contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section above.

E. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of $100,000,000 (adjusted for inflation) or more in any one year. Though this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

F. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01 and Commandant Instruction M16475.1D, which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321–4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule prohibits transit on a one-mile stretch of the Tennessee River for about 12 hours on weekdays only during a one-month period. It is categorically excluded from further review under paragraph L60(a) of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 01. A Record of Environmental Consideration supporting this determination is available in the docket where indicated under **ADDRESSES**.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places, or vessels.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security measures, Waterways.

For the reasons discussed in the preamble, the U. S. Coast Guard amends 33 CFR part 165 as follows:

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

■ 1. The authority citation for part 165 continues to read as follows:

Authority: 33 U.S.C. 1231; 50 U.S.C. 191; 33 CFR 1.05–1, 6.04–1, 6.04–6, and 160.5; Department of Homeland Security Delegation No. 0170.2.

■ 2. Add new § 165.T08–0937 to read as follows:

§ 165.T08–0937 Safety Zone; Transmission Line Survey, Tennessee River, Miles 300 to 302, Decatur, AL.

(a) *Location.* All navigable waters of the Tennessee River from mile marker 300.0 to mile marker 302.0, Decatur, AL.

(b) *Effective period.* This section is effective from 8 a.m. on October 10, 2018 through 6 p.m. on October 17, 2018, or until the underwater transmission line survey work is finished, whichever occurs earlier.

(c) *Enforcement periods.* This section will be enforced each day during the effective period from 8 a.m. through noon, and from 1 p.m. through 6 p.m. A safety vessel will coordinate all vessel traffic during the enforcement periods.

(d) *Regulations.* (1) In accordance with the general regulations in § 165.801 of this part, entry into this area is prohibited unless authorized by the Captain of the Port Sector Ohio Valley (COTP) or a designated representative. A designated representative is a commissioned, warrant, or petty officer of the U.S. Coast Guard assigned to units under the operational control of Sector Ohio Valley, U.S. Coast Guard.

(2) Persons or vessels requiring entry into or passage through the area must request permission from the COTP or a designated representative. U.S. Coast Guard Sector Ohio Valley may be contacted on VHF Channel 13 or 16, or at 1–800–253–7465.

(3) A safety vessel will coordinate all vessel traffic during the enforcement of this safety zone. All persons and vessels permitted to enter this safety zone must transit at their slowest safe speed and comply with all directions issued by the COTP or the designated representative.

(e) *Information broadcasts.* The COTP or a designated representative will inform the public of the enforcement times and dates for this safety zone through Broadcast Notices to Mariners (BNMs), Local Notices to Mariners (LNMs), and/or Marine Safety Information Bulletins (MSIBs), as appropriate.

Dated: October 5, 2018.

M.B. Zamperini,

Captain, U.S. Coast Guard, Captain of the Port Sector Ohio Valley.

[FR Doc. 2018–22160 Filed 10–10–18; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–P–2018–0036]

RIN 0651–AD16

Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board

AGENCY: United States Patent and Trademark Office, Department of Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office ("USPTO" or "Office") revises the claim construction standard for interpreting claims in *inter partes* review ("IPR"), post-grant review ("PGR"), and the transitional program for covered business method patents ("CBM") proceedings before the Patent Trial and Appeal Board ("PTAB" or "Board"). In particular, the Office is replacing the broadest reasonable interpretation ("BRI") standard such that claims shall now be construed using the same claim construction standard that is used to construe the claim in a civil action in federal district court. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. The Office also amends the rules to add that any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission ("ITC"), that is timely made of record in an IPR, PGR, or CBM proceeding will be considered.

DATES:

Effective Date: The changes in this final rule take effect on November 13, 2018.

Applicability Date: This rule is effective on November 13, 2018 and applies to all IPR, PGR and CBM petitions filed on or after the effective date.

FOR FURTHER INFORMATION CONTACT: Michael Tierney and Jacqueline Wright Bonilla, Vice Chief Administrative Patent Judges, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary

Purpose: This final rule revises the rules for IPR, PGR, and CBM proceedings that implemented provisions of the Leahy-Smith America Invents Act ("AIA") providing for trials

before the Office, by replacing the BRI standard for interpreting unexpired patent claims and substitute claims proposed in a motion to amend with the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b). The rule adopts the same claim construction standard used by Article III federal courts and the ITC, both of which follow *Phillips* v. *AWH Corp.,* 415 F.3d 1303 (Fed. Cir. 2005) (en banc), and its progeny. Under the final rule, the PTAB will apply in an AIA proceeding the same standard applied in federal courts to construe patent claims. This final rule also amends the rules to add a new provision which states that any prior claim construction determination in a civil action or proceeding before the ITC regarding a term of the claim in an IPR, PGR, or CBM proceeding will be considered if that determination is timely filed in the record of the IPR, PRG or CBM proceeding.

Summary of Major Provisions: The Office is using almost six years of historical data, user experiences, and stakeholder feedback to further shape and improve PTAB proceedings, particularly IPR, PGR, and CBM proceedings ("AIA proceedings"). As part of the Office's continuing efforts to improve AIA proceedings, the Office now changes the claim construction standard applied in AIA proceedings involving unexpired patent claims and substitute claims proposed in a motion to amend. The Supreme Court of the United States has endorsed the Office's ability to choose an approach to claim construction for AIA proceedings. *Cuozzo Speed Techs., LLC* v. *Lee,* 136 S. Ct. 2131, 2144–46 (2016) ("That [the appropriate claim construction standard for AIA proceedings] is a question that Congress left to the particular expertise of the Patent Office.").

In the notice of proposed rulemaking, the Office sought comments on the Office's proposed changes to the claim construction standard used for interpreting unexpired patent claims and substitute claims proposed in a motion to amend. Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceeding Before the Patent Trial and Appeal Board, 83 FR 21221 (May 9, 2018).

The Office received a total of 374 comments, including 297 comments from individuals, 45 comments from associations, 1 comment from a law firm, and 31 comments from corporations. The majority of the comments were supportive of changing the claim construction standard along the lines set forth in the proposed rule. For example, major bar associations, industry groups, patent practitioners, legal professors and scholars, and individuals all supported the change. The commentators also provided helpful insights and suggested revisions, which have been considered in developing this final rule. While there was broad support expressed for using the federal court standard set forth in the proposed rule, some commentators indicated that they were opposed to the change. The Office appreciates the thoughtful comments representing a diverse set of views from the various public stakeholder communities. Upon careful consideration of the public comments, taking into account the effect of the rule changes on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete instituted proceedings, the Office adopts the proposed rule changes (with minor deviations in the rule language, as discussed below). Any deviations from the proposed rule are based upon a logical outgrowth of the comments received.

In particular, this final rule fully adopts the federal court claim construction standard, in other words, the claim construction standard that is used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips* and its progeny. This rule states that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. The claim construction standard adopted in this final rule also is consistent with the same standard that the Office has applied in interpreting claims of expired patents and soon-to-be expired patents. *See, e.g., Wasica Fin. GmbH* v. *Cont'l Auto. Sys., Inc.,* 853 F.3d 1272, 1279 (Fed. Cir. 2017) (noting that "[t]he Board construes claims of an expired patent in accordance with *Phillips* . . . [and] [u]nder that standard, words of a claim are generally given their ordinary and customary meaning"). This final rule also revises the rules to add that the Office will consider any prior claim construction determination concerning a term of the claim that has been made in a civil action, or a proceeding before the ITC, if that prior claim construction is timely made of record in an AIA proceeding.

Costs and Benefits: This final rule is significant under Executive Order 12866 (Sept. 30, 1993).

Background

On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)), and within one year, the Office implemented rules to govern Office practice for AIA proceedings, including IPR, PGR, CBM, and derivation proceedings pursuant to 35 U.S.C. 135, 316 and 326 and AIA sec. 18(d)(2). *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612 (Aug. 14, 2012); Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 FR 48680 (Aug. 14, 2012); Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 FR 48734 (Aug. 14, 2012). Additionally, the Office published a Patent Trial Practice Guide to advise the public on the general framework of the regulations, including the procedure and times for taking action in each of the new proceedings. *See* Office Patent Trial Practice Guide, 77 FR 48756 (Aug. 14, 2012).

Previously, in an effort to gauge the effectiveness of the rules governing AIA proceedings, the Office led a nationwide listening tour in April and May of 2014. During the listening tour, the Office solicited feedback on how to make AIA proceedings more transparent and effective by adjusting the rules and guidance to the public where necessary. To elicit even more input, in June of 2014, the Office published a Request for Comments in the **Federal Register** and, at public request, extended the period for receiving comments to October 16, 2014. *See* Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, 79 FR 36474 (June 27, 2014) ("Request for Comments"). The Request for Comments asked seventeen questions on ten broad topics, including a general catchall question, to gather public feedback on any changes to AIA proceedings that might be beneficial. *See* Request for Comments, 79 FR at 36476–77. At least one question was directed to the claim construction standard.

Upon receiving comments from the public and carefully reviewing the comments, the Office published two final rules in response to the public feedback on this request for comments. In the first final rule, the Office changed the existing rules to, among other things: (1) Increase the page limit for patent owner's motion to amend by ten pages and allow a claims appendix to be filed with the motion; and (2) increase the page limit for petitioner's reply to patent owner's response by ten pages. Amendments to the Rules of Practice for

Trials Before the Patent Trial and Appeal Board, 80 FR 28561 (May 19, 2015). In the second final rule, the Office changed the existing rules to, among other things: (1) Allow new testimonial evidence to be submitted with a patent owner's preliminary response; (2) allow a claim construction approach that emulates the approach used by a district court for claims of patents that will expire before entry of a final written decision; (3) replace page limits with word count limits for major briefing; and (4) add a Rule 11-type certification for papers filed in a proceeding. Amendments to Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 FR 18750 (April 1, 2016).

The Office last issued a rule package regarding AIA proceedings on April 1, 2016. This final rule was based on comments received during a comment period that opened on August 20, 2015 (only a month after the Federal Circuit's July 2015 decision in the appeal of the first IPR filed, *Cuozzo Speed Technologies, LLC* v. *Lee*) and that closed on November 18, 2015. At that time, the appeal of the Federal Circuit's decision in *Cuozzo* had not yet been decided by the Supreme Court (it was decided on June 20, 2016). Due to the life cycle of AIA trial proceedings and appeals, the comments received during this 2015 comment period came when few Federal Circuit decisions had been issued, and there had been no decisions on AIA appeals from the Supreme Court. From 2016 to present there has been a six-fold increase in the number of opinions relating to AIA proceedings issued by the Federal Circuit as compared to the prior 2012–2015 time frame. Additionally, since the last rule package, the Office has continued to receive extensive stakeholder feedback requesting adoption of the district court claim construction standard for all patents challenged in AIA proceedings. Many of the comments are based on case law and data that was not available when the comments to the last rule package were received in FY 2015. Further, recent studies not available at the time of the 2016 rule package support the concerns expressed by stakeholders regarding the unfairness of using a different claim construction standard in AIA proceedings than that used by the district courts. *See* Niky R. Bagley, *Treatment of PTAB Claim Construction Decisions: Aspiring to Consistency and Predictability,* 32 Berkeley Tech. L.J. 315, 355 (2018) (the application of a different standard may encourage a losing party to attempt a second bite at the apple, resulting in a waste of the parties' and judicial resources alike); Kevin Greenleaf et al., *How Different are the Broadest Reasonable Interpretation and Phillips Claim Construction Standards* 15 (2018), available at *http://www.ipo.org/wp-content/uploads/2018/07/BRI-v-Phillips-Final.pdf* (prospect of differing claim constructions for same claim term is troubling and these differences can determine the outcome of a case); Laura E. Dolbow, *A Distinction without a Difference: Convergence in Claim Construction Standards,* 70 V and L. Rev. 1071, 1103 (2017) (maintaining the separate standards presents problems with inefficiency, lack of uniformity, and decreased confidence in patent rights).

