

ROAD UNDER CONSTRUCTION: ADMINISTRATIVE CLAIM INTERPRETATIONS AND THE PATH OF GREATER DEFERENCE FROM THE FEDERAL CIRCUIT TO THE PATENT OFFICE

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I. INTRODUCTION

The question of the proper standard of review seems an esoteric legal topic of interest only to law professors and appellate judges. In most cases, however, the review standard influences greatly both the trial judges who preside over the trial process and patent practitioners who must advise clients to accommodate their business plans to an uncertain legal regime.¹

In Patent Law, the claim is the name of the game.² Congress delegates authority to the Patent and Trademark Office (PTO) to issue patents³ and to the Board of Patent Appeals and Interferences (BPAI) to review patent denials by examiners and determine questions of patentability and priority in interferences.⁴ By definition, patentability and priority decisions depend on how the PTO construes the proffered claims with respect to either the various patentability requirements⁵ or the so-called “threshold issues”⁶ of interference proceedings

¹ *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1474, 46 U.S.P.Q.2d (BNA) 1169, 1190 (Fed. Cir. 1998) (en banc) (Rader, J., dissenting).

² *See Markman v. Westview Instruments, Inc. (Markman II)*, 52 F.3d 967, 990, 34 U.S.P.Q.2d (BNA) 1321, 1339 (Fed. Cir. 1995) (Mayer, J., concurring) (“Anyone who wants to know what a patent protects must first read its claims, for they are the measure of its scope.”) (citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 339, 128 U.S.P.Q. (BNA) 354, 356 (1961)); Giles S. Rich, *Extent of Protection and Interpretation of Claims—American Perspectives*, 21 INT’L REV. INDUS. PROP. & COPYRIGHT L. 497, 499 (1990) (“To coin a phrase, *the name of the game is the claim.*”).

³ *See* 35 U.S.C. § 2(a)(1) (2000) (“The United States Patent and Trademark Office, subject to the policy direction of the Secretary of Commerce . . . shall be responsible for the granting and issuing of patents . . .”).

⁴ *See id.* § 6(b) (“The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a).”).

⁵ Claims define the patentable subject matter. *See id.* § 112 ¶ 2. Congress sets forth the basic requirements for patentability in the Patent Act. *See id.* §§ 101 (utility), 102 (novelty), 103 (non-obviousness), 112 (adequate written description and enablement).

⁶ Priority decisions entail claim construction to the extent that the BPAI must determine the “count,” or the subject matter claimed by both parties, and the claims that identify with the count. *See* 37 C.F.R. §§ 41.201, 41.203(a), (b)

before the BPAI. PTO claim interpretations, therefore, might reasonably deserve some form of deference. This article follows the common thread of claim construction through patentability and priority decisions and argues that the judiciary owes a measure of deference to PTO claim constructions similar to the level mandated by the Administrative Procedure Act (APA).

In 2004, the PTO passed a new regulation—Rule 200—governing claim construction during interference⁷ proceedings that stressed the accepted rule that claims before the PTO receive their broadest reasonable interpretation regardless of context.⁸ After a nine-month notice and comment period, the interested public generated only one comment.⁹ For a regulation governing the scope of patent claims, that comment was unremarkable; as part of an entire new chapter of regulations affecting practice before the PTO, Rule 200 states that “[a] claim shall be given its broadest reasonable construction in light of the specification of the application or patent in which it appears.”¹⁰ Dim public interest was, perhaps, understandable.

First, interferences are uncommon proceedings. More important, the PTO has long applied the same rule of construction when making patentability decisions in the examination, reexamination, and reissue contexts.¹¹ Next, the

(2007). Claim construction is adjudicated to the extent that the parties to an interference may make motions on patentability and no interference-in-fact as threshold issues, analogous to summary judgment motions in a court. The BPAI determines interference-in-fact under 35 U.S.C. § 135(b). *See id.* § 41.201.

⁷ An interference is a proceeding before the BPAI where parties engage in a “priority battle,” where they argue over who invented something first. The “count” is what both parties claim to have invented, which may or may not be the same as a claim of either or both parties.

