloses the agency's interpretation, and therefore contains no gap for the agency to fill, displaces a conflicting agency construction.")

109. See *NLRB v. Hearst Publ'ns*, 322 U.S. 111, 123–25 (1944) (using legislative intent to determine whether the common law meaning of the word "employee" had been imported into the relevant statute).

110. Pojanowski, *supra* note 107, at 807–13.

Unfortunately, it is unclear whether Congress intended to import common law claim construction doctrine into the AIA. On the one hand, the PTO and the Federal Circuit have taken the broad stance that Congress did not have this intention.¹¹¹ Rather than choosing to apply the OCM standard of claim construction, the PTO decided that the BRI standard was appropriate for claim construction in IPR. The Federal Circuit has affirmed the PTO's decision, stating that Congress implicitly adopted the BRI standard in the AIA.¹¹² Unless the pending legislation is passed or the Federal Circuit's decision is appealed, the law of the land is that Congress intended a BRI standard. Unfortunately, this conclusion doesn't answer the ultimate question because it suffers from circular logic, since the BRI standard itself incorporates the language of the OCM standard, and no mention of this fact was made in *In re Cuozzo Speed Technologies*.¹¹³ Furthermore, the Federal Circuit and the parties involved in *In re Cuozzo Speed Technologies* did pit the BRI against the OCM,¹¹⁴ creating an "either-or" situation, suggesting that what was really being debated was the ultimate standard of construction, rather than the PTO's underlying use of the OCM as part of its BRI standard. Therefore, *In re Cuozzo Speed Technologies* sheds little light on Congress' intent regarding the PTO's underlying usage of the OCM standard as part of its BRI standard.¹¹⁵

On the other hand, there is pending legislation to replace the PTO's BRI standard with the OCM standard, suggesting that at least some in Congress may have intended a common law OCM standard.¹¹⁶ Additionally, the PTO's own rules cite to judicial precedent regarding the OCM standard,¹¹⁷ implying that the PTO itself believes that it is interpreting judicial common law when it applies the OCM standard during its BRI analysis. Granted, the PTO could be using the common law OCM standard as simply an instructive tool for creating its own separate OCM standard, in which case the PTO's analysis of the OCM is an independently created part of its BRI standard, entitled to *Auer* deference.¹¹⁸ However, this Note argues that the more likely conclusion is that the PTO is directly interpreting the common law OCM

111. *In re Cuozzo Speed Technologies, LLC*, 778 F.3d at 1282.

112. *Id.*

113. MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014).

114. *In re Cuozzo Speed Technologies, LLC*, 778 F.3d at 1278–79.

115. *Id.* at 1290–92 (Newman, dissenting) (articulating an argument for the use of the OCM in IPR rather than the BRI).

116. See H.R. 5360, 113th Cong. § 3308 (2014); S. 1720, 113th Cong. § 7 (2013).

117. MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014).

118. *Id.*

standard because the PTO directly cites case law on the subject.¹¹⁹ Therefore, this Note argues that for now, the most logical conclusion is that while it is unclear whether Congress intended to import the common law OCM standard into the AIA, the PTO has taken upon itself the duty of interpreting the common law OCM standard, which means that the appropriate level of deference is unsettled and could range from *de novo* review to *Chevron* deference.¹²⁰

As a final observation, there is a certain amount of irony regarding the PTO's interpretation of the common law OCM. If Congress passes a statute *requiring* the PTO to use the OCM standard, then the PTO is free under *Brand X* to interpret the OCM differently than the judiciary; on the other hand, if Congress doesn't *require* the PTO to use the OCM but the PTO continues to do so, then the PTO may be less free because it has likely chosen to interpret the common law OCM standard, with the possibility of *de novo* review.¹²¹ In other words, the PTO may have more freedom to interpret the OCM standard and more deference for that interpretation if Congress *requires* the PTO to use the OCM standard than if Congress doesn't create such a requirement, because the PTO has chosen to use the common law OCM standard of its own accord.

D. The Standard of Review for “Mixed” Questions Applying Law to the Facts

In administrative law, “mixed” questions are those that apply the law to the particular facts of a case.¹²² In the case of claim construction, this Note argues that the ultimate claim construction is a mixed question because it applies a legal standard (OCM or BRI) to particular facts (the intrinsic and extrinsic evidence). This Note also argues that some disputes over intrinsic evidence that rely only on PHOSITA's understanding (category (a), at pg. 164, disputes discussed above) are also “mixed” questions that involve applying a legal standard (the PHOSITA standard) to the facts.

