

Syllabus

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SUPREME COURT OF THE UNITED STATES

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**CUOZZO SPEED TECHNOLOGIES, LLC v. LEE,
UNDER SECRETARY OF COMMERCE FOR
INTELLECTUAL PROPERTY AND DIRECTOR,
PATENT AND TRADEMARK OFFICE**

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

No. 15–446. Argued April 25, 2016—Decided June 20, 2016

The Leahy-Smith America Invents Act creates an agency procedure called “inter partes review” that allows a third party to ask the U. S. Patent and Trademark Office to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable in light of prior art. The Act, as relevant here, provides that the Patent Office’s decision “whether to institute an inter partes review . . . shall be final and non-appealable,” 35 U. S. C. §314(d), and grants the Patent Office authority to issue “regulations . . . establishing and governing inter partes review,” §316(a)(4). A Patent Office regulation issued pursuant to that authority provides that, during inter partes review, a patent claim “shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.” 37 CFR §42.100(b).

In 2012, Garmin International, Inc., and Garmin USA, Inc., sought inter partes review of all 20 claims of a patent held by petitioner Cuozzo Speed Technologies, LLC, asserting, among other things, that claim 17 was obvious in light of three prior patents. The Patent Office agreed to review claim 17. It also decided to reexamine claims 10 and 14 on that same ground because it determined those claims to be logically linked to the obviousness challenge to claim 17. The Patent Office, through its Patent Trial and Appeal Board, concluded that the claims were obvious in light of prior art, denied for reasons of futility Cuozzo’s motion to amend the claims, and canceled all three claims.

Cuozzo appealed to the Federal Circuit. Cuozzo claimed that the

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Patent Office improperly instituted inter partes review with respect to claims 10 and 14, and it alleged that the Board improperly used the “broadest reasonable construction” standard to interpret the claims rather than the standard used by courts, which gives claims their “ordinary meaning . . . as understood by a person of skill in the art,” *Phillips v. AWH Corp.*, 415 F. 3d 1303, 1314. The Federal Circuit rejected both arguments. It reasoned that §314(d) made the Patent Office’s decision to institute inter partes review “nonappealable,” and it concluded that the Patent Office’s regulation was a reasonable exercise of the agency’s rulemaking authority.

Held:

1. Section 314(d) bars Cuozzo’s challenge to the Patent Office’s decision to institute inter partes review. Pp. 7–12.

(a) The text of §314(d) expressly states that the Patent Office’s determinations whether to institute inter partes review “shall be *final and nonappealable*.” Moreover, construing §314(d) to permit judicial review of the Patent Office’s preliminary decision to institute inter partes review undercuts the important congressional objective of giving the agency significant power to revisit and revise earlier patent grants. Past practice in respect to related proceedings, including the predecessor to inter partes review, also supports the conclusion that Congress did not intend for courts to review these initial determinations. Finally, reading §314(d) as limited to interlocutory appeals would render the provision largely superfluous in light of the Administrative Procedure Act. Pp. 7–9.

(b) The “strong presumption” favoring judicial review, *Mach Mining, LLC v. EEOC*, 575 U. S. ___, ___, is overcome here by these “clear and convincing” indications that Congress intended to bar review, *Block v. Community Nutrition Institute*, 467 U. S. 340, 349. Given that presumption, however, the interpretation adopted here applies to cases in which the challenge is to the Patent Office’s determination “to initiate an inter partes review *under this section*,” or where the challenge consists of questions closely tied to the application and interpretation of statutes related to that determination. Cuozzo’s claim does not implicate a constitutional question, nor does it present other questions of interpretation that reach well beyond “this section” in terms of scope and impact. Rather, Cuozzo’s allegation that Garmin’s petition did not plead “with particularity” the challenge to claims 10 and 14 as required by §312 is little more than a challenge to the Patent Office’s conclusion under §314(a) that the “information presented in the petition” warranted review. Pp. 9–12.

