

Federal Circuit Gives Patent Office Wide Discretion in *Inter Partes* Review

Under the “America Invents Act,” a third-party may challenge the validity of an issued United States patent by filing a request for *inter partes* review (“IPR”). In a request for IPR, the third-party must present evidence that the patented invention was disclosed or obvious to the public before the applicant filed the application at the United States or another country’s patent office. This evidence must have been tangible and available to the interested public. If the Patent Trials and Appeal Board of the United States Patent Office (“Appeal Board”) finds a reasonable likelihood that the invention was disclosed or obvious, then the Appeal Board will institute the IPR, which operates as a limited trial between the third-party and the patentee.

In *in re Cuzzo Speed Technologies, LLC*, Appeal No. 2014-1301 (Fed. Cir. July 8, 2015), the Federal Circuit reviewed the first ever appeal of an IPR decision, which also happens to be the first IPR ever filed. The patent at issue was directed to an indicator that uses GPS to determine a driver’s location and combines that with a database of speed limits to indicate, in red, vehicle speeds above the speed limit. Ruling for the Petitioner, the Appeal Board found the patent invalid as obvious. The Patent Owner appealed the ruling to the Federal Circuit challenging: 1) the institution of the IPR; 2) the use of the “broadest reasonable interpretation standard” of claim construction; 3) the finding of obviousness; and 4) the Appeal Board’s denial of the Patentee’s proposed claim amendments. The Federal Circuit held that it did not have the authority to review the decision of the Appeal Board to institute an IPR and that the Appeal Board was free to use the “broadest reasonable interpretation” standard. The Federal Circuit also affirmed the Appeal Board’s holding of obviousness and denial of claim amendments.

First, the Federal Circuit found that Congress did not want the institution of an IPR to be appealable. Rejecting the Patent Owner’s argument that Congress could not have intended that any decisions to institute an IPR be non-appealable, the Federal Circuit concluded that any improper institution of an IPR could be corrected by appealing the *final decision* of the Appeal Board. Further, the Federal Circuit implied that the improper institution of an IPR is not appealable even if the Appeal Board instituted the IPR based on inadmissible evidence such as prior sale of the invention. The Federal Circuit did leave some hope of correcting an improper institution by stating that the patentee was free to file a mandamus petition if there was evidence that the Appeal Board exceeded its authority.

Second, the Federal Circuit found that Congress intended the Patent Office to have the power to decide what standard would be used to construe language in the claims of the patent. The Patent Office determined that the “broadest reasonable interpretation” standard should be used in IPR proceedings. The Federal Circuit found that there was nothing in the America Invents Act or in previous Patent Office practice that is at odds with the use of the “broadest reasonable interpretation” standard.

Third, the Federal Circuit affirmed the Appeal Board’s holding that the patent claims at issue were invalid as obvious. Specifically, the Federal Circuit agreed with the Appeal Board that the prior art which: 1) disclosed a speed limit indicator with regional speed limits stored in

its memory that was linked to a GPS; and 2) disclosed a red filter to be placed over an area of the speedometer that would represent excessive speed made the patented invention obvious.

Finally, the Federal Circuit affirmed the Appeal Board's decision to deny the Patent Owner's proposed claim amendments. The Federal Circuit agreed with the Appeal Board that the Patentee improperly attempted to broaden scope of the patented claims. Broadening the scope of the patented claims is not allowed in IPR proceedings.

Wood Phillips will continue to monitor developments in IPR practice and take the necessary steps to ensure that our clients' inventions will remain fully protected. If you have any questions about IPR proceedings, please contact an attorney at Wood Phillips.