⁸ 69 Fed. Reg. 49,960, 49,970 (Aug. 12, 2004) (codified at 37 C.F.R. § 41) [hereinafter Final Rule]; *cf.* 37 C.F.R. §§ 1.56(b), 1.555(b), 41.200 (2004); 72 Fed. Reg. 57,526, 57,527 (Oct. 10, 2007).

⁹ The comment suggested applying the rule to interference “count” construction as well. Final Rule, *supra* note 8, 69 Fed. Reg. at 49,970.

¹⁰ 37 C.F.R. § 41.200.

¹¹ *See* Duty of Disclosure, 57 Fed. Reg. 2021, 2022-23 (Jan. 17, 1992) (codified at 37 C.F.R. pts. 1, 10) (codifying for the first time a prima facie case of unpatentability before the PTO, which is established, inter alia, by “[g]iving each term in the claim its broadest reasonable construction consistent with the specification”); Rules of Practice in Patent Cases, 37 C.F.R. §§ 1.56(b),

rule's terms closely reflect the rule of construction expressed by courts and applicable, in the judiciary's eyes, to the PTO generally. Claims before the PTO receive the "broadest reasonable interpretation consistent with the specification . . . as it would be interpreted by one of ordinary skill in the art."¹² The final clause, referring to "one of ordinary skill in the art," is not part of the most relevant PTO regulations, but seems to reflect either the statutory requirement that the specification must "enable any person skilled in the art . . . to make and use" the invention or the requirement that inventions be non-obvious.¹³

Finally, the introduction to the PTO's published notice assured readers that the new rules "would better state the existing practice and should not be read to change the existing practice except as explicitly provided,"¹⁴ and Rule 200 may appear to merely memorialize the status quo. As applied, the rule may appear equally innocuous, for in any particular case, whether one interprets a claim under applicable case law or under Rule 200, the claim's meaning ideally will not change unless either the reviewing court or the PTO becomes privy to the knowledge of "a person having ordinary skill in the art."¹⁵ By appearing to transplant the claim construction standard from case law and rules governing patentability determinations into the interference context, Rule 200 raised no

1.555(b) (providing the PTO's definition of a prima facie case of unpatentability).

¹² *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364, 70 U.S.P.Q.2d (BNA) 1827, 1830 (Fed. Cir. 2004) (quoting *In re Bond*, 910 F.2d 831, 833, 15 U.S.P.Q.2d (BNA) 1566, 1567 (Fed. Cir. 1990)).

¹³ *See* 35 U.S.C. § 103 (2000) (statutory standard for obviousness); *id.* § 112 (paragraph 1 contains ordinary skill language but deals with enablement while paragraph 2 requires that claims "particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention"). This extra phrase also appears in the PTO's MANUAL OF PATENT EXAMINING PROCEDURE § 2111 (8th ed., rev. Sept. 2007).

¹⁴ Rules of Practice Before the Board of Patent Appeals and Interferences, 68 Fed. Reg. 66,648, 66,649 (Nov. 26, 2003) [hereinafter Proposed Rule].

¹⁵ Although this topic is beyond the scope of this article, the statutory requirement to consider a patent application in the mind of one of ordinary skill has recently injected substantial change into U.S. patent law. *Cf.* *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741-42, 82 U.S.P.Q.2d (BNA) 1385, 1396-97 (2007) (eliminating the CAFC's forty-six-year-old, "rigid," judge-made "motivation to combine" test for patent obviousness); PTO, MANUAL OF PATENT EXAMINING PROCEDURE, INSTRUCTIONS REGARDING REVISION NUMBER 6, at 7-11 (8th ed., rev. Sept. 2007).

doctrinal alarms. Stealthily, it filled a regulatory gap surrounding the accepted scope of the rule governing PTO claim construction.

Given that the PTO makes the broadest reasonable interpretation whether it applies Rule 200 or analogous PTO regulations governing claim construction in the examination, reexamination, and reissue contexts or case law, why should anyone care whether a court, the PTO, or a practitioner cites regulations or case law? In fact, the citation choice is telling, for authority arises not from words, but from source and context. Unlike judicial mandates, PTO regulations reside in an administrative legal environment. Congress decided that this environment should be controlled within limits set by the APA, which mandates standards of review for judges hearing appeals from agency decisions.¹⁶ Absent contrary law, the APA provides that an agency determination under its organic statute deserves APA-prescribed deference from the judiciary.¹⁷ So far, the PTO's administrative claim interpretations seem to qualify for deference regardless of the regulations because the PTO interprets claims while performing its function of granting patents under the Patent Act. However, recognizing the executive branch status of the PTO adds an additional reason for granting APA-prescribed deference because the APA also tells courts how much to defer to an agency's application of its own qualifying regulations.