2. The Patent Office regulation requiring the Board to apply the broadest reasonable construction standard to interpret patent claims is a reasonable exercise of the rulemaking authority granted to the

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Patent Office by statute. Pp. 12–20.

(a) Where a statute leaves a gap or is ambiguous, this Court typically interprets a congressional grant of rulemaking authority as giving the agency leeway to enact rules that are reasonable in light of the text, nature, and purpose of the statute. *United States v. Mead Corp.*, 533 U. S. 218, 229; *Chevron U. S. A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U. S. 837, 842–843. Here, the statute grants the Patent Office the authority to issue regulations “governing inter partes review,” and no statutory provision unambiguously mandates a particular claim construction standard.

The Patent Office’s rulemaking authority is not limited to procedural regulations. Analogies to interpretations of other congressional grants of rulemaking authority in other statutes, which themselves do not unambiguously contain a limitation to procedural rules, cannot magically render unambiguous the different language in the different statutory grant of rulemaking authority at issue.

The nature and purpose of inter partes review does not unambiguously require the Patent Office to apply one particular claim construction standard. Cuozzo’s contention that the purpose of inter partes review—to establish trial-like procedures for reviewing previously issued patents—supports the application of the ordinary meaning standard ignores the fact that in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding. This indicates that Congress designed a hybrid proceeding. The purpose of inter partes review is not only to resolve patent-related disputes among parties, but also to protect the public’s “paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.” *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806, 816. Neither the statute’s language, nor its purpose, nor its legislative history suggests that Congress decided what standard should apply in inter partes review. Pp. 12–17.

(b) The regulation is a reasonable exercise of the Patent Office’s rulemaking authority. The broadest reasonable construction standard helps ensure precision in drafting claims and prevents a patent from tying up too much knowledge, which, in turn, helps members of the public draw useful information from the disclosed invention and understand the lawful limits of the claim. The Patent Office has used this standard for more than 100 years and has applied it in proceedings which, as here, resemble district court litigation.

Cuozzo’s two arguments in response are unavailing. Applying the broadest reasonable construction standard in inter partes review is not, as Cuozzo suggests, unfair to a patent holder, who may move to amend at least once in the review process, and who has had sever-

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al opportunities to amend in the original application process. And though the application of one standard in inter partes review and another in district court proceedings may produce inconsistent outcomes, that structure is inherent to Congress' regulatory design, and it is also consistent with past practice, as the patent system has long provided different tracks for the review and adjudication of patent claims. The Patent Office's regulation is reasonable, and this Court does not decide whether a better alternative exists as a matter of policy. Pp. 17–20.

793 F. 3d 1268, affirmed.

BREYER, J., delivered the opinion for a unanimous Court with respect to Parts I and III, and the opinion of the Court with respect to Part II, in which ROBERTS, C. J., and KENNEDY, THOMAS, GINSBURG, and KAGAN, JJ., joined. THOMAS, J., filed a concurring opinion. ALITO, J., filed an opinion concurring in part and dissenting in part, in which SOTOMAYOR, J., joined.

Opinion of the Court

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SUPREME COURT OF THE UNITED STATES

No. 15–446

CUOZZO SPEED TECHNOLOGIES, LLC, PETITIONER
v. MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

[June 20, 2016]

JUSTICE BREYER delivered the opinion of the Court.

The Leahy-Smith America Invents Act, 35 U. S. C. §100 *et seq.*, creates a process called “inter partes review.” That review process allows a third party to ask the U. S. Patent and Trademark Office to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable in light of prior art. See §102 (requiring “novel[ty]”); §103 (disqualifying claims that are “obvious”).

We consider two provisions of the Act. The first says:

“No Appeal.—The determination by the Director [of the Patent Office] whether to institute an inter partes review under this section shall be final and non-appealable.” §314(d).

Does this provision bar a court from considering whether the Patent Office wrongly “determin[ed] . . . to institute an inter partes review,” *ibid.*, when it did so on grounds not specifically mentioned in a third party’s review request?

The second provision grants the Patent Office the au-

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