The standard of review for mixed questions is the catch-all provision of the APA: the “arbitrary and capricious”¹²³ standard.¹²⁴ The arbitrary and capricious

119. *Id.*

120. *See* Pojanowski, *supra* note 107, at 807–13.

121. *Id.*

122. *See* Aman and Mayton, *supra* note 20, at 358.

123. 5 U.S.C. § 706(2)(A).

124. Werhan, *supra* note 23, at 394; *see also* FUNK ET AL., ADMINISTRATIVE PROCEDURE AND PRACTICE 296–97 (5th ed. 2014) (implying that for formal adjudication, the standard of review applied may be the *Hearst* standard) (citing *NLRB v. Hearst Publ'ns*, 322 U.S. 111, 111 (1944)).

standard of review is deferential — the courts examine the reasonableness of the agency’s decision, not the correctness of the agency’s decision.¹²⁵ Sometimes courts apply a stricter version of the arbitrary and capricious standard — the “hard look” doctrine. The modern standard for hard look review was established in *State Farm*, in which the Court stated that:

The scope of review under the “arbitrary and capricious” standard is narrow and a court is not to substitute its judgment for that of the agency. Nevertheless, the agency must examine the relevant data and articulate a satisfactory explanation for its action including a “rational connection between the facts found and the choice made.”¹²⁶

Many view the adequate reasons requirement of hard look review to be very similar to step two of the *Chevron* test.¹²⁷ As it relates to the substantial evidence standard discussed earlier for factual findings in formal adjudications, hard look review is considered to be more deferential, but appellate courts tend to treat the two standards similarly.¹²⁸ Some would argue that there is in fact no difference between the substantial evidence standard and the arbitrary or capricious standard. Justice Scalia has equated the two standards.¹²⁹ As it compares to *Auer* deference discussed above for agency interpretations of their own regulations, the *Auer* standard is based on the “clearly erroneous” standard, which has been described as “broader” than the arbitrary and capricious standard “because it mandates a review of the entire record and all the evidence rather than just a search for substantial evidence to support the administrative finding or decision.”¹³⁰

IV. The Claim Construction Standard Should Be the Same for District Court and Inter Partes Review.

Finally, this Note argues that if the Federal Circuit ultimately applies a more deferential standard for IPR claim construction, then the standard of deference, combined with the use of the BRI during IPR, will allow defendants in patent infringement lawsuits to have their cake and eat it too. By affording

125. Werhan, *supra* note 23, at 394.

126. Motor Vehicle Mfrs. Ass’n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co., 463 U.S. 29, 43 (1983) (citing Burlington Truck Lines, Inc. v. U.S., 371 U.S. 156, 167 (1962)).

127. Funk, *supra* note 124, at 186–87.

128. *Id.* at 163.

129. Ass’n of Data Processing Serv. Org., Inc. v. Bd. of Governors of Fed. Reserve Sys., 745 F.2d 677, 683 (D.C. Cir. 1984) (“[i]n their application to the requirement of factual support the substantial evidence test and the arbitrary or capricious test are one and the same.”).

130. Norway Hill Pres. & Prot. Ass’n v. King Cnty. Council, 87 Wash. 2d 267, 274 (1976).

more deference to invalidity decisions based on the PTO's BRI standard than to invalidity decisions based on a district court's OCM standard, the standards of review favor the BRI standard. The BRI standard itself favors defendants, who will argue for broader claim construction during IPR because broader claims cover more prior art and patents are most often held invalid due to lack of novelty or lack of obviousness based on the prior art.

Moreover, the current system forces plaintiffs to directly confront the traditional infringement/validity quandary, while allowing defendants to escape it. The infringement/validity quandary is the concept that each party in a patent infringement lawsuit is typically torn between arguing a narrow versus a broad claim construction. This is because defendants typically counterclaim that the plaintiff's patent is invalid. Plaintiffs want a broad claim construction when arguing infringement because they want to show that the defendant's product is within the scope of the claims; but plaintiffs want a narrow claim construction when arguing invalidity because they want to show that the prior art is not within the scope of their claims. In contrast, defendants want a broad claim construction when arguing invalidity and a narrow claim construction when arguing infringement.