The principle of PTO claim construction dwells in the agency's regulations, which suggests that review of its claim constructions properly belongs under the rubric of administrative law. At first glance, this proposition may appear as innocuous as the choice of whether to cite case law or the regulations as the governing authority. Both standards are couched in terms of reasonableness. Thus, no matter what standard of review applies, a judge can review the PTO's decision for nothing other than reasonableness or "reasonable breadth."¹⁸ This reasoning can be found in some of the Court of Appeals for the Federal Circuit's (CAFC) case law. Yet, judicial uncertainty (or disagreement) exists with respect to this issue, as excerpts from two recent cases demonstrate.

¹⁶ The APA resides in Title 5 of the United States Code.

¹⁷ See 5 U.S.C. § 706 (2000).

¹⁸ See *In re Buszard*, No. 2006-1489, 2007 WL 2791699, at *3 (Fed. Cir. Sept. 27, 2007) (Prost, J., dissenting) (dissenting against a panel reversing as unreasonable a BPAI claim interpretation as unreasonably equating "a crushed . . . foam with a flexible . . . foam") (citations omitted).

On appeal of a PTO patentability¹⁹ decision, *In re Bigio* seems to follow the above line of induction, but at the same time seems to ignore any distinction between *de novo* and reasonableness review:

Claim construction is a matter of law that this court reviews without deference. During prosecution, however, the PTO gives claims their “broadest reasonable interpretation.” Accordingly, this court reviews the “reasonableness” of the PTO’s disputed claim term interpretations.²⁰

This shows that some CAFC judges review PTO claim interpretations *de novo*, but with the reasonableness twist suggested in the reasoning above possibly toning down the level of judicial scrutiny. In another example also on appeal of a PTO patentability decision, in *In re Baker Hughes Inc.*, the CAFC seems to travel in the opposite direction, stating that:

Although the PTO gives claims the broadest reasonable interpretation consistent with the written description, . . . claim construction by the PTO is a question of law that we review *de novo*, . . . just as we review claim construction by a district court.²¹

¹⁹ Patentability, among other requirements, refers to the PTO’s determination that an invention is novel, non-obvious, and useful. See generally 35 U.S.C. §§ 101, 102, 103. A patent applicant must also provide adequate written description that would both apprise an artisan of ordinary skill that they possessed the invention as of the filing date and enable the artisan to practice the invention. See *id.* § 112.

²⁰ 381 F.3d 1320, 1324, 72 U.S.P.Q.2d (BNA) 1209, 1210-11 (Fed. Cir. 2004) (Rader & Schall, JJ.) (affirming “because the Board reasonably construed the disputed claim term”) (citing *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1454, 46 U.S.P.Q.2d (BNA) 1169, 1172-73 (Fed. Cir. 1998) (en banc)); *In re Hyatt*, 211 F.3d 1367, 1372, 54 U.S.P.Q.2d (BNA) 1664, 1667 (Fed. Cir. 2000); *In re Morris*, 127 F.3d 1048, 1055, 44 U.S.P.Q.2d (BNA) 1023, 1028-29 (Fed. Cir. 1997) (Plager, J., joined by Clevenger & Bryson, JJ.) (“The question then is whether the PTO’s interpretation of the disputed claim language is ‘reasonable.’”).