Claim Construction Standard

Prior to this rulemaking, the PTAB construed unexpired patent claims and proposed substitute claims in AIA proceedings using the BRI standard. The BRI standard differs from the standard used in federal courts and the ITC, which construe patent claims in accordance with the principles that the United States Court of Appeals for the Federal Circuit articulated in *Phillips.*

Although the BRI standard is consistent with longstanding agency practice for patents in examination, the fact that the Office uses a claim construction standard in AIA proceedings that is different from that used by federal courts and the ITC means that decisions construing the same or similar claims in those fora may be different from those in AIA proceedings and vice versa. Minimizing differences between claim construction standards used in the various fora will lead to greater uniformity and predictability of the patent grant, improving the integrity of the patent system. In addition, using the same standard in the various fora will help increase judicial efficiency overall. One study found that 86.8% of patents at issue in AIA proceedings also have been the subject of litigation in the federal courts, and the Office is not aware of any change in this percentage since this study was undertaken. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings,* 31 Berkeley Tech. L.J. 45 (2016) (available at *https://ssrn.com/abstract=2731002*). The high percentage of overlap between AIA proceedings and district court litigation favors using a claim construction standard in AIA proceedings that is the same as the standard used by federal courts and the ITC. That is, the scope of an issued patent should not depend on the happenstance of which court or governmental agency interprets it, at least as far as the objective rules go. Employing the same standard for AIA proceedings and district courts improves uniformity and predictability as it allows the different fora to use the same standards in interpreting claims. *See, e.g., Automated Packaging Sys., Inc.* v. *Free Flow Packaging Int'l, Inc.,* No. 18–cv–00356, 2018 WL 3659014, at *3 (N.D. Cal. Aug. 2, 2018) (finding that a party's failure to advance a particular claim construction during an IPR proceeding "is not probative to *Markman* claim construction" because material differences exist between the broadest reasonable interpretation and claim construction under *Phillips*); *JDS Techs., Inc.* v. *Avigilon USA Corp.,* No. 15–cv–10385, 2017 WL 4248855, at *6 (E.D. Mich. Jul. 25, 2017) (holding that arguments in IPR submissions are not relevant to claim construction because "the USPTO's broadest reasonable construction standard of claim construction has limited significance in the context of patent infringement, which is governed by the more comprehensive scrutiny and principles required by *Phillips* and its progeny").

In addition, having AIA proceedings use the same claim construction standard that is applied in federal courts and ITC proceedings also addresses the concern that potential unfairness could result from using an arguably broader standard in AIA proceedings. According to some patent owners, the same claim construction standard should apply to both a validity (or patentability) determination and an infringement determination. Because the BRI standard potentially reads on a broader universe of prior art than does the *Phillips* standard, a patent claim could potentially be found unpatentable in an AIA proceeding on account of claim scope that the patent owner would not be able to assert in an infringement proceeding. For example, even if a competitor's product would not be found to infringe a patent claim (under the *Phillips* standard) if it was sold after the patent's effective filing date, the same product nevertheless could potentially constitute invalidating prior art (under the BRI standard) if publicly sold before the patent's effective filing date. As noted by one study, the possibility of differing constructions for the same claim term is troubling, especially when claim construction takes place at the same time in parallel district court proceedings and USPTO proceedings. *Greenleaf* at 3.

The Office's goal is to implement a balanced approach, providing greater predictability and certainty in the patent

system. The Office has carefully considered the submitted comments in view of "the effect of [the] regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely the proceedings in promulgating regulations." 35 U.S.C. 316(b) and 326(b). Under 35 U.S.C. 316(a)(4) and 326(a)(4), the Office shall prescribe regulations establishing and governing IPR, PGR, and CBM proceedings and the relationship of such reviews to other proceedings, including civil actions under 35 U.S.C. 282(b). Under 35 U.S.C. 316(a)(2) and 326(a)(2), the Office must prescribe regulations "setting forth the standards for the showing of sufficient grounds to institute a review." Congress intended these administrative trial proceedings to provide "quick and cost effective alternatives" to litigation in the courts. H.R. Rep. No. 112–98, pt. 1, at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40 ("[The AIA] is designed to establish a more efficient and streamline patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."). The claim construction standard could be outcome determinative. *PPC Broadband, Inc.* v. *Corning Optical Comm'ns RF, LLC,* 815 F.3d 734, 740–42 (Fed. Cir. 2016) (noting that "[t]his case hinges on the claim construction standard applied—a scenario likely to arise with frequency"); *see also Rembrandt Wireless Techs., LP* v. *Samsung Elecs. Co.*, 853 F.3d 1370, 1377 (Fed. Cir. 2017) (noting that "the Board in IPR proceedings operates under a broader claim construction standard than the federal courts"); *Google LLC* v. *Network-1 Techs., Inc.,* No. 2016–2509, 2018 WL 1468370, at *5 (Fed. Cir. Mar. 26, 2018) (nonprecedential) (holding that "[i]n order to be found reasonable, it is not necessary that a claim be given its *correct* construction under the framework laid out in *Phillips.*"). Using the same claim construction standard as the standard applied in federal courts would "seek out the correct construction—the construction that most accurately delineates the scope of the claim invention—under the framework laid out in *Phillips.*" *PPC Broadband,* 815 F.3d at 740.

In this final rule, the Office revises the rules to provide that a patent claim, or a claim proposed in a motion to amend, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. This change replaces the BRI standard for construing unexpired patent claims and proposed substitute claims in IPR, PGR, and CBM proceedings with the federal court claim construction standard, which is articulated in *Phillips* and its progeny.

Under the amended rules as adopted in this final rule, the Office will construe patent claims and proposed substitute claims in an IPR, PGR, or CBM proceeding by taking into account the claim language itself, the specification, the prosecution history of the patent, and extrinsic evidence, among other things, as briefed by the parties. Having the same claim construction standard for both the original patent claims and proposed substitute claims will reduce the potential for inconsistency in the interpretation of the same or similar claim terms. Additionally, using the federal court claim construction standard is appropriate because, among other things, amendments proposed in AIA proceedings are required to be narrowing, are limited to a reasonable number of substitute claims, and are required to address patentability challenges asserted against the original patent claims. Using the same claim construction standard for interpreting both the original and amended claims also avoids the potential of added complexity and inconsistencies between PTAB and federal court proceedings, and this allows, among other things, the patent owner to understand the scope of the claims and more effectively file motions to amend. Additionally, having the same construction will reduce the potential for situations where a claim term of an original patent claim is construed one way under the federal court standard and yet the very same or similar term is construed a different way under BRI where it appears in a proposed substitute claim.

The Office will apply the standard used in federal courts, in other words, the claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips.* This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. For example, claim construction begins with the language of the claims. *Phillips,* 415 F.3d at 1312–14. The "words of a claim are generally given their ordinary and customary meaning," which is "the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, *i.e.,* as of the effective filing date of the patent application." *Id.* at 1312–13. The specification is "the single best guide to the meaning of a disputed term and . . . acts as a dictionary when it expressly defines terms used in the claims or when it defines terms by implication." *Id.* at 1321 (internal quotation marks omitted). Although the prosecution history "often lacks the clarity of the specification and thus is less useful for claim construction purposes," it is another source of intrinsic evidence that can "inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be." *Id.* at 1317. Extrinsic evidence, such as expert testimony and dictionaries, may be useful in educating the court regarding the field of the invention or helping determine what a person of ordinary skill in the art would understand claim terms to mean. *Id.* at 1318–19. However, extrinsic evidence in general is viewed as less reliable than intrinsic evidence. *Id.*

Additionally, to the extent that federal courts and the ITC apply the doctrine of construing claims to preserve their validity as described in *Phillips,* the Office will apply this doctrine in those rare circumstances in AIA proceedings. *Phillips,* 415 F.3d at 1327–28. As the Federal Circuit recognized in *Phillips,* this doctrine is "of limited utility." *Id.* at 1328. Federal courts have not applied that doctrine broadly and have "certainly not endorsed a regime in which validity analysis is a regular component of claim construction." *Id.* at 1327. The doctrine of construing claims to preserve their validity has been limited to cases in which "the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous." *Id.* (quoting *Liebel-Flarsheim Co.* v. *Medrad, Inc.,* 358 F.3d 898, 911 (Fed. Cir. 2004)). Moreover, the Federal Circuit "repeatedly and consistently has recognized that courts may not redraft claims, whether to make them operable or to sustain their validity." *Rembrandt Data Techs., LP* v. *AOL, LLC,* 641 F.3d 1331, 1339 (Fed. Cir. 2011); *see also MBO Labs., Inc.* v. *Becton, Dickinson & Co.,* 474 F.3d 1323, 1332 (Fed. Cir. 2007) (noting that "validity construction

should be used as a last resort, not first principle").

When construing claims in IPR, PGR, and CBM proceedings, the Office will take into account the prosecution history that occurred previously at the Office, including before an examiner during examination, reissue, reexamination, and prior AIA proceedings. *Aylus Networks, Inc.* v. *Apple Inc.*, 856 F.3d 1353, 1361 (Fed. Cir. 2017) ("Because an IPR proceeding involves reexamination of an earlier administrative grant of a patent, it follows that statements made by a patent owner during an IPR proceeding can be considered during claim construction and relied upon to support a finding of prosecution disclaimer."). This will also include prosecution before an examiner in a related application where relevant (*Trading Technologies Intern., Inc.* v. *Open E Cry, LLC*, 728 F.3d 1309 (Fed. Cir. 2013)) and any argument made on appeal of a rejection before the grant of the patent for which review is sought, as those arguments are before the examiner when the decision to allow an application is made (*see TMC Fuel Injection System, LLC* v. *Ford Motor Co.*, 682 Fed. Appx. 895 (Fed. Cir. 2017)).

During an AIA proceeding, the patent owner may file a motion to amend an unexpired patent to propose a reasonable number of substitute claims, but the proposed substitute claims "may not enlarge the scope of the claims of the patent or introduce new matter." 35 U.S.C. 316(d) and 326(d); 37 CFR 42.121(a)(2) and 42.221(a)(2); *see also Aqua Prods., Inc.* v. *Matal*, 872 F.3d 1290, 1306 (noting that "[t]he patent owner proposes an amendment that it believes is sufficiently *narrower* than the challenged claim to overcome the grounds of unpatentability upon which the IPR was instituted"). As discussed above, and among other things, having the same claim construction standard for both the original patent claims and proposed substitute claims will reduce the potential for inconsistency in the interpretation of the same or similar claim terms.

The Office does not expect that this rule will result in direct costs to applicable entities. The Office's understanding is informed partly by the PTAB's experience in applying *Phillips* in some AIA trials (as noted herein, PTAB has used *Phillips* for AIA trials concerning expired patents since 2012 and for AIA trials concerning soon-to-be-expired patents since 2016). In the PTAB proceedings that are currently conducted using the *Phillips* standard, PTAB applies the same procedures—including the same page limits and other briefing requirements—as in the PTAB proceedings that use the BRI standard. In other words, the PTAB currently uses the same regulations, procedures, and guidance for both types of AIA trials: *i.e.*, for both the AIA trials that use the BRI standard as well as those AIA trials (concerning expired and soon-to-expire patents) that use the *Phillips* standard. These are found in the Code of Federal Regulations (at 37 CFR part 42) and on USPTO's website, including at the following page where USPTO has links to the relevant regulations as well as the Trial Practice Guide that informs the public of standard practices before PTAB during AIA trials: *https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/resources.* Because these are used now for trials under both BRI and *Phillips,* USPTO does not need to revise these procedures and guidance to implement the change set forth in this final rule, and does not need to make regulatory changes other than those set forth in this final rule.

Moreover, PTAB has not found that parties to these AIA proceedings under *Phillips* require expanded page limits or otherwise incur more expense in their AIA trials than parties in AIA proceedings under BRI. The USPTO's experience is that arguments under *Phillips* are not more complicated or more lengthy than arguments under the BRI standard. Rather, both standards are familiar to patent practitioners appearing before the USPTO and district courts. Consequently USPTO expects that these proceedings utilizing the *Phillips* standard will operate procedurally in much the same way as BRI proceedings using the BRI standard, that they will cost USPTO and parties no more to conduct, and that they will be completed within the statutory deadline. In sum, the direct result of USPTO changing the claim construction standard argued in some AIA trials from one well-known standard to another well-known (as noted, a standard already used in some AIA trials) will not have direct economic impacts.

Given the fact that 86.8% of PTAB proceedings have been the subject of litigation in Federal court, where parties are already using the *Phillips* standard, the Office reasonably anticipates expanding the use of the *Phillips* standard to all AIA trials should result in parties realizing some efficiency in the legal work required for their PTAB proceedings. Not only will applying the federal court claim construction standard in AIA proceedings lead to greater consistency with the federal courts and the ITC, where such consistency will lead to greater certainty as to the scope of issued patent claims, but it will also help achieve the goal of increasing judicial efficiency and eliminate arguments relating to different standards across fora. The Office has not increased the page limits of briefs for the AIA trials that currently use *Phillips,* and the paperwork burden associated with briefings for trials is covered by the current information collections based on the current page limits, thus the overall cost burden on respondents is not expected to change. It is possible that this rule may produce a slight reduction in the indirect costs as a result of improving efficiency by reducing wasted effort in conducting duplicative efforts in construing claims. For example, in some cases there may be savings in legal fees because the parties may be able to leverage work done in the district court. Using the same claim construction standard across the fora would increase efficiency, as well reduce cost and burden because parties would only need to focus their resources to develop a single set of claims construction arguments. In summary, given the Office's experience with existing PTAB proceedings currently conducted using the *Phillips* standard and the efficiencies that may be realized by having consistency between all AIA trials and the standard use in federal court litigation, the Office does not expect that this rule change will impose costs on parties.