The current system (when applying the APA for the standard of review) allows defendants to escape this quandary. If defendants are successful during IPR in having the patent declared invalid, then the Federal Circuit will frequently affirm the IPR decision because of the highly deferential standard of review. If defendants are unsuccessful, then they can reasonably assume that an invalidity claim would be unsuccessful in district court because the district court would apply the narrower OCM standard rather than the BRI standard. Therefore, the defendants are able to argue for a narrow OCM for patent infringement purposes, unburdened by the normal tension of simultaneously having to argue invalidity and non-infringement. The defendants need not worry about having previously argued for a broad interpretation at the PTO, because by definition the BRI is the "broadest" interpretation. The defendants are free to argue a narrow claim construction in district court under the OCM standard. Even if the defendants lose in district court, they can still appeal to the Federal Circuit and receive *de novo* review for the ultimate claim construction.

Plaintiffs in patent infringement lawsuits, on the other hand, lose out in this claim construction scheme. First, plaintiffs must argue for a narrow claim construction under the inherently broader BRI standard in order to prevent their patents from being declared invalid. This decision favors defendants by using the BRI and should receive a high level of deference. If the patent is not declared invalid, then the plaintiff must switch sides and focus on proving infringement, which will require the plaintiff to argue for a broader claim

construction under the narrower OCM standard. To make matters even more difficult for plaintiffs, the district court case may be stayed until the IPR proceeding is finished.¹³¹ Therefore, all of the plaintiffs' arguments before the PTO for a narrow BRI can later be cited by defendants in district court to show that the plaintiffs' broader OCM argument in district court is inconsistent with the plaintiffs' earlier narrower BRI argument before the PTO.

While it is true that one purpose of the AIA was to protect defendants from frivolous litigation by nonpracticing entities,¹³² it is important that the patent system avoid extremes and maintain the delicate balance that is required for fairness to prevail. Not every case of patent infringement involves a nonpracticing entity, and many valid patents are infringed every year. For some companies, like startups, a valid patent means the difference between survival and extinction. The combination of the BRI and the high deference that should accompany IPR proceedings creates an unfair environment that allows defendants to avoid the validity/infringement quandary, while forcing plaintiffs to confront it directly. Therefore, this Note argues that the claim construction standard should be equivalent in district court and post-grant proceedings.

Bills have been introduced in both the Senate and the House of Representatives, proposing to change the IPR claim construction standard from the BRI standard to the typical district court OCM standard.¹³³ This is certainly one route towards achieving the same claim construction standard in both district court and IPR proceedings. Another possibility would be an attempt to unify the two standards. While the phrases "broadest reasonable interpretation" and "ordinary and customary meaning" appear to be quite different, the two standards have many similarities. Interestingly, both the BRI and OCM use the OCM standard as the starting point. According to the PTO:

Under a broadest reasonable interpretation, words of the claim must be given their plain meaning, unless such meaning is inconsistent with the specification. The plain meaning of a term means the *ordinary and customary* meaning given to the term by those of ordinary skill in the art at the time of the invention.¹³⁴

131. See Robert A. Matthews, Jr., 4 Annotated Patent Digest § 25:127.80.

132. See Smith, *supra* note 7, at 224.

133. See H.R. 5360, 113th Cong. § 3308 (2014); S. 1720, 113th Cong. § 7 (2013).

134. MANUAL OF PATENT EXAMINING PROCEDURE § 2111.01 (9th ed. 2014) (emphasis added).

While the PTO does make a distinction between its BRI standard and the OCM standard based on the OCM's focus on intrinsic and extrinsic evidence,¹³⁵ the PTO's use of the plain meaning standard is actually in light of intrinsic and extrinsic evidence. For example, the PTO states that examiners "[m]ust give claims their broadest reasonable interpretation in light of the specification" and that "[t]he words of the claim must be given their plain meaning unless the plain meaning is inconsistent with the specification."¹³⁶ The PTO even directly cites *Phillips*, stating that: "The ordinary and customary meaning of a term may be evidenced by a variety of sources, including 'the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.'"¹³⁷ These statements show the importance of intrinsic and extrinsic evidence when determining the BRI of a claim and point to the real possibility of unifying claim construction under a single standard.