²¹ 215 F.3d 1297, 1301, 55 U.S.P.Q.2d (BNA) 1149, 1152 (Fed. Cir. 2000) (Mayer, Plager, & Lourie, JJ.) (citing *In re Cortright*, 165 F.3d 1353, 1358, 49 U.S.P.Q.2d (BNA) 1464, 1467 (Fed. Cir. 1999); *In re Freeman*, 30 F.3d 1459, 1464, 31 U.S.P.Q.2d (BNA) 1444, 1447 (Fed. Cir. 1994); *In re Donaldson Co.*,

In this statement of law, the CAFC mentions the reasonable interpretation rule but explicitly highlights judicial review by reminding readers that claim constructions from PTO patentability determinations enjoy no special status compared to those of the lower courts, which mostly make infringement determinations.²² Setting these conflicting statements of law side-by-side makes clear that the manner in which the *de novo* standard of review applies to the PTO's administrative claim constructions²³ under the "broadest reasonable" rule hovers somewhere between giving no deference at all and allowing a back door reasonableness review through the rule's wording. Neither view applies the APA.²⁴ Lest practitioners or the PTO try to foresee a CAFC claim construction's "reasonableness" by paying attention to the CAFC's panel assignment, a later example featuring a panel that presumably adheres to the first viewpoint rebukes a party without reasoning for suggesting that the court defer to a reexamination examiner's claim construction that happened to agree with a District Court's claim construction.²⁵ The court proclaimed that it "is not bound by the PTO's claim interpretation because we review claim construction *de novo*."²⁶ In the midst of this confusion, the regulations have not factored into a reviewing court's²⁷ claim construction analysis.

A recent article by Professors Stuart Minor Benjamin and Arti K. Rai sets the stage for the present treatment. Benjamin and Rai lay out the theory and

16 F.3d 1189, 1192, 29 U.S.P.Q.2d (BNA) 1845, 1848 (Fed. Cir. 1994) (en banc)).

²² The District Court for the District of Columbia may construct claims while reviewing PTO patentability decisions. *See* 35 U.S.C. § 146.

²³ This article refers to claim constructions by the PTO variously as "PTO Claim Constructions" and "administrative claim constructions." This convention emphasizes the PTO's status as an agency. I do not attempt to address claim constructions by other administrative agencies—such as the International Trade Commission.

²⁴ *See, e.g., In re Buszard*, No. 2006-1489, 2007 WL 2791699, at *6 (Fed. Cir. Sept. 27, 2007) (Newman & Friedman, JJ.) (citing the APA, yet reversing the BPAI because its claim interpretation was unreasonable as a matter of law).

²⁵ *SRAM Corp. v. AD-II Engineering, Inc.*, 465 F.3d 1351, 1359, 80 U.S.P.Q.2d (BNA) 1363, 1369 (Fed. Cir. 2006) (Linn, Rader, & Bryson, JJ.).

²⁶ *Id.*

²⁷ Any court assessing a claim's validity or patentability with respect to prior art previously considered by the PTO could be considered a "reviewing court."

doctrine underlying the interaction between the PTO and the judiciary and detail how the APA should apply to the various categories of PTO actions—PTO factual, legal, and policy decisions—and how they line up with normative ideals of the patent system.²⁸ Their study gives insights into a number of foundational issues underlying the analysis of deference to PTO claim constructions.

First, Benjamin and Rai explain that the APA and case law provide for varying levels of deference to agency factfinding in proportion to the procedural rigor of the agency's investigation,²⁹ although neither the Supreme Court nor the Federal Circuit has explicitly held as much.³⁰ Thus, agency factfinding following more rigorous procedures merit greater deference. Second, the authors argue that when the PTO applies facts to law in making patentability³¹ determinations, it makes legal determinations that deserve anywhere from lenient reasonableness review to stricter de novo review³² depending on whether a patent ultimately issues and whether the PTO has previously considered the prior art at issue.³³ Courts do not employ this approach,³⁴ but opt instead to "turn[] facts into law" and then assume that PTO legal determinations deserve no deference.³⁵ Third, Benjamin and Rai suggest that the judiciary "fail[s] to recognize policy decisions

²⁸ Stuart Minor Benjamin & Arti K. Rai, *Who's Afraid of the APA? What the Patent System Can Learn from Administrative Law*, 95 GEO. L.J. 269, 279-80 (2007). The article examines how the results line up with normative ideals of the patent system, although description of the authors' normative analysis is beyond the scope of this article.

²⁹ *Id.* at 293.

³⁰ *Id.* at 319.

