



ARE Patent Law Alert: Federal Circuit Affirms Broadest Reasonable Interpretation Standard of Claim Construction During IPRs, With Limits

Author(s): Charles R. Macedo, Brian A. Comack , Kyung J. Shin

Microsoft Corp. v. Proxyconn, Inc., Nos. 2014-1542, -1543 (Fed. Cir. June 16, 2015)
("Microsoft").

On Tuesday, June 16, 2015, US Court of Appeals for the Federal Circuit issued a decision on an appeal of a final IPR decision by the Patent Trial and Appeals Board ("Board"). See *Microsoft Corp. v. Proxyconn, Inc.*, Nos. 2014-1542, -1543 (Fed. Cir. June 16, 2015).

In this appeal, the patent owner challenged whether the broadest reasonable construction standard should apply in IPR proceedings. The Federal Circuit confirmed that this was indeed the correct standard, noting its binding decision on this exact issue in *In re Cuozzo Speed Techs., LLC.*, 778 F.3d 1271 (Fed. Cir. 2015). However, the Court cautioned that the Board may not construe claims so broadly that its constructions are *unreasonable* under general claim construction principles. *Microsoft* at 6 (emphasis in original). To this end, the Court noted that even under the broadest reasonable interpretation, the Board's construction "cannot be divorced from" the teachings of the patent's specification and prosecution history. The Court then explained that a "construction that is 'unreasonably broad' and which does not 'reasonably reflect the plain language and disclosure' will not pass muster." *Id.* at 7.

With these principals in mind, the Court reviewed the Board's construction of the claim term "two other computers" as including a caching computer. The Court found that this construction was overly broad because it went beyond the claim language and teachings in the specification, which made clear that the caching computer was separate from the "two other computers." Accordingly, the Federal Circuit vacated the Board's finding of unpatentability (which was based on this claim construction) and remanded the IPR for further proceedings.

The patent owner also challenged the Board's denial of its motion to amend certain claims, arguing that the Board improperly relied upon on a prior art reference that was not used to institute IPR for claims that were being amended. However, because the prior art reference was used to institute IPR for other claims at issue, the Court found that the prior art reference was already in the record and that Board properly relied upon the reference to deny the patent owner's motion.

In addition, the Court reviewed the legal framework governing claim amendments during IPRs. The Court noted that the PTAB's decision in *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027, 2013 WL 5947697 (PTAB June 11, 2013) requires the



patentee to “show patentable distinction [of the substitute claims] over the prior art of record.” *Id.* at 25. Although this is not a requirement in the America Invents Act, the Court found no error in the Board’s adoption of this rule via *Idle Free*. However, the Court did warn that such a “fluid, case-based interpretation by the PTO of its own regulations risks leaving interested members of the public in a state of uncertainty, without ascertainable standards and adequate notice to comply.”

We will continue to monitor the Courts and the PTAB decisions for the latest developments in patent law and practice before the PTAB.

[Charles R. Macedo](#) and [Brian Comack](#) are partners, and [Jung Hahm](#) is Senior Counsel, and Kyung J. Shin is a summer associate at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues including litigating patent, trademark and other intellectual property disputes. The authors may be reached at cmacedo@arelaw.com, bcomack@arelaw.com, jhahm@arelaw.com and kshin@arelaw.com.