V. Conclusion

Claim construction lies at the heart of any patent infringement suit and is often dispositive in a case. For years, the Federal Circuit has had the final say on the meaning of claims, reviewing claim construction *de novo* on appeal. In *Teva*, the Supreme Court curbed the Federal Circuit's power by holding that factual disputes about extrinsic evidence must be reviewed for clear error under the FRCP. However, the Court in *Teva* left the ultimate claim construction in the hands of the Federal Circuit, holding that the ultimate claim construction is a question of law that should be reviewed *de novo*. The Federal Circuit promptly applied the *Teva* standard to appeals from IPR proceedings at the PTO. This Note argues that this decision was misguided.

The AIA did more than just create post-grant proceedings. In creating such proceedings, the AIA chipped away at the power of the Federal Circuit and redistributed some of that power to an administrative agency — the PTO. Because claim construction during IPR is a decision made by an administrative agency, it deserves more deference than claim construction that occurs during district court proceedings. One possible justification for this shift in power is that unlike many judges, administrative agencies like the PTO are presumed to have expertise in their field. Another possible

135. *Id.*

136. *Id.*

137. *Id.* (citing *Phillips*, 415 F.3d at 1314).

justification is that the PTO is part of the Department of Commerce, which is part of the executive branch and under the power of the President, an elected official. Whatever the justification, the Federal Circuit must acknowledge that PTO decisions should usually receive more deference than district court decisions.

Like the standard of review for district court decisions, the standard of review for PTO decisions depends on the law-fact distinction. Unlike the standard of review for district court proceedings, administrative law recognizes a third category — “mixed” questions applying the law to particular facts. I have attempted to categorize which aspects of claim construction are questions of fact, which are questions of law, and which are “mixed.” Like the Court in *Teva*, this Note concludes that factual disputes concerning extrinsic evidence are questions of fact. Unlike the Court in *Teva*, this Note concludes that the ultimate claim construction is a “mixed” question applying the law to the facts. Also unlike the Court in *Teva*, this Note distinguishes the ultimate claim construction from the interpretation of intrinsic evidence. In particular, this Note identifies two types of intrinsic evidence: (a) disputes that can only be resolved by adopting the perspective of PHOSITA, and (b) disputes that can be solved using judicial canons of claim construction. The former category represents a “mixed” question that requires applying the PHOSITA standard to the facts, while the latter category arguably represents a pure question of law.

This Note identifies the appropriate standard of review for claim construction in IPR proceedings. The Note argues that for questions of fact (e.g., disputes over the meaning of extrinsic evidence), the appropriate standard of review is the substantial evidence standard. For questions of law (e.g., interpreting the BRI standard), the appropriate standard of review should usually be the *Auer* “clearly erroneous” standard. Finally, for mixed questions applying the law to the facts (e.g., the ultimate claim construction), this Note argues that the appropriate standard of review is the “arbitrary and capricious” standard. Importantly, the standard of review of the ultimate claim construction is the arbitrary and capricious standard, which is much more deferential than the *de novo* standard outlined in *Teva*.

Finally, this Note argues that the effect of a more deferential standard of review for PTO claim construction could be that defendants in patent infringement lawsuits are unfairly given the upper hand. By affording more deference to invalidity decisions based on the BRI standard than invalidity decisions based on the OCM, the current system favors the BRI standard. The BRI standard itself favors defendants, who argue for broader claim construction because broader claims cover more prior art and patents are most often held invalid based on the prior art. Traditionally, defendants paid

a price for arguing broader claim construction — if they lost on the invalidity claim, then the broader claim construction could be used against them on the plaintiff's infringement claim. Now, defendants can argue invalidity with the PTO under the BRI standard and receive deference, and then switch their arguments in district court by arguing for a narrower OCM for the plaintiff's infringement claim. Since the BRI is by definition the "broadest" interpretation, the defendants are justified in narrowing their claim constructions.

Since the appropriate standard of review must be one of deference under the APA, this Note suggests that the best way to alleviate the unbalance created by the current system is to make the claim construction standards the same in district court and IPR proceedings. One way to do this is for Congress to pass the aforementioned bills proposing using the OCM in IPR. Another way is to consolidate the BRI and OCM standard into one unified standard, which this Note argues is a real possibility due to many similarities between the two standards.