³¹ The authors use the term "patent validity" rather than "patentability." *See id.* at 297. Validity is the term typically used by courts reviewing a granted patent and patentability is the statutory term applicable to PTO determinations. *See, e.g.*, 35 U.S.C. §§ 101-103 (2000) (using "patentability"); *id.* § 282 (using "validity").

³² *See* Benjamin & Rai, *supra* note 28, at 297.

³³ *See id.* at 299, 316-17, 319.

³⁴ *Id.* at 299-300.

³⁵ *Id.* at 301.

as a separate category of PTO behavior,"³⁶ although such decisions do occur and should receive a "hard look" review.³⁷

This article expands on Benjamin and Rai's outline of how administrative law applies to the narrower issue of administrative claim constructions by the PTO. Despite the questionable validity of the "broadest reasonable interpretation" rule in contexts where its justification flounders, administrative law supports greater deference to PTO claim constructions than the judiciary now gives. In particular, Part II explores the basis and validity of the "broadest reasonable interpretation" rule by tracing its policy origins and justifications to examine their coherence in the various contexts in which claim interpretation issues arise before the PTO. Part III investigates, as a matter of administrative law, the extent to which PTO decisions dependent on claim interpretations deserve judicial deference. Part III also examines how current administrative law doctrine should apply to appeals over PTO claim constructions. Part IV concludes that both the case law that should govern administrative claim interpretations and the inclusion of the broadest reasonable interpretation standard in the PTO's agency regulations argue in favor of the CAFC giving APA-level deference to decisions relying on PTO claim constructions.

II. BASIS, JUSTIFICATION, AND VALIDITY OF THE "BROADEST REASONABLE INTERPRETATION"

This section examines the foundation of the rule governing PTO claim constructions in order to ensure that the analysis in Part III is aligned with its underlying legal justification. Although the rule's terms apply to both issued patents and applications before the PTO, its policy roots run shallow. This is apparent in two scenarios: (1) when the rule is applied to an issued patent involved in an interference involving an applicant who filed after the patent issued; and (2) in reexaminations involving previously considered prior art. More generally, the policy flounders in an interference involving an issued patent and in a reexamination involving an expired patent or prior art that the PTO already considered.

³⁶ *Id.* at 305-06. *But see In re Alappat*, 33 F.3d 1526, 1536, 31 U.S.P.Q.2d (BNA) 1545, 1551 (Fed. Cir. 1994) (holding that the PTO Director's decision on how to designate a new panel was a policy-based interpretation of 35 U.S.C. § 7(b)). 35 U.S.C. § 7(b) has since been moved to § 6(b). *See* 35 U.S.C. § 6(b).

³⁷ Benjamin & Rai, *supra* note 28, at 304-08.

A. *Rationale Supporting the “Broadest Reasonable Interpretation”*

Courts and the PTO rationalize the broadest reasonable interpretation rule as follows: An overbroad claim interpretation strikes a patent holder more harshly than an applicant.³⁸ Unlike an applicant at the PTO, however, a patentee in court may not simply amend claims to obtain protection commensurate with his actual contribution to the art.³⁹ Thus, whereas the statutory presumption of validity⁴⁰ might favor the patentee by allowing courts to focus on only the portion of an otherwise overbroad claim that constitutes patentable subject matter, the broadest reasonable interpretation favors the public interest by minimizing the risk that issued claims will monopolize subject matter more broadly than an inventor’s contribution justifies.⁴¹ This reasoning covers patent applications neatly but becomes questionable when applied to issued patents. Patentees wishing to challenge the rule, therefore, may reasonably argue that the PTO’s regulations are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law”⁴² and that the CAFC’s reasoning does not apply to issued patents.

Sometimes the rule of PTO claim construction has no effect on the mode of claim interpretation. The PTO construes claims as if it were a court deciding an infringement suit in three situations. First, where claim terms before the PTO are ambiguous, the PTO’s resort to the specification is not improper.⁴³ Second,

³⁸ See *Price v. Symsek*, 988 F.2d 1187, 1192-94, 26 U.S.P.Q.2d (BNA) 1031, 1033-36 (Fed. Cir. 1993) (applying Justice Harlan’s well-known “social disutility” analysis to determine the standard of proof appropriate in patent interferences before the PTO).