Implementation

The changes to the claim construction standard will apply to proceedings where a petition is filed on or after the effective date of the final rule. The Office will apply the federal court claim construction standard, in other words, the claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips,* to construe patent claims and proposed substitute claims in AIA proceedings in which trial has not yet been instituted before the effective date of the final rule. The Office will continue to apply the BRI standard for construing unexpired patent claims and proposed substitute claims in AIA proceedings where a petition was filed before the effective date of the final rule.

As to comments received regarding filing a prior claim construction determination, parties should submit the prior claim construction determination by a federal court or the ITC in an AIA proceeding as soon as that determination becomes available. Preferably, a prior claim construction determination should be submitted with the petition, preliminary response, or

response, with explanations. *See* the response to comment 37 below for more information.

Discussion of Specific Rules

Title 37 of the Code of Federal Regulations, part 42, is amended as follows:

Sections 42.100, 42.200, and 42.300: Sections 42.100(b), 42.200(b), and 42.300(b) are amended to replace the first sentence with the following: A claim of a patent, or a claim proposed in a motion to amend, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. This revision replaces the BRI standard for construing unexpired patent claims and proposed substitute claims during an IPR, PGR, or CBM proceeding with the same claim construction standard that is used in federal courts and ITC proceedings. As discussed above, the Office will apply the standard used in federal courts and the ITC, which construe patent claims in accordance with the principles that the Federal Circuit articulated in *Phillips*. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. The Office will construe patent claims and proposed substitute claims based on the record of the IPR, PGR, or CBM proceeding, taking into account the claim language itself, specification, and prosecution history pertaining to the patent, as well as relevant extrinsic evidence, all as in prevailing jurisprudence of Article III courts. The Office will take into account the prosecution history that occurred previously in proceedings at the Office prior to the IPR, PGR, or CBM proceeding at issue, including in another AIA proceeding, or before an examiner during examination, reissue, and reexamination. As in a district court proceeding, the parties should point out the specific portions of the specification, prosecution history, and relevant extrinsic evidence they want considered, and explain the relevancy of any such evidence to the arguments they advance. Each party bears the burden of providing sufficient support for any construction advanced by that party.

The Office has considered using different claim construction standards for IPR, PGR, and CBM proceedings, but, for consistency, the Office adopts the same claim construction to be applied in all IPR, PGR, and CBM proceedings. By maintaining consistency among the various proceedings, the integrity, predictability and reliability of the patent system is thus enhanced.

Sections 42.100(b), 42.200(b), and 42.300(b) are also amended to state that "[a]ny prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the [ITC], that is timely made of record in the . . . proceeding will be considered." Under this provision, the Office will consider any prior claim construction determination in a civil action or ITC proceeding if a federal court or the ITC has construed a term of the involved claim previously using the same standard, and the claim construction determination has been timely made of record in the IPR, PGR, or CBM proceeding.

Sections 42.100(b), 42.200(b), and 42.300(b) are further amended by deleting the second and third sentences, eliminating the procedure for requesting a district court-type claim construction approach for a patent expiring during an IPR, PGR, or CBM proceeding. Such a procedure is no longer needed because the Office will use the same claim construction standard that is used in federal courts and ITC proceedings uniformly for interpreting all claims in an IPR, PGR, or CBM proceeding.

Response to Comments

The Office received a total of 374 written submissions of comments from intellectual property organizations, businesses, law firms, legal professors and scholars, patent practitioners, and others. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The large majority of the comments were supportive of changing the claim construction standard along the lines proposed in the proposed rule. For example, major bar associations, industry groups, patent practitioners, legal professors and scholars, and individuals supported the change.

The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. All of the comments are posted on the PTAB website at *https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/comments-changes-claim-construction.*

The Office's responses address the comments that are directed to the proposed changes set forth in the notice of proposed rulemaking. 83 FR 21221. Any comments directed to topics that are beyond the scope of the notice of proposed rulemaking will not be addressed at this time.

Uniformity, Predictability, and Certainty

Comment 1: Most comments strongly supported the proposed rules that adopt the *Phillips* claim construction standard for interpreting claims in IPR, PGR, and CBM proceedings ("AIA proceedings"), harmonizing the claim construction standard between AIA proceedings before the PTAB and the proceedings before federal courts and the ITC. For example, most of the comments noted that this rule change should lead to greater consistency with the federal courts and ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims. The comments also indicated that the rule change will promote a balanced approach, providing greater predictability and certainty in the patent system, which will, in turn, increase judicial efficiency and reduce economic waste. The comments further explained that adopting the *Phillips* standard will potentially provide for more accurate claim constructions and reduce incentives for parallel-track litigation and increase efficiency between fora.

Responses: The Office agrees with these comments. Under the amended rules, as adopted in this final rule, the Office will construe a claim using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), aligning the claim construction standard used in AIA proceedings with the standard used in federal courts and ITC proceedings. As noted by the commentators, the rule change will lead to greater consistency and harmonization with the federal courts and the ITC and lead to greater certainty and predictability in the patent system. We further agree this will increase judicial efficiencies between PTAB and other fora. For example, several trade associations and corporations commented that the use of the same claim construction standard will reduce duplication of efforts by parties and by the various tribunals. This is important because, as one study indicated, there is significant overlap between AIA proceedings and district court litigation. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, "Strategic Decision Making in Dual PTAB and District Court Proceedings," 31 Berkeley Rec. L.J. 45 (2016), *https://ssrn.com/abstract=2731002.* As suggested by the authors of the study, the application of the same standard of claim construction by the PTAB, federal courts, and the ITC would increase efficiency as it would

enhance the ability of federal courts and the ITC to rely upon PTAB claim constructions in subsequent proceedings. *Id.* at 81.

Comment 2: Some comments opposed the proposed rule changes, arguing that Congress intended the PTAB to use the BRI standard in AIA proceedings, Congress has declined to change the claim construction standard, the Office should wait until Congress changes the claim construction standard, and the BRI standard is appropriate for the reasons provided by the Office in the initial AIA proceeding final rule in 2012 (77 FR at 48697–99), the 2016 final rule (81 FR at 18752), and the government briefs in *Cuozzo Speed Techs., LLC* v. *Lee,* 136 S. Ct. 2131 (2016) and *Oil States Energy Services, LLC* v. *Greene's Energy Group, LLC,* 138 S. Ct. 1365 (2018). Another comment suggested that the Office has previously taken the position in *Cuozzo* that the history, congressional intent, amendments, and statutory framework of the AIA support the BRI in AIA proceedings. A few comments requested that, if the Office adopts the proposed changes, the Office should implement procedures that will safeguard the AIA's goal of improving patent quality and minimize unfairness to the parties. Some of the comments suggested that the proposal is arbitrary and capricious, and the Office did not provide adequate notice, explanation, or evidence and should issue a new proposed rule.

Response: The Office appreciates the thoughtful comments. Since the publication of the second final rule in 2016, the Director has considered the significant experience the Office has now had with its almost six years of AIA proceedings. The Office also now has the benefit of several additional years of Federal Circuit decisions, resulting in hundreds of additional decisions that were not available during the first several years of AIA implementation. This additional experience, and recent studies, support the numerous concerns expressed by stakeholders with the use of BRI, and that compelling reasons exist to apply the same standard in AIA proceedings as that used in district court.

The Supreme Court has endorsed the Office's ability to choose an approach to claim construction for AIA proceedings. *Cuozzo,* 136 S. Ct. at 2142–46 ("That is a question that Congress left to the particular expertise of the Patent Office."). Congress did not expressly set forth a claim construction standard in the statute, but rather deferred to the Office's expertise to select the appropriate standard for construing claims in AIA proceedings. *Id.* (noting that "neither the statutory language, its purpose, [nor] its history suggest that Congress considered what standard the agency should apply when reviewing a patent claim in inter partes review").

Notably, the statutory provision set forth in 35 U.S.C. 316(a)(4) grants the Office authority to issue "regulations . . . establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title." For PGR and CBM proceedings, 35 U.S.C. 326(a)(4) contains a similar provision. Furthermore, under 35 U.S.C. 316(a)(2) and 326(a)(2), the Office must prescribe regulations "setting forth the standards for the showing of sufficient grounds to institute a review." In prescribing regulations under 35 U.S.C. 316(a) and 326(a), and among other things, the Director has considered "the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter," in accordance with 35 U.S.C. 316(b) and 326(b). In addition, the Director has carefully considered all of the comments received. As stated in the notice of proposed rulemaking, and with all of this information in mind, the Office's goal is to implement a fair and balanced approach, providing greater predictability and certainty in the patent system. This, in turn, implements the congressional intent of the AIA. H.R. Rep. No. 112–98, pt. I at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40 ("[The AIA] is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.").

Prior to this final rule, the PTAB already has been applying the principles articulated in *Phillips* and its progeny for interpreting claims of expired patents and soon-to-be-expired patents in AIA proceedings. Using this standard for interpreting all other claims will result in a uniform standard for all claims under review in AIA proceedings before the PTAB, in federal court litigations, and at the ITC. Significantly, as noted by some of the comments, applying the federal court claim construction standard in AIA proceedings will lead to greater consistency with the federal courts and the ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims, and will help achieve the goal of increasing judicial efficiency and eliminate arguments relating to different standards across fora, which will lead to cost savings for all litigants. As one commenter observed, the adoption of the federal court claim construction standard is consistent with "uniform interpretation of the patent laws," which is a well-recognized goal of the patent system as it allows the strength of patents to be meaningfully and positively predicted. Hearings on H.R. 6033, H.R. 6934, H.R. 3806 and H.R. 2414, Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary, 96th Cong., 797 (1980).

The Office recognizes that in some respects AIA proceedings serve a different purpose than that of litigation in the federal courts. *Cuozzo,* 136 S. Ct. at 2143–44. For example, Congress intended AIA proceedings to provide "quick and cost effective alternatives" to litigation in the courts, as well as to "provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court." H.R. Rep. No. 112–98, pt. I at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40 ("[The AIA] is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."). The changes in the proposed rule will better effect these purposes, for example by reducing costs associated with duplicative proceedings, and improving efficiency by reducing wasted effort.

As to the comment pointing to prior arguments advanced in connection with the *Cuozzo* case, the Supreme Court expressly rejected the argument that the history, congressional intent, amendments, and statutory framework of the AIA required the use of BRI in AIA proceedings: "Finally, neither the statutory language, its purpose, or its history suggest that Congress considered what standard the agency should apply when reviewing a patent claim in inter partes review." *Cuozzo,* 136 S. Ct. at 2142–46. The Court further held that such decisions were left to the sound discretion of the Office: "[W]e do not decide whether there is a better alternative as a policy matter. That is a question that Congress left to the particular expertise of the Patent Office." *Id.* As explained in detail in this final rule package, the six years of experience with AIA proceedings, the many additional parallel court cases, as well as the numerous requests from stakeholders concerned with the use of BRI and comments received, make clear that using the same claim construction standard as in federal courts and the ITC better serves the public and the intent

of the AIA to provides, among other things, "a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." AIA H.R. Rep. No. 112–98, pt. I at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40. Indeed, many of the bases originally advanced in 2012 as justifying the use of BRI have not been borne out. *See e.g., Greenleaf* at 11 ("It is not clear, given more than five years of experience with PTAB post-grant proceedings, that there is any justification for using BRI for issued patents).

As to the suggestion that the rulemaking has been arbitrary and capricious, the Office has proceeded with the implementation of AIA proceedings deliberately and with caution, continuously engaging the public and seeking feedback to gauge the effectiveness of the rules and procedures that govern AIA proceedings. At each stage of the process, including in this final rule, the Office has supported its exercise of discretion with reasoned analysis in response to comments received. For example, in the initial 2012 rulemaking, the Office adopted the BRI standard for construing claims of unexpired patents based on its prior experience, as well as adopting the principles articulated in *Phillips* and its progeny for interpreting claims of expired patents. 77 FR 48680. To elicit even more input, in June of 2014, the Office published a Request for Comments in the **Federal Register** and, at public request, extended the period for receiving comments to October 16, 2014. *See* Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, 79 FR 36474 (June 27, 2014) ("Request for Comments"). The Request for Comments asked seventeen questions on ten broad topics, including a general catchall question, to gather public feedback on any changes to AIA proceedings that might be beneficial. See Request for Comments, 79 FR at 36476–77. This was followed by the 2016 rulemaking, where the Office incrementally expanded the use of the district court claim construction standard, which is articulated in *Phillips,* to interpret claims of soon-to-be-expired patents in AIA proceedings. 81 FR 18750.