³⁹ See *In re Prater*, 415 F.2d 1393, 1404 n.30, 162 U.S.P.Q. (BNA) 541, 550 n.30 (C.C.P.A. 1969).

⁴⁰ See 35 U.S.C. § 282.

⁴¹ See *Prater*, 415 F.2d at 1405 n.31, 162 U.S.P.Q. (BNA) at 550 n.31.

⁴² The APA holds unlawful and sets aside agency action found to be “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5 U.S.C. § 706(2)(A) (2000). This topic is discussed in more detail *infra* Part III.A.

⁴³ See *Genentech, Inc. v. Chiron Corp. (Genentech II)*, 112 F.3d 495, 500, 42 U.S.P.Q.2d (BNA) 1608, 1612 (Fed. Cir. 1997) (citing *In re Baxter*, 656 F.2d 679, 686, 210 U.S.P.Q. (BNA) 795, 802 (C.C.P.A. 1981) (applying well-settled rules of count interpretation)); *Stansbury v. Bond*, 482 F.2d 968, 974, 179 U.S.P.Q. (BNA) 88, 92 (C.C.P.A. 1973) (holding that a court in an interference

where an applicant clearly excludes or claims subject matter by “consistently and clearly” using a claim term that is out of sync with its general meaning to ordinary artisans, the specification provides the PTO’s definition of that term.⁴⁴ Third, 35 U.S.C. § 112 mandates consulting the specification where an applicant employs means-plus-function language.⁴⁵ Where identical claim construction rules apply before the courts and the PTO, administrative regulations are inconsequential, although the analysis in Part III touching on deference still applies. Everywhere else, the rule’s validity matters. In all but the three above-mentioned cases, the PTO and CAFC apply the above rationale to determine whether to apply the court’s rules of claim interpretation or the PTO-specific rule.

B. *Validity of the “Broadest Reasonable Interpretation” as Applied to Initial Patent Examination*

The rule is valid in the examination context, where its rationale applies neatly. By construing claims as broadly as possible, the PTO raises the likelihood that examiners will reject claims for including the prior art⁴⁶ and forces applicants to carry the burden of complying with the command of 35 U.S.C. § 112 to particularly point out and distinctly claim what the applicant regards as his invention.⁴⁷ This burden lowers the risk of issuing overbroad patents and results in stronger, more reliable patents. Thus, the PTO’s policy choice represents a valid and fair process that accounts for all interests affected.

context may consult the specification to resolve facial, obvious or latent ambiguities, provided that party arguments make clear that the court allows multiple meanings).

⁴⁴ See *Alloc, Inc. v. Int’l Trade Comm’n*, 342 F.3d 1361, 1368, 68 U.S.P.Q.2d (BNA) 1161, 1165 (Fed. Cir. 2003); *In re Barr*, 444 F.2d 588, 592-93, 170 U.S.P.Q. (BNA) 330, 335 (C.C.P.A. 1971).

⁴⁵ See *In re Donaldson Co.*, 16 F.3d 1189, 1193, 29 U.S.P.Q.2d (BNA) 1845, 1848 (Fed. Cir. 1994).

⁴⁶ See Michael J. Mauriel, Note, *Patent Reexamination’s Problem: The Power To Amend*, 46 DUKE L.J. 135, 143 (1996).

⁴⁷ See 35 U.S.C. § 112, ¶ 2 (2000); Mauriel, *supra* note 46, at 143.

C. *Validity of the “Broadest Reasonable Interpretation” as Applied to Reissue Examination*

Without supportive analysis, the CAFC holds that the broadest reasonable interpretation rule applies in reissue proceedings,⁴⁸ but fails to justify the limitless breadth of the rule. The court might easily have noted that the reissue statute, 35 U.S.C. § 251, requires deeming a patent “wholly or partly inoperative or invalid” before reissue proceedings commence, which suggests that a patent’s validity is at stake and that the presumption of validity should apply.⁴⁹ However, the statute also requires that patentees voluntarily surrender their patents for this purpose and allows reissue only for patents containing at least one unintentional error, which the patentee admits by oath or declaration.⁵⁰ Where the patentee seeking reissue admits to deficiencies and whole or partial invalidity, a presumption in the patent’s favor seems out of place.⁵¹ The reissue statute also allows amendments, and although broadening amendments are not allowed after two years from the original patent grant,⁵² a party precluded from broadening amendments may simply forgo reissue altogether. These considerations support applying the broadest reasonable interpretation in reissue proceedings.