As noted above, since the time of the last AIA rule package, the Federal Circuit has issued a six-fold increase in the number of decisions relating to AIA proceedings. And now, in light of these decisions and based on the PTAB's experience over six years, including applying the federal court claim construction standard in AIA proceedings in certain contexts, the Office has determined that employing the district court standard for interpreting all claims in AIA proceedings will continue to enhance predictability and reliability of the patent system.

The PTAB's use of the district court standard, for interpreting all claims in AIA proceedings, will address concerns that have been continually expressed by stakeholders and demonstrated in recent studies that the use of a different claim construction standard in AIA proceedings wastes resources and has the potential for resulting in troubling differences in construction-outcomes between proceedings. *See Bagley* at 354; *Greenleaf* at 9. Notably, the PTAB will continue to provide a second look at an earlier administrative grant of a patent by determining whether to review the claims challenged by a petitioner based on the prior art and grounds asserted in the petition, with any final action taking into account the evidence in the entire record of any instituted proceeding. In addition, the PTAB will consider the claim language itself, the specification, prosecution history pertaining to the patent, and any prior claim construction determinations from the federal courts and the ITC that have been timely made of record, to provide a claim construction determination in accordance with the amended rules as adopted in this final rule. The PTAB will consider the issues as briefed by the parties, and may review whatever portions of the record are required to arrive at the "correct" construction pursuant to *Phillips* and its progeny. The PTAB also will continue to provide an initial claim construction determination in the institution decision based on the record at the preliminary stage, including the parties' proposed claim constructions and supporting evidence. If a trial is instituted, the parties will continue to have sufficient opportunities to submit additional arguments and evidence during the trial, addressing the PTAB's initial claim construction determination before the oral hearing. The PTAB will continue to consider the entirety of the trial record before entering a final written decision that sets forth any final claim construction determination. A party dissatisfied with the final written decision, including the final claim construction determination, will continue to have the opportunity to file a request for rehearing without prior authorization from the PTAB and the right to appeal the decision to the Federal Circuit. All parties will continue to have a full and fair opportunity to present arguments and evidence prior to any final determination. The vast majority of commentators, including those few opposed to the change, agree that the PTAB's current procedures are effective in implementing the goals of the AIA, and those procedures remain available.

As in the federal courts and ITC, the PTAB will "seek out the correct construction—the construction that most accurately delineates the scope of the claim invention—under the framework laid out in *Phillips.*" *PPC Broadband,* 815 F.3d at 740. To promote fairness, balance, predictability, and certainty in the patent system, the Office is exercising its statutory authority under 35 U.S.C. 316(a)(2), 316(a)(4), 326(a)(2), and 326(a)(4) to adopt the federal court claim construction standard, which is articulated in *Phillips,* for interpreting claims in AIA proceedings, harmonizing the claim construction standards between AIA proceedings and proceedings before the federal courts and ITC. *See, e.g.,* 35 U.S.C. 316(a)(4) ("The Director shall prescribe regulations . . . establishing and governing inter partes review of this chapter and the relationship of such review to other proceedings under this title."). Fundamentally, each of the federal courts, the ITC, and the PTAB will use the same objective standards under the *Phillips* framework to arrive at the claim construction when performing their analysis. Predictability and reliability of the patent system are thus enhanced, for example by increasing the likelihood that a claim will be construed in the same manner by the federal courts, the ITC, and the PTAB.

Consistency

Comment 3: Many comments stated that the rule change will promote consistency between the various fora. The comments suggested this would result in a more uniform and fair patent system. The comments further asserted adoption of the *Phillips* standard prevents parties from taking inconsistent positions, such as a patent challenger arguing for a broad scope in a PTAB proceeding (under BRI) and a narrow scope (under *Phillips*) in district court to avoid a finding of infringement.

Response: The Office agrees that aligning the claim construction standard used in PTAB proceedings with that used by the federal courts and the ITC promotes consistency in claim construction rulings and patentability determinations. The Federal Circuit has stated that when a party loses in a court proceeding challenging a patent, "the

PTO ideally should not arrive at a different conclusion" on the same presentations and arguments. *See In re Baxter,* 678 F.3d 1357, 1365 (Fed. Cir. 2012). Adoption of the *Phillips* standard will reduce the potential for inconsistent results between different fora. We further agree that consistency leads to a more uniform, reliable, and predictable patent system. Specifically, as discussed above, the adoption of the federal court claim construction standard is consistent with "uniform interpretation of the patent laws," which is a well-recognized goal of the patent system as it allows the strength of patents to be meaningfully and positively predicted. Hearings on H.R. 6033, H.R. 6934, H.R. 3806 and H.R. 2414, Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary, 96th Cong., 797 (1980).

Comment 4: Some comments stated that the BRI standard ensures claims will be interpreted consistently among different proceedings before the Office, and applying different claim construction standards for different parts of the Office will lead to inconsistency, confusion, and complexity within the Office. A few comments also asserted that adopting the *Phillips* standard will frustrate the Office's statutory authority to consolidate different proceedings involving the same patent. Some of the comments further suggested that the Office may find claims patentable over prior art in an AIA proceeding applying the *Phillips* standard and at the same time unpatentable over the same prior art in a reexamination applying the BRI standard. The comments noted that, if the PTAB does not apply the BRI standard in AIA proceedings, the Office will be required to approve in an AIA proceeding a patent claim that it would have rejected in an initial examination or reexamination considering the same prior art.

Response: As the Federal Circuit recently explained, "[i]n many cases, the claim construction will be the same under [both the BRI and *Phillips*] standards." *In re CSB-System Int'l, Inc.,* 832 F.3d 1335, 1341 (Fed. Cir. 2016). "Even under the broadest reasonable construction rubric . . . , the board must always consider the claims in light of the specification and teachings in the underlying patent." *In re Power Integrations, Inc.,* 884 F.3d 1370, 1375 (Fed. Cir. 2018) (citation and internal quotation marks omitted). "And there is no reason why this construction could not coincide with that of a court in litigation." *Id.* Moreover, in an AIA proceeding, "[t]he PTO should also consult the patent's prosecution history in proceedings in which the patent has been brought back to the agency for a second review." *Microsoft Corp.* v. *Proxyconn, Inc.,* 789 F.3d 1292, 1298 (Fed. Cir. 2015), *overruled on other grounds by Aqua Prods., Inc.* v. *Matal,* 872 F.3d 1290 (Fed. Cir. 2017) (en banc). "[T]he Board's construction cannot be divorced from the specification and the record evidence" and "must be consistent with the one that those skilled in the art would reach." *Id.* (citations and internal quotation marks omitted). "A construction that is unreasonably broad and which does not reasonably reflect the plain language and disclosure will not pass muster." *Id.* (citation and internal quotation marks omitted). In addition, the recent IPO study acknowledged that "[i]t is difficult to dissect or predict the differences between outcomes under BRI or *Phillips*" and that "[t]he claim construction procedure under both standards appears to be very similar if not identical." *Greenleaf,* at 9. The IPO study indicates that, since 1986, "there have been very few decisions in which courts have attributed a variance in claim interpretation to the differences between the two standards." *Id.* at 1. In sum, consistent with the IPO study and the Federal Circuit, we believe that the patentability determination reached will be consistent for BRI and *Phillips* in the vast majority of cases decided.

Furthermore, the Office already has been applying the principles articulated in *Phillips* to claims of expired patents and soon-to-be expired patents that were previously examined, reexamined, or reissued, under the BRI standard. Based on the Office's years of experience, employing the federal court claim construction standard, which is articulated in *Phillips,* for interpreting all claims in AIA proceedings will not lead to inconsistency, confusion, and complexity within the Office. For example, the Office has been applying the *Phillips* standard in ex parte reexamination, *e.g.* with regard to expired claims, since its implementation in 1981.

In direct contrast to AIA proceedings, the Office is required by statute to conduct reissue and reexamination proceedings according to the procedures established for initial examination. 35 U.S.C. 251(c) and 305. Under 35 U.S.C. 315(d) and 325(d), during the pendency of an AIA proceeding, "if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the [AIA proceeding] or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding." The Office has exercised its discretion under these statutory provisions to stay and/or terminate reexaminations and reissue proceedings. The Office has not, to date, merged or consolidated a reexamination or reissue proceeding with an AIA proceeding. Prior to making a determination to consolidate proceedings, the Office will consider whether the claim construction standard would have any material effect on the claim construction determinations in the specific proceedings at issue, for example by considering whether a term at issue in any of the proceedings has a different construction under the different claim construction standards. Additionally, as to comments that the Office will arrive at different claim constructions in AIA proceedings and reexaminations, the Office has existing tools to address these situations, including, *e.g.,* the use of discretion under 35 U.S.C. 325(d).

As stated in the notice of proposed rulemaking, one study found that 86.8% of patents at issue in AIA proceedings also have been the subject of litigation in the federal courts. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings,* 31 Berkeley Tech. L.J. 45 (2016), *http://ssrn.com/abstract=2731002.* Based on these data, feedback the Office has received from the public, recent case law regarding claim construction standards, and the submitted comments, it is appropriate to harmonize the claim construction standard used in AIA proceedings with the standard used in the federal courts and ITC proceedings.

In addition, unlike initial examination of pre-issued claims in a patent application, patent owners in AIA proceedings have not filed as many motions to amend as previously anticipated (through June 30, 2018, the Office has decided only 196 motions to amend, granting 4%, granting-in-part 6%, and denying 90%). As noted in a comment received from a trade association, patent owners are reluctant to substantially amend claims that have been asserted in a co-pending infringement litigation. This comment stated that "this is generally believed to be due to intervening rights [*e.g.,* under 35 U.S.C. 318(c), 328(c), and 252] and the loss of past damages [for infringement in a co-pending litigation] after amendment, not to any inability to amend." *See, e.g.,* McKeown, *Amendment Efforts at PTAB Trend Downward,* LexisNexis Newsroom (Dec. 2014), available at *https://*

www.lexisnexis.com/legalnewsroom/intellectual-property/b/patent-lawblog/archive/2014/12/16/amendment-efforts-at-ptab-trend-downward.aspx (noting that "historically, patentees would rarely amend claims at the USPTO that were asserted in a co-pending litigation" due to intervening rights and tying the lack of use of amendments in IPR to those intervening rights). Claim amendments in AIA proceedings have therefore been relatively rare and substantially different than amendments during examination. Accordingly, one of the original bases suggested for the use of BRI has not been borne out, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of BRI.

On balance, after years of experience and in view of the comments received, the Office has determined that using a claim construction standard for issued patents subject to AIA proceedings that is consistent with the standard applied in federal courts and the ITC is better for advancing the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely the proceedings.

Comment 5: Some comments asserted that harmonizing the claim construction standards between AIA proceedings and the proceedings before the federal courts and the ITC would not necessarily result in the same claim constructions. They pointed out that federal courts applying the *Phillips* standard can reach different constructions for a particular claim (as in the situation where the Federal Circuit disagrees with the construction provided by a district court); many courts may not wholly accept the PTAB's constructions; and the evidentiary standard in AIA proceedings is different from the standard used in the federal courts and the ITC.

Response: The PTAB is required by statute to employ a different evidentiary standard for determining the patentability of a challenged claim than that used in federal courts and the ITC. However, there is no statute applicable to either the PTAB or federal courts that requires any different standards, evidentiary or otherwise, for claim construction. Moreover, as to harmonizing claim construction standards, the Federal Circuit recently explained that the prosecution disclaimer doctrine includes patent owner's statements made in an AIA proceeding, to ensure that "claims are not argued one way in order to maintain their patentability and in a different way against accused infringers." *Aylus Networks, Inc.* v. *Apple Inc.,* 856 F.3d 1353, 1360–61 (Fed. Cir. 2017) (citing *Southwall Techs., Inc.* v. *Cardinal IG Co.,* 54 F.3d 1570, 1576 (Fed. Cir. 1995)). As the Federal Circuit acknowledged, consistency between fora is important.

Under the amended rules, as adopted by this final rule, the PTAB will apply the same claim construction standard as used in federal courts and the ITC, "seek[ing] out the correct construction—the construction that most accurately delineates the scope of the claim invention—under the framework laid out in *Phillips*." *PPC Broadband,* 815 F.3d at 740. The PTAB also will consider any prior claim construction determinations from the PTAB, the federal courts, and the ITC that are timely made of record to promote consistency. Therefore, the amended rules will encourage parties to take a consistent position with respect to claim constructions in their patentability and infringement arguments, to ensure that whatever decision issues, regardless of forum, is reflective of the "correct" construction.

As to comments that courts may not wholly accept the PTAB's constructions, this is an issue that federal courts will decide in the particular cases that come before them, based on the record available at that time. Having the same claim construction standard, however, increases the likelihood that courts may consider the PTAB's construction for a given patent.

Clarity and Public Notice

Comment 6: Several comments were in favor of the *Phillips* standard for interpreting claims in AIA procedures because it would promote clarity and eliminate the current disparity in how claims are construed. The comments asserted that the current differences in claim construction standards undermine the public notice function and subject patent owner's property rights to unnecessary and undesirable risks, which discourages investment in innovative ideas and hurts inventors and innovation.

Response: We agree that adoption of the *Phillips* claim construction standard will promote clarity and public notice. By using the same claim construction standard in PTAB proceedings that is used by the federal courts and the ITC, greater certainty on the scope of issued patent claims will be provided to all stakeholders. In particular, we agree with the comments received that reducing the potential for inconsistent results between the PTAB and federal courts would encourage inventors to use the patent system. For example, one trade association commented that a uniform standard would lead to greater certainty and investment, while another trade association stated that the adoption of the federal court claim construct standard promoted certainty, which is a recognized goal of the AIA. Senate Debate, 157 Cong. Rec. S5347, S5354 (daily ed. Sept. 7, 2011) (Statement of Administration Policy on H.R. 1249) (discussing how the AIA created new trial proceedings "to increase the quality and certainty of patent rights and offer cost-effective, timely alternatives to district court litigation").

Comment 7: A few comments asserted that the BRI standard promotes clarity and public notice by incentivizing a patentee to amend its claims so that the boundary between its patent rights and the prior art can be more clearly delineated. A few comments also expressed concerns that, if the PTAB applies the *Phillips* standard in AIA proceedings, the district court may construe a claim more broadly than the PTAB's claim construction, resulting in a situation where subject matter that is in the prior art nonetheless may infringe the patent.

Response: The PTAB's construction of a claim under the framework set forth in *Phillips* will promote clarity and public notice. Moreover, since both a district court and the PTAB will use the same standard to construe the claim, there will be reduced likelihood of differences between the scope of claim construction at either forum. The Federal Circuit recently affirmed a district court's claim construction by holding that the statements made by a patent owner during an AIA proceeding, even before institution, are part of the prosecution history and can be relied on to support a finding of prosecution disclaimer. *Aylus Networks,* 856 F.3d at 1361. The court explained that "[e]xtending the prosecution disclaimer doctrine to IPR proceedings will ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers." *Id.* at 1360. "In keeping with the underlying purposes of the doctrine, this extension will 'promote[ ] the public notice function of the intrinsic evidence and protect[ ] the public's reliance on definitive statements made during'" AIA proceedings. *Id.* (quoting *Omega Eng'g, Inc.* v. *Raytek Corp.,* 334 F.3d 1314, 1324 (Fed. Cir. 2003)). Accordingly, applying the same standard will alleviate the commentators' concerns with regard to differences in claim scope between the district court and PTAB.

In addition, under the amended rules, as adopted by this final rule, the PTAB

will consider any prior claim construction determinations from federal courts and the ITC that are timely made of record to enhance consistency. Moreover, as noted above, unlike initial examination, the vast majority of AIA proceedings involve patents in litigations, and as noted above, patent owners are reluctant to substantially amend their claims that are involved in an infringement litigation for a variety of reasons, such as to avoid triggering intervening rights. Therefore, one of the originally suggested bases for using BRI in 2012 has not been borne out. Claim amendments in AIA proceedings are relatively rare and substantially different than amendments during examination, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of BRI.

Fairness

Comment 8: Many comments opined that harmonizing the claim construction standard used in AIA proceedings with that used in the federal courts and ITC proceedings will ensure greater fairness and predictability to the patent system, which will in turn maximize judicial efficiency and minimize economic waste. Several comments acknowledged that harmonizing the claim construction standards would prevent parties from taking inconsistent positions and will properly balance the interests of both patent owners and petitioners. Some of the comments further noted that applying different standards in different fora unfairly advantages the patent challenger because an accused infringer may seek a broad construction for purposes of finding claims unpatentable in an AIA proceeding before the PTAB and a narrow construction for purposes of arguing non-infringement in a federal court action.

Response: The Office agrees with these comments. This final rule adopts the federal court claim construction standard, which is articulated in *Phillips,* for AIA proceedings, aligning the claim construction standard used in AIA proceedings with the standard used in the federal courts and ITC proceedings. This will promote a more fair and balanced system because parties will no longer be able to argue for a broader claim scope in PTAB proceedings than that used by federal courts. Several commenters stated that the BRI standard allows parties to take inconsistent positions between PTAB proceedings for patentability and litigation for infringement. One commenter stated "[c]urrently, the absence of a uniform claim construction standard permits patent infringers to aggressively argue inconsistent positions on claim scope in different forums with impunity—a broad scope before the PTAB, and a narrow scope in district court. With a uniform application of the *Phillips* standard, patent challengers will have less flexibility to advance inconsistent arguments about claim scope, and will instead be required to choose a single claim construction that best captures the true meaning of the patent claim, because they will not be able to justify different constructions as being the mere result of different claim construction standards." The lack of a uniform standard between the PTAB and federal courts runs contrary to the general principle articulated in *Source Search Techs LLC* v. *Lending Tree, LLC,* that "it is axiomatic that claims are construed the same way for both validity and infringement." 588 F.3d 1063, 1075 (Fed. Cir. 2009).

Comment 9: Some comments opposed the proposed rules, asserting that using the *Phillips* standard in AIA proceedings would not alleviate perceived unfairness. A few comments suggested that the *Phillips* standard is susceptible to various reasonable interpretations, which can produce multiple possible constructions, and that there is no certainty that the decision of the PTAB and the courts will be harmonized. Some of the comments also indicated that applying the BRI standard in AIA proceedings is not unfair to patentees because they have the opportunity to amend the claims to obtain more precise claim coverage, and the BRI standard "serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified," citing *In re American Academy of Science Tech Center,* 367 F.3d 1359, 1362–63 (Fed. Cir. 2004) (citation and internal quotation marks omitted). These comments asserted that replacing the BRI standard would undermine this goal, resulting in less predictability and inviting gamesmanship from patentees.

Response: As noted above, unlike initial examination, the vast majority of AIA proceedings involve patents in litigation, and, according to several comments, patent owners are reluctant to substantially amend their claims that are involved in an infringement litigation for a number of reasons, such as in order to avoid triggering intervening rights. As stated in the notice of proposed rulemaking, having AIA proceedings use the same claim construction standard that is applied in federal courts and ITC proceedings also addresses the concern that potential unfairness could result from using an arguably broader standard in AIA proceedings. According to some patent owners, the same claim construction standard should apply to both the validity (or patentability) determination and the infringement determination. Because the BRI standard potentially reads on a broader universe of prior art than does the *Phillips* standard, a patent claim could potentially be found unpatentable in an AIA proceeding (under the BRI standard) on account of claim scope that the patent owner would not be able to assert in an infringement proceeding (under the *Phillips* standard). For example, even if a competitor's product would not be found to infringe a patent claim (under the *Phillips* standard) if it was sold after the patent's effective filing date, the same product nevertheless could potentially constitute invalidating prior art (under the BRI standard) if publicly sold before the patent's effective filing date.

Based on its 6 years of experience with AIA proceedings, the Office has determined that the same claim construction standard should apply to both a patentability determination at the PTAB and determinations in federal court on issues related to infringement or invalidity. Under the amended rules as adopted by this final rule, the PTAB also will consider any prior claim construction determination concerning a term of the claim in a civil action or a proceeding before the ITC that is timely made of record in an AIA proceeding. This will increase the likelihood that claims are not argued one way in order to maintain their patentability (or to show that the claims are unpatentable) and in a different way against an opposing party in an infringement case, consistent with recent case law from the Federal Circuit. *See Aylus Networks,* 856 F.3d at 1360. Rather, regardless of forum, the same objective standards will be used for claim construction.

Additionally, as discussed above, one of the originally suggested bases for using the BRI in 2012 has not been borne out. Claim amendments in AIA proceedings are relatively rare and substantially different than amendments during examination, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of the BRI.

Efficiency, Cost, Timing, and Procedural Issues

Comment 10: Most comments supported harmonizing of the claim construction standard used in AIA

proceedings with the standard used in the proceedings before federal courts and the ITC because different claim construction standards used in various fora encourage forum shopping and parallel duplicative proceedings. According to the comments, using the same claim construction standard across the fora would increase efficiency as well as certainty, and it would reduce cost and burden because parties would only need to focus their resources to develop a single set of claim construction arguments.

Response: The Office agrees with these comments. The existence of different approaches to claim construction determinations may encourage a losing party to attempt for a second bite at the apple, resulting in a waste of the parties' and judicial resources alike. *See* Niky R. Bagley, *Treatment of PTAB Claim Construction Decisions: Aspiring to Consistency and Predictability,* 32 Berkeley Tech. L.J. 315, 354 (2018). Adoption of the *Phillips* standard will increase efficiencies and will reduce costs to parties because it eliminates the incentive to forum shop based upon claim construction standards and eliminates the need to present multiple claim construction arguments under different standards. As discussed above, several trade associations and corporations commented that the use of the same claim construction standard will reduce duplication of efforts by parties and by the various tribunals. As one commenter further stated, "[w]ith the PTAB and district courts applying the same claim construction standard, there will be a stronger basis for judges in one forum to rely on claim constructions rulings from the other, avoiding unnecessary duplication of work."

Comment 11: One comment seeks clarification of whether the PTAB would review evidence of infringing products to construe claims. According to the comment, claims cannot be construed under the *Phillips* standard without at least some reference to the product accused of infringement, citing *Wilson Sporting Goods Co.* v. *Hillerich & Bradsby Co.,* 442 F.3d 1322, 1324 (Fed. Cir. 2006), for support.

Response: To the extent that the comment suggests that *Wilson* requires consideration of infringement issues during claim construction, such a reading would overstate that case. In *Wilson,* the Federal Circuit "repeats its rule that claims may not be construed with reference to the accused device." *Wilson,* 442 F.3d at 1330–31. It further explained that "that rule posits that a court may not use the accused product or process as a form of extrinsic evidence to supply limitations for patent claim language. Thus, the rule forbids a court from tailoring a claim construction to fit the dimensions of the accused product or process and to reach a preconceived judgment of infringement or noninfringement. In other words, it forbids biasing the claim construction process to exclude or include specific features of the accused product or process." *Id.* In *Wilson,* the court merely stated that, in certain situations, "[t]he rule, however, *does not forbid* awareness of the accused product or process to supply the parameters and scope of the infringement analysis" and "a trial court *may* refer to the accused product or process for that context during the process." *Id.* (emphasis added). As such, *Wilson,* merely stands for the proposition that *it is permissible* to consider an accused product in the context of claim construction for purposes of infringement, not that an accused product *must* be considered in all claim construction disputes.

The Federal Circuit's decision in *Wilson* specifically addresses the district court's claim construction in the context of an *infringement* case. But under 35 U.S.C. 318 and 328, in an instituted AIA proceeding, the PTAB is required to "issue a final written decision with respect to the *patentability* of any patent claim challenged by the petitioner." As required by statute, the PTAB will continue to construe claims in the context of patentability (*e.g.,* the asserted prior art), not infringement. Because infringement issues are generally not before the PTAB in a patentability determination, the PTAB does not, in most circumstances, expect this case to have applicability in IPR proceedings. However, if a party believes that the claims of a particular patent cannot be construed absent consideration of additional evidence not called for in the Board's rules or practices, that party should contact the panel of judges overseeing the proceeding and request a conference call to discuss the facts of that specific issue.

Comment 12: Several comments suggested using the same claim construction procedures as used in the federal court. A few comments expressed concerns that fully adopting the same claim construction standard used by federal courts and the ITC could make it difficult for the Office to comply with the statutory deadline because the claim construction procedure at the federal courts and the ITC often involves considerable briefing, expert testimony, technology tutorials, and *Markman* hearings, which are expensive and time consuming.

Response: The Office has been applying the principles articulated in *Phillips* and its progeny in AIA proceedings for interpreting claims of expired patents, since the effective date of the AIA in 2012, and for interpreting claims of soon-to-be expired patents, since 2016. Even in those proceedings, the Office has met all of its statutory deadlines, utilizing the same efficient and cost effective procedures used in other AIA proceedings that applied the BRI standard. The Office will continue to employ a trial procedure in all AIA proceedings that provides "quick and cost effective alternatives" to litigation in the courts, as Congress intended. Thus, as discussed above, USPTO expects that these proceedings utilizing the *Phillips* standard will operate procedurally in much the same way as proceedings utilizing the BRI standard, that they will cost USPTO and parties no more to conduct, and that they will be completed within the statutory deadline.

Comment 13: Some comments expressed concerns that additional briefing and hearings related to claim construction would raise costs. One comment suggested that the PTAB should continue to provide non-final claim construction in the institution decisions. A few comments suggested allowing the parties a full and fair opportunity to present arguments and evidence prior to any final determination.

Response: As discussed above, USPTO expects—based on its prior experience in using the *Phillips* standard for expired and soon-to-expire claims—that these proceedings using the *Phillips* standard will operate procedurally in much the same way as proceedings using the BRI standard, that they will cost USPTO and parties no more to conduct, and that they will be completed within the statutory deadline. The Office will continue to use the trial procedure set forth in its Office Patent Trial Practice Guide, along with any updates and amendments that USPTO may decide to make in the future. As discussed above, USPTO does not need to revise these procedures and guidance to implement the change set forth in the final rule, and does not need to make regulatory changes other than those set forth in the final rule. Both the petitioner and patent owner will continue to have sufficient opportunities, during the preliminary stage, to submit their proposed claim constructions (in a petition and preliminary response, respectively) and

any supporting evidence, including both intrinsic and extrinsic evidence. Upon consideration of the parties' proposed claim constructions and supporting evidence, the PTAB will continue to provide an initial claim construction determination in the institution decision, to the extent that such construction is required to resolve the disputes raised by the parties. If a trial is instituted, the parties also will continue to have opportunities to cross-examine any opposing declarants, and to submit additional arguments and evidence, addressing the PTAB's initial claim construction determination and the opposing party's arguments and evidence before oral hearing. The PTAB also will continue to consider the entirety of the trial record, including the claim language itself, the specification, prosecution history pertaining to the patent, extrinsic evidence as necessary, and any prior claim construction determinations from the federal courts and the ITC that have timely been made of record, before entering a final written decision that sets forth the final claim construction determination. All parties will continue to have a full and fair opportunity to present arguments and evidence prior to any final determination. The vast majority of commentators, including many of those opposed to the change, agree that the Board's current procedures are effective in implementing the goals of the AIA. Those procedures remain available, will continue to apply when this final rule goes into effect, and will be improved in the future as necessary.

Proposed Substitute Claims

Comment 14: Most of the comments supported applying the federal court claim construction standard, which is articulated in *Phillips,* uniformly to both original patent claims and substitute claims proposed in a motion to amend. The comments suggested that using the federal court claim construction standard should lead to greater consistency with the federal courts and the ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims. The comments also indicated that using the federal court claim construction standard is appropriate because amendments proposed in AIA proceedings are required to be narrowing, are limited to a reasonable number of substitute claims, and are required to address patentability challenges asserted against the original patent claims. The comments further noted that using the same claim construction standard for interpreting both the original and amended claims avoids the potential of added complexity and inconsistencies between PTAB and federal court proceedings, and this allows the patent owner to understand the scope of the claims and more effectively file motions to amend. One of the comments stated that the BRI standard is appropriate in the context of the initial *ex parte* examination, but not appropriate for AIA proceedings, which are *inter partes* post-grant proceedings, potentially standing in for district court validity determinations, and allowing only amendments that narrow the scope of the original patent claim.

Response: The Office agrees with these comments. Under the amended rules, as adopted in this final rule, a claim of a patent, or a claim proposed in a motion to amend, "shall be construed using the same claim construction standard that would be used to construe the claim in a civil action." We agree that adoption of the *Phillips* standard is appropriate because, among other things, the claim amendments are limited to a reasonable number and are required to be narrowing. Further, the final rule will reduce the potential for inconsistency in claim construction between PTAB proceedings and the proceedings in federal court and the ITC, which we agree will result in greater certainty of the scope of issued patent claims.

Comment 15: Some comments opposed applying the federal court claim construction standard to substitute claims proposed in a motion to amend because it would create the risk that a district court would construe a claim broadly beyond the claim scope allowed by the Office. According to these comments, it is inappropriate and inconsistent for the Office to employ a different standard when new claims are presented to the PTAB on appeal from an examiner compared to when the same new claims are presented to the PTAB in an AIA proceeding. Some of the comments suggested eliminating amendments or applying the BRI standard in a proceeding in which the patent owner files a motion to amend to protect the public from vague and overly broad amendments. One comment indicated that, if the PTAB applies the federal court claim construction standard in an AIA proceeding, the PTAB should require patent owner to amend its claim to reflect that claim construction.

Response: As noted in the notice of proposed rulemaking, unlike initial examination of new or amended claims in a patent application, the patent owner may file a motion to amend an unexpired patent during an AIA proceeding to propose a reasonable number of substitute claims, but the proposed substitute claims "may not enlarge the scope of the claims of the patent or introduce new matter." 35 U.S.C. 316(d) and 326(d); 37 CFR 42.121(a)(2), 42.221(a)(2). The Federal Circuit recently noted that "[t]he patent owner proposes an amendment that it believes is sufficiently *narrower* than the challenged claim to overcome the grounds of unpatentability upon which the IPR was instituted." *Aqua Prods.,* 872 F.3d at 1306 (emphasis in the original). By requiring a narrower claim, a district court applying the same objective claim construction standards under the *Phillips* framework should not construe a substitute claim beyond the scope allowed by the Office. Further, as to any concern with vague or overly broad amendments, the PTAB is required to issue final written decisions with respect to the patentability of any new claim added, thus ensuring that vagueness and overbreadth issues will be resolved by the Office before issuance.

Further, as to the suggestion that the Office require patent owners to amend claims to reflect a federal court claim construction, such a suggestion is not adopted for a variety of reasons. Among other things, the PTAB will construe claims under the final rule using the same objective standards under the *Phillips* framework as used by the federal courts. Additionally the final rule specifies that "any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the covered business method patent review proceeding will be considered."

Construing Claims To Preserve Validity

Comment 16: Some comments opposed using a standard that applies the doctrine of construing claims to preserve their validity.

Response: In this final rule, the Office fully adopts the federal courts claim construction standard, which is articulated in *Phillips,* for interpreting claims in AIA proceedings. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

To the extent that federal courts and the ITC still apply the doctrine of construing claims to preserve their validity as described in *Phillips,* the Office will apply this doctrine for purposes of claim construction if dictated by the principles of *Phillips* and its progeny, *e.g.,* if those same rare circumstances arise in AIA proceedings.

As the Federal Circuit recognized in *Phillips,* this doctrine is "of limited utility." *Phillips,* 415 F.3d at 1327–28. The Court has not applied that doctrine broadly, and has "certainly not endorsed a regime in which validity analysis is a regular component of claim construction." *Id.* at 1327 (citation omitted). The doctrine of construing claims to preserve their validity has been limited to cases in which "the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous." *Id.* Moreover, the Federal Circuit "repeatedly and consistently has recognized that courts may not redraft claims, whether to make them operable or to sustain their validity." *Rembrandt Data Techs., LP* v. *AOL, LLC,* 641 F.3d 1331, 1339 (Fed. Cir. 2011); *see also MBO Labs., Inc.* v. *Becton, Dickinson & Co.,* 474 F.3d 1323, 1332 (Fed. Cir. 2007) (noting that "validity construction should be used as a last resort, not first principle").

Even in those extremely rare cases in which the courts applied the doctrine, the courts "looked to whether it is reasonable to infer that the PTO would not have issued an invalid patent, and that the ambiguity in the claim language should therefore be resolved in a manner that would preserve the patent's validity," noting that this was "the rationale that gave rise to the maxim in the first place." *Phillips,* 415 F.3d at 1327 (citing *Klein* v. *Russell,* 86 U.S. (19 Wall.) 433, 466, 22 Led. 116 (1873)). "The applicability of the doctrine in a particular case therefore depends on the strength of the inference that the PTO would have recognized that one claim interpretation would render the claim invalid, and that the PTO would not have issued the patent assuming that to be the proper construction of the term." *Id.* at 1328.

Moreover, it also may not be necessary to determine the exact outer boundary of claim scope because only those terms that are in controversy need be construed, and only to the extent necessary to resolve the controversy (*e.g.,* whether the claim reads on a prior art reference). *See Nidec Motor Corp.* v. *Zhongshan Broad Ocean Motor Co. Ltd.,* 868 F.3d 1013, 1017 (Fed. Cir. 2017) (noting that "we need only construe terms 'that are in controversy, and only to the extent necessary to resolve the controversy'") (citing *Vivid Techs., Inc.* v. *Am. Sci. & Eng'g, Inc.,* 200 F.3d 795, 803 (Fed. Cir. 1999)). Moreover, the Federal Circuit "repeatedly and consistently has recognized that courts may not redraft claims, whether to make them operable or to sustain their validity." *Rembrandt Data,* 641 F.3d at 1339.

The Rule Language

Comment 17: Some comments, although generally agreeing with the proposed rule change, suggested some changes to the language of the proposed rules. In particular, some of the comments suggested modifying the rule language to summarize all of the claim construction principles set forth in *Phillips* and to include other non-substantive minor edits. Some of the comments suggested deleting the "including" phrase: "including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent." Although one comment acknowledged that this "including" phrase is merely exemplary, other comments suggested the deletion to ensure that there is no difference between the claim construction standard applied in AIA proceedings and the standard used in federal courts and ITC proceedings, and that the deletion also would preserve the ability to respond to future refinements in the law.

Response: As to deleting the "including" phrase, the "including" phrase is merely exemplary, not excluding additional canons of claim construction, and not intending to reflect any difference between standard articulated by *Phillips* and its progeny, as applied by the courts. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. While the comments seeking the deletion of the "including" phrase were not adopted, the intent of the final rule language is to ensure that the public understands that the rule does not differ in any way from the standard used in federal courts. The Office has also considered modifying the rule language to summarizing the construction principles of *Phillips* as well as several non-substantive edits, but determined that the language of the rule provides sufficient clarity. Moreover, the intent of the rule is to ensure that the PTAB follows the same claim construction standard applied by federal courts, including any future refinements in the caselaw.

Comment 18: A few comments suggested changing "such claim in a civil action to invalidate a patent" to "the claim in a civil action" because a civil action may involve infringement of a patent, and is not necessarily limited to invalidity actions.

Response: This suggestion is adopted. Amended §§ 42.100(b), 42.200(b), and 42.300(b), as adopted in this final rule, provide "a claim . . . shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b) . . . ." Again, the intent of the final rule is to make clear that there is no difference between the claim construction standard applied by the PTAB and the standard applied by the federal courts to construe patent claims.

Comment 19: A few comments suggested adding "or the Board" in the last sentence of the proposed rules to make explicit that prior PTAB claim construction determinations concerning a claim term will be considered.

Response: Applying the federal court claim construction standard, which is articulated in *Phillips,* the PTAB will construe a claim based on the record of an AIA proceeding, taking into account the claim language itself, specification, and prosecution history pertaining to the patent. The prosecution history taken into account includes prior PTAB claim construction determinations concerning a term of the claim. To ensure due consideration by the PTAB, the parties should timely submit the relevant portions of the prosecution history that support their arguments along with detailed explanations. The suggested change is not adopted as it is unnecessary; prior PTAB claim construction determinations concerning a claim term will be considered under *Phillips,* for example when they are part of the intrinsic record of the challenged patent

Comment 20: One comment suggested removing the reference to 35 U.S.C. 282(b), which does not itself provide for a civil action.

Response: The reference to 35 U.S.C. 282(b) makes clear that the Office is adopting the same claim construction standard used in civil actions "involving the validity or infringement of a patent." 35 U.S.C. 282(b). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Materials to be Considered

Comment 21: One comment requested clarification on what aspects of the prosecution history would be considered in a claim construction under the new rule.

Response: The Office may take into account the prosecution history that occurred previously in proceedings at the Office prior to the proceeding at

issue, including in another AIA proceeding, or before an examiner during examination, reissue, and reexamination. The file history typically consists of the patent application as originally filed, the cited prior art, all papers prepared by the examiner during the course of examination, and documents submitted by the applicant in response to the various requirements, objections, and rejections made by examiner. In addition, the file history may contain a written record of oral communications addressing patentability issues between the examiner and applicant. The Office will determine the claim construction based on the record of the proceeding at issue. The parties should timely submit the relevant portions of the prosecution history with detailed explanations as to how the prosecution history support their arguments, to ensure that such material is considered. Each party bears the burden of providing sufficient support for any construction advanced by that party.

Comment 22: Some comments suggested that consideration of prior claim construction determination should also include prior determinations by the Office in a prior PTAB proceeding.

Response: Reference to "prosecution history" in the rule includes consideration of relevant determinations on claim construction in prior PTAB proceedings, including determinations made in *ex parte* appeals and AIA proceedings. The prosecution history includes a written record of all communications addressing patentability issues between the PTAB, the petitioner and the patent owner, including all briefing, motions, evidence and decisions set forth in the record of the proceeding.

Comment 23: One comment requested clarification as to whether federal court claim constructions and ITC claim constructions will be considered under the new rules.

Response: Yes, each of amended §§ 42.100, 42.200, and 42.300, as adopted in this final rule, states that "[a]ny prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the [ITC], that is timely made of record in the [*inter partes,* post grant or covered business method patent] review proceeding will be considered." The PTAB will consider prior claim constructions from district courts or the ITC and give them appropriate weight. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the record in the district court or the ITC and the record before the PTAB. It may also be relevant whether the prior claim construction is final or interlocutory. These factors will continue to be relevant under the district court claim construction standard, which is articulated in *Phillips.* The PTAB may also continue to consider whether the terms construed by the district court or the ITC are necessary to decide the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Comment 24: One comment suggested that the PTAB also consider statements made by a patent owner in a prior proceeding in which the patent owner took a position on the scope of any claims of the challenged patent.

Response: Under the amended rules as adopted in this final rule, the PTAB will consider statements regarding claim construction made by patent owners filed in other proceedings in claim construction determinations if the statements are timely made of record. *Cf. Aylus Networks,* 856 F.3d at 1360–61 (extending the prosecution disclaimer doctrine to include patent owner's statements made in a preliminary response that was submitted a prior AIA proceeding). The Board may also consider statements regarding claim construction made by petitioners in other proceedings. To the extent that a party wants such information considered by the Office, that party should point out specifically the statements and explain how those statements support or contradict a party's proposed claim construction in the proceeding at issue. Each party bears the burden of providing sufficient support for any construction advanced by that party. Furthermore the Office may take into consideration statements made by a patent owner about claim scope, such as those submitted under 35 U.S.C. 301(a), for example.

Comment 25: Comments requested clarification on the use of extrinsic evidence, such as technical dictionaries or other scientific background evidence, to demonstrate how a person of ordinary skill in the art would interpret a particular term.

Response: Consistent with *Phillips* and its progeny, the use of extrinsic evidence, such as expert testimony and dictionaries, will continue to be useful in demonstrating what a person of ordinary skill in the art would understand claim terms to mean. *Phillips,* 415 F.3d at 1318–19. The Federal Circuit has recognized that "extrinsic evidence in general is viewed as less reliable than intrinsic evidence." *Id.; Teva Pharm. USA, Inc.* v. *Sandoz, Inc.,* 135 S. Ct. 831, 841 (2015) (noting the use of extrinsic evidence when "subsidiary facts are in dispute"). Moreover, when the specification is clear about the scope and content of a claim term, there may be no need to turn to extrinsic evidence for claim interpretation. *See 3M Innovative Props. Co.* v. *Tredegar Corp.,* 725 F.3d 1315, 1326–28 (Fed. Cir. 2013). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 26: One comment sought clarification on the types of civil actions for which claim interpretations would be considered, noting that reference to 35 U.S.C. 282(b) appears to limit the scope of civil actions to only those civil actions that arise seeking declaratory judgment of invalidity, and not to consideration of claim constructions of a patent in an infringement action filed under 35 U.S.C. 271, despite the fact that claim construction standards are identical in both types of proceedings.

Response: Reference to "a civil action under 35 U.S.C. 282(b)" refers to the standard that will be used in interpreting claims in IPR, PGR, or CBM proceedings, and encompasses both invalidity and infringement as it relates to a defense "in any action involving the validity or infringement of a patent." The PTAB will consider claim constructions in any civil action or ITC proceeding in which the meaning of the same term of the same patent has been previously construed. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 27: One comment sought clarification as to the role of the ordinary meaning of the claim term.

Response: The Office will construe claim terms consistent with the standard used in a civil action under 35 U.S.C. 282(b), which includes construing the claim in accordance with the ordinary and customary meaning in light of "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." *Phillips,* 415 F.3d at 1314 (citing *Innova/Pure Water, Inc.* v. *Safari Water Filtration Sys., Inc.,* 381 F.3d 1111, 1116 (Fed. Cir. 2004)); *see, e.g., Sumitomo Dainippon Pharma Co., Ltd.* v. *Emcure Pharm. Ltd.,* 887 F.3d 1153, 1157 (Fed. Cir. 2018) ("As a general rule, the ordinary and customary meaning controls unless 'a patentee sets out a definition and acts as

his own lexicographer, or . . . the patentee disavows the full scope of a claim term either in the specification or during prosecution.'") (quoting *Thorner* v. *Sony Comput. Entm't Am. LLC,* 669 F.3d 1362, 1365 (Fed. Cir. 2012)). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 28: Some comments sought clarification because the rule does not indicate consideration of the ordinary meaning to the skilled artisan "at the time of filing the invention" or as of the "earliest effective filing date."

Response: Consistent with Supreme Court and Federal Circuit case law, the *Phillips* claim construction standard applied will be that of the skilled artisan as of the effective filing date. *Phillips,* 415 F.3d at 1313 (Fed. Cir. 2005) ("[T]he ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, *i.e.,* as of the effective filing date of the patent application.") (citing *Innova,* 381 F.3d at 1116 ("A court construing a patent claim seeks to accord a claim the meaning it would have to a person of ordinary skill in the art at the time of the invention.")). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Prior Claim Construction Determinations

Comment 29: Some comments suggested that, in applying the *Phillips* standard, the PTAB should consider prior claim constructions from proceedings in federal court or the ITC.

Response: Under the amended rules as adopted in this final rule, the PTAB will consider prior claim construction determinations from federal courts or the ITC that has been timely made of record in an AIA proceeding. *See* 37 CFR 42.100, 42.200, and 42.300.

Comment 30: Some comments sought guidance on the intended meaning of "considered" and what level of deference and weight the PTAB will give to prior claim construction determinations. Some comments suggested that the PTAB should defer to a prior claim construction by a district court or the ITC. Others suggest that the proposed rule be modified to expressly require deference to a prior claim construction ruling. One comment expressed concerns that applying the *Phillips* standard may be unfair if the PTAB considers other tribunals' prior claim construction determinations when either or both parties did not participate in the prior proceedings. Another comment expressed concerns that requiring PTAB to consider prior claim construction determinations will encourage venue gamesmanship.

Response: The suggestions that the PTAB must necessarily defer to prior claim constructions are not adopted. The PTAB will consider prior claim constructions from courts or the ITC, if timely made of record, and give them appropriate weight. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the record in the district court or the ITC and the record before the PTAB. It also may be relevant whether the prior claim construction is final or interlocutory. These factors will continue to be relevant under the federal court claim construction standard, which is articulated in *Phillips.* The PTAB will also consider whether the terms construed by the district court or the ITC are necessary to decide the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Comment 31: Some comments sought written guidance addressing how the PTAB will consider prior claim constructions. Some suggest a series of detailed questions that the PTAB should answer about what it means for a prior claim construction to be considered.

Response: The PTAB may provide further guidance in the future on the question of how the PTAB will consider prior claim constructions as circumstances warrant. However, at this juncture, the PTAB has not decided the form that such guidance, if any, will take. Guidance, if issued, may take the form of, for example, a guidance document, a Standard Operating Procedure, or designating certain decisions as informative or precedential. The PTAB expects its guidance, if any, will be informed by its experience with cases in which a federal court or the ITC has rendered a claim construction using the same standard as the PTAB.

The PTAB may treat a prior district court claim construction order the same way that such an order may be treated by a different district court. In particular, the PTAB will consider prior claim constructions from district courts or the ITC, if timely made of record, and give them appropriate weight. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the record in the district court or the ITC and the record before the PTAB. It also may be relevant whether the prior claim construction is final or interlocutory. These factors will continue to be relevant under the district court claim construction standard, which is articulated in *Phillips.* The PTAB will also consider whether the terms construed by the district court or ITC are necessary to decide the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 32: Some comments suggested requiring the PTAB in an AIA proceeding to explain in writing its reasoning when its claim construction differs from a prior construction of a district court or the ITC.

Response: As is the current practice, the PTAB will explain in writing its reasoning and the basis for its decisions on claim construction. Depending on the circumstances of a given matter, this may or may not include, for example, a discussion of prior claim construction decisions and explanation of material differences, if any, as appropriate.

Comment 33: Some comments suggested that a prior claim construction by a district court or the ITC will be binding on the PTAB under res judicata.

Response: A claim construction order from a district court may be informative to PTAB, just as claim construction from PTAB may be informative to a district court. The precise legal implications of either such decision would depend on the specific facts of the cases, any applicable legal principles, and an analysis of those specific facts to the applicable legal principles. It is worth noting that district courts themselves may not be bound by each other's claim construction orders. Moreover, in many cases, the PTAB will issue a final decision before the corresponding district court trial has concluded and a final judgment has been entered. Issue preclusion, collateral estoppel, and res judicata must each be premised on, among other things, a final court judgment.

Comment 34: One comment suggested that the Office provide proof that the district courts will be willing to accept the PTAB's claim constructions prior to a final decision knowing that these constructions are not final and might change.

Response: The district courts have the discretion to review and/or adopt the PTAB's initial or final claim constructions, using their own factors and reasoning. A prior non-final claim construction by the PTAB may be

helpful and considered by the district court, just as a prior claim construction by the district court may be helpful and considered by the PTAB, depending on the facts and circumstances of a particular case.

Comment 35: One comment suggested that the PTAB should establish its rules and practices for construing claims in a way that best ensures that later tribunals will honor those constructions. The comment suggests that, in addition to adopting the *Phillips* standard, the PTAB should state its intent that PTAB trial determinations be treated as preclusive on later tribunals.

Response: The district courts have the discretion to review and/or adopt the PTAB's initial or final claim constructions, using their own factors and reasoning. A prior non-final claim construction by the PTAB may be helpful and considered by the district court, just as a prior claim construction by the district court may be helpful and considered by the PTAB, depending on the facts and circumstances of a particular case.

Comment 36: Some comments suggested that the PTAB should defer to its own prior claim constructions.

Response: The PTAB will continue to give due consideration to its own prior claim constructions, and where appropriate, may adopt those constructions. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the records. It also may be relevant whether the prior claim construction is final or interlocutory. The PTAB will also consider whether the terms previously construed are necessary to decide the issues currently before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Comment 37: Some comments sought guidance on the timing and procedures for submitting claim construction materials from other tribunals to the PTAB.

Response: Parties should submit a decision on claim construction by a federal court or the ITC in an AIA proceeding as soon as that decision becomes available. Preferably, the prior claim construction is submitted with the petition or preliminary response, with explanations. After a trial is instituted, the PTAB's rules on supplemental information govern the timing and procedures for submitting claim construction decisions. *See* 37 CFR 42.123, 42.223. Under those rules, a party must first request authorization from the PTAB to file a motion to submit supplemental information. If it is more than one month after the date the trial is instituted, the motion must show why the supplemental information reasonably could not have been obtained earlier. Normally, the PTAB will permit such information to be filed, as long as the final oral hearing has not taken place. The PTAB may permit a later filing where it is not close to the one-year deadline for completing the trial. Again, parties should submit the prior claim construction as soon as the decision is available.

Comment 38: One comment asked whether disclosure of prior claim construction determinations is optional or subject to mandatory disclosure under 37 CFR 42.51(b).

Response: Submission of prior claim construction determinations is mandatory under 37 CFR 42.51(b), if it is "relevant information that is inconsistent with a position advanced by the party during the proceeding." In such cases, the determinations should be submitted "concurrent with the filing of the documents or things that contains the inconsistency." *Id.*

Comment 39: A comment suggested that the disclosure of any prior claim constructions by a court or the ITC or any claim constructions the parties or their privies have offered in a court proceeding or before the ITC be required.

Response: The current requirement under 37 CFR 42.51(b) for disclosure of "relevant information that is inconsistent with a position advanced by the party during the proceeding" is sufficient. District court and ITC claim construction proceedings may involve terms that are not relevant to issues before the PTAB. To require disclosure of any term construed by a district court or the ITC would result in unnecessary filings and inefficiencies in identifying which terms, if any, are relevant to the trial before the PTAB. Rather, a prior claim construction must be submitted under 37 CFR 42.51(b), if it is "relevant information that is inconsistent with a position advanced by the party during the proceeding."

Comment 40: One comment asked whether, if the PTAB decides not to adopt prior claim constructions, the PTAB can make its own claim constructions. The comment further asked whether the PTAB can only make constructions asserted by the parties.

Response: When applying the same *Phillips* standards as applied in federal court or the ITC, the PTAB may or may not adopt a construction that has been proposed by one of the parties. For example, the PTAB is not required to provide constructions that are unnecessary to the issues before it. In addition, where the PTAB makes a claim construction determination in its institution decision that differs from one asserted by the parties, the parties will be afforded an opportunity to brief the issue after institution.

Effective Date of the Rule Change

Comment 41: Several comments opposed retroactive application of the rule and requested the proposed changes only apply to new proceedings filed some time period after announcement of the final rule. Concerns were expressed that retroactive application of the rule would be disruptive and would require significant time, effort, and expense to be spent by the parties (*e.g.,* for supplemental briefing and additional testimony) and may unfairly prejudice petitioners that have filed petitions they may not have decided to file under the *Phillips* standard.

Response: The Office appreciates the concerns that have been raised, and adopts the proposed change. While the Office believes the federal court claim construction standard to be the best standard to use going forward, given the concerns raised in the comments, the changes adopted in this final rule will only apply to petitions filed on or after the effective date of the final rule.

Comment 42: A few comments raised concerns whether the Office has the authority to apply the new standard retroactively under the principles articulated in *Bowen* v. *Georgetown Univ. Hosp.,* 109 S. Ct. 468 (1988) and *Landgraf* v. *USI Film Prods.,* 114 S. Ct. 1483 (1994).

Response: The Office acknowledges the concerns and recognizes that a "statutory grant of legislative rulemaking authority will not, as a general matter, be understood to encompass the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms." *Bowen,* 109 S. Ct. at 472. The change in claim construction standard, as adopted in this final rule, will only be applied to petitions filed on or after the effective date of the rule.

Comment 43: Several comments suggested the *Phillips* claim construction standard should apply to all proceedings over which the PTAB maintains jurisdiction upon the effective date of the final rule. The comments noted this would be consistent with existing practices under which parties to post-grant proceedings know that claim construction is subject to modification until the end of trial. Additionally, a few comments proposed the *Phillips* standard also be applied to

proceedings remanded from the Federal Circuit Court of Appeals.

Response: The Office recognizes the desire of some commenters to apply the federal court standard as soon as possible to all proceedings. On balance, the Office has determined the rule changes set forth in this final rule will only apply to proceedings where a petition is filed on or after the effective date of the rule.

Comment 44: Some comments expressed concern that, if the rule changes were applied prospectively only, a large number of petitions may be filed prior to the effective date of the rule changes by petitioners seeking to retain the BRI standard, which would strain administrative resources and could cause unnecessary delay.

Response: The Office appreciates the comments. The rule changes adopted in this final rule are applicable to any petition filed on or after the effective date of the final rule. The Office does not anticipate an inordinate number of petitions to be filed during the 30 day period from publication to effective date.

Comment 45: A few comments suggested that, if the rule changes are applied to existing proceedings, the PTAB should provide the parties with the opportunity to file briefs directed to the impact of the change in the claim construction standard in their proceedings.

Response: The Office agrees and has implemented the final rule such that the final rule applies only to petitions filed on or after the effective date. As such, petitioners will have an opportunity to fully brief the federal court claim construction standard in their petitions and patent owners will likewise have an opportunity to fully brief this issue in patent owner preliminary responses.

Additional Suggested Changes

Comment 46: The Office has received a number of suggested changes to the current AIA proceedings. These suggested changes are directed to both procedural and statutory changes that go beyond the scope of this rulemaking. For example, the Office has received comments suggesting procedural and statutory changes such as handling motions to amend similar to *ex parte* reexamination, allowing more live testimony, limiting petitions to a single ground per claim, precluding hedge funds from filing petitions, denying multiple petitions against the same patent, using the substantial new question of patentability standard at institution, awarding attorney fees for small entities and changing the preponderance of the evidence burden of proof to a clear and convincing burden of proof.

Response: The Office appreciates the comments received. The Office continues to undertake a wholesale examination of AIA proceedings to determine which areas need improvement and which areas are working well. The Office may take action in certain areas in the near future based on its own review and in light of input from the IP community, some of which may be reflected in the comments received. The Office will continue to study and make improvements to AIA proceedings as necessary to ensure a balanced system that meets the congressional intent of the AIA.

Comment 47: The Office also has received a number of comments suggesting changes to *ex parte* examination, including reexamination and reissue examination procedures. For example, several comments have requested that the Office adopt a federal court claim construction standard for reexamination proceedings and reissue applications.

Response: The Office appreciates the comments received; however, they are beyond the scope of the current rulemaking, which focuses on AIA proceedings. The Office will take these comments into account as the Office continually seeks to improve the examination process in order to provide high quality, efficient examination.

Rulemaking Considerations

A. Administrative Procedure Act (APA): This final rule revises the rules relating to Office trial practice for IPR, PGR, and CBM proceedings. The changes set forth in this final rule will not change the substantive criteria of patentability. These rule changes involve rules of agency procedure and interpretation. *See Perez* v. *Mortg. Bankers Ass'n,* 135 S. Ct. 1199, 1204 (2015) (Interpretive rules "advise the public of the agency's construction of the statutes and rules which it administers." (citation and internal quotation marks omitted)); *Bachow Commc'ns, Inc.* v. *F.C.C.,* 237 F.3d 683, 690 (D.C. Cir. 2001) (Rules governing an application process are procedural under the Administrative Procedure Act.); *Inova Alexandria Hosp.* v. *Shalala,* 244 F.3d 342, 350 (4th Cir. 2001) (Rules for handling appeals were procedural where they did not change the substantive requirements for reviewing claims.); *Nat'l Org. of Veterans' Advocates, Inc.* v. *Sec'y of Veterans Affairs,* 260 F.3d 1365, 1375 (Fed. Cir. 2001) (Rule that clarifies interpretation of a statute is interpretive.); *JEM Broad. Co.* v. *F.C.C.,* 22 F.3d 320, 328 (D.C. Cir. 1994) (Rules are not legislative because they do not "foreclose effective opportunity to make one's case on the merits.").

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law). *See Perez,* 135 S. Ct. at 1206 (Notice-and-comment procedures are required neither when an agency "issue[s] an initial interpretive rule" nor "when it amends or repeals that interpretive rule."); *Cooper Techs. Co.* v. *Dudas,* 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice and comment rulemaking for "interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice" (quoting 5 U.S.C. 553(b)(3)(A))).

The Office, nevertheless, published the notice of proposed rulemaking for comment as it sought the benefit of the public's views on the Office's proposed changes to the claim construction standard for reviewing patent claims and proposed substitute claims in AIA proceedings before the Board. *See* 83 FR 21221.

B. Regulatory Flexibility Act: For the reasons set forth herein, the Deputy General Counsel for General Law of the United States Patent and Trademark Office has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes in this final rule will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b).

This final rule revises certain rules and trial practice procedures before the Board. Any requirements resulting from these changes are of minimal or no additional burden to those practicing before the Board.

For the foregoing reasons, the changes in this final rule will not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be significant, for purposes of Executive Order 12866 (Sept. 30, 1993).

D. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits;

(4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector and the public as a whole, and provided on-line access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13771 (Reducing Regulation and Controlling Regulatory Costs): This rule is not subject to the requirements of E.O. 13771 because this rule results in no more than *de minimis* costs.

F. Executive Order 13132 (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

G. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

I. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property): This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this final rule are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this rulemaking is not a "major rule" as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995: The changes in this final rule do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

N. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This final rule involves information collection requirements which are subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). This rulemaking does not add any additional information requirements or fees for parties before the Board. Therefore, the Office is not resubmitting information collection packages to OMB for its review and approval because the revisions in this rulemaking do not materially change the information collections approved under OMB control number 0651–0069.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to, a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects in 37 CFR Part 42

Administrative practice and procedure, Inventions and patents.

For the reasons set forth in the preamble, the Office amends part 42 of title 37 as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

■ 1. The authority citation for 37 CFR part 42 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, and 321–326; Public Law 112–29, 125 Stat. 284; and Pub. L. 112–274, 126 Stat. 2456.

■ 2. Amend § 42.100 by revising paragraph (b) to read as follows:

§ 42.100 Procedure; pendency.

* * * * *

(b) In an *inter partes* review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.121, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the *inter partes* review proceeding will be considered.

* * * * *

■ 3. Amend § 42.200 by revising paragraph (b) to read as follows:

§ 42.200 Procedure; pendency.

* * * * *

(b) In a post-grant review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.221, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of

ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the post-grant review proceeding will be considered.

* * * * *

■ 4. Amend § 42.300 by revising paragraph (b) to read as follows:

§ 42.300 Procedure; pendency.

* * * * *

(b) In a covered business method patent review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.221, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the covered business method patent review proceeding will be considered.

* * * * *

Dated: October 3, 2018.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2018–22006 Filed 10–10–18; 8:45 am]

BILLING CODE 3510–16–P

POSTAL SERVICE

39 CFR Part 111

POSTNET Barcode

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: The Postal Service is amending *Mailing Standards of the United States Postal Service,* Domestic Mail Manual (DMM®) to remove all references to the POSTNET™ barcode.

DATES: *Effective Date:* October 11, 2018.

FOR FURTHER INFORMATION CONTACT: Lizbeth Dobbins at (202) 268–3789 or Garry Rodriguez at (202) 268–7261.

SUPPLEMENTARY INFORMATION: The Postal Service published a notice of proposed rulemaking on July 23, 2018, (83 FR 34806–07) to amend the DMM to remove all references to the POSTNET barcode. This decision was based on the limited use of the POSTNET barcode and the need to simplify the standards in regard to barcoding letter-size and flat-size mailpieces.

The Postal Service received 1 formal response which was in agreement with the removal of POSTNET barcodes in the DMM.

The Postal Service will remove all references to the POSTNET barcode from the DMM. The Postal Service will continue to process mailpieces with a POSTNET barcode to accommodate customers who may have preprinted stock bearing a POSTNET barcode.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

The Postal Service adopts the following changes to *Mailing Standards of the United States Postal Service,* Domestic Mail Manual (DMM), incorporated by reference in the *Code of Federal Regulations.* See 39 CFR 111.1.

Accordingly, 39 CFR part 111 is amended as follows:

PART 111—[AMENDED]

■ 1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 U.S.C. 552(a); 13 U.S.C. 301–307; 18 U.S.C. 1692–1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3622, 3626, 3632, 3633, and 5001.

■ 2. Revise the *Mailing Standards of the United States Postal Service,* Domestic Mail Manual (DMM) as follows:

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)

* * * * *

200 Commercial Mail Letters, Cards, Flats, and Parcels

* * * * *

202 Elements on the Face of a Mailpiece

* * * * *

5.0 Barcode Placement Letters and Flats

5.1 Letter-Size

* * * * *

5.1.4 Additional Barcode Permissibility

[Revise the text of 5.1.4 to read as follows:]

An automation letter or a letter claimed at Enhanced Carrier Route saturation or high density automation letter prices may not bear a 5-digit or ZIP+4 Intelligent Mail barcode in the lower right corner (barcode clear zone). The piece may bear an additional Intelligent Mail barcode in the address block only if a qualifying Intelligent Mail barcode with a delivery point routing code appears in the lower right corner.

* * * * *

5.2 Flat-Size

5.2.1 Barcode Placement for Flats

[Revise the fifth sentence of 5.2.1 to read as follows:]

* * * An additional Intelligent Mail barcode may also appear in the address block of an automation flat, when the qualifying Intelligent Mail barcode is not in the address block. * * *

* * * * *

6.0 Barcode Placement for Parcels

* * * * *

[Revise the heading and text of 6.3 to read as follows:]

6.3 Intelligent Mail Barcodes

Intelligent Mail barcodes (IMb) do not meet barcode eligibility requirements for parcels and do not qualify for any barcode-related prices for parcels, but one barcode may be included only in the address block on a parcel, except on eVS parcels. An Intelligent Mail barcode in the address block must be placed according to 5.3.

* * * * *

8.0 Facing Identification Mark (FIM)

* * * * *

8.2 Pattern

[Revise the third sentence in the introductory text of 8.2 to read as follows:]

* * * The required FIM pattern as shown in Exhibit 8.2.0 below depends on the type of mail and the presence of an Intelligent Mail barcode as follows:

* * * * *

204 Barcode Standards

Overview

[Revise the link heading under "Overview" to read as follows:]

1.0 Standards for Intelligent Mail Barcodes

* * * * *

[Revise the heading of 1.0 to read as follows:]

1.0 Standards for Intelligent Mail Barcodes

1.1 General

[Revise the text of 1.1 to read as follows:]