D. *Validity of the “Broadest Reasonable Interpretation” as Applied to Reexamination*

The first sign of the rule’s overbreadth arises in the reexamination context. The rules governing PTO claim construction seem supported only where previously unconsidered prior art is invoked.⁵³ The amendment rationale does not always apply during reexamination. The CAFC holds that the court’s equivalent to Rule 200 and the other PTO regulations governing claim construction is justified in reexaminations as “[a]pplicants’ interests are not

⁴⁸ See *In re Sneed*, 710 F.2d 1544, 1548, 218 U.S.P.Q. (BNA) 385, 388 (Fed. Cir. 1983) (applying the broadest reasonable interpretation rule to a reissue proceeding).

⁴⁹ See 35 U.S.C. § 251.

⁵⁰ See *id.*

⁵¹ See 37 C.F.R. § 1.175(a)(1) (2007). A party seeking reissue must file an oath or declaration stating at least one error that the applicant believes makes the original patent to be wholly or partly inoperative or invalid. *Id.*

⁵² See 35 U.S.C. § 251.

⁵³ *Id.* § 303.

impaired since they are not foreclosed from obtaining appropriate coverage for their invention with express claim language” obtained through amendment.⁵⁴ The court’s reasoning only applies assuming that applicants may amend. During reexamination, narrowing amendments are allowed, but broadening amendments are prohibited, even before the two-year cutoff of reissue proceedings.⁵⁵ Also, although expired patents may not be amended whatsoever,⁵⁶ statute permits reexaminations “at any time,” including after a patent expires.⁵⁷

This inability to freely amend suggests that the main justification supporting the rule governing PTO claim construction is weakened during reexamination, especially where an expired patent faces reexamination. Unsurprisingly, the BPAI broadcasts conflicting views in reexamining expired patents. Until 2007, the generally followed opinion on point applied the policy analysis set forth above and held that in reexaminations involving expired patents, “policy favors a construction of a patent claim that will render it valid.”⁵⁸ A recent BPAI opinion changes direction, claiming to follow prior CAFC cases, but squeezes out an almost custom-made rule for claim construction of expired patents that seems to cover any reexamination where the patent was unexpired for at least one day during the proceeding.⁵⁹ This line cannot be drawn with

⁵⁴ See *In re Yamamoto*, 740 F.2d 1569, 1571, 222 U.S.P.Q. (BNA) 934, 936 (Fed. Cir. 1984); see also *In re Etter*, 756 F.2d 852, 858, 225 U.S.P.Q. (BNA) 1, 5 (Fed. Cir. 1985).

⁵⁵ See 35 U.S.C. § 305.

⁵⁶ See *id.* The relevant regulation provides:

No amendment may enlarge the scope of the claims of the patent or introduce new matter. No amendment may be proposed for entry in an expired patent. Moreover, no amendment, other than the cancellation of claims, will be incorporated into the patent by a certificate issued after the expiration of the patent.

37 C.F.R. § 1.530(j) (2006).

⁵⁷ See 35 U.S.C. §§ 302, 311 (involving *ex parte* and *inter partes* reexamination, respectively).

⁵⁸ *Ex parte* Papst-Motoren, 1 U.S.P.Q.2d (BNA) 1655, 1656 (B.P.A.I. 1986).

⁵⁹ In this case, the patent expired during reexamination, but was unexpired for seven weeks following the first office action. *Ex parte* Peng Tan, No. 2006-

certainty because patents may expire before, during, or after reexamination. It is thus difficult to apply a rule based on patent expiration because it could go into effect at any time during reexamination. If the gap in reasoning is approached with a more panoramic policy view, a more principled rule results.⁶⁰

As the two BPAI panel views imply, the concern with protecting the public interest against overbroad patents where applicants can refine claims through amendments applies only partially in the reexamination context. First, reexaminations may be conducted either *ex parte* or *inter partes*.⁶¹ For *ex parte* reexaminations, where a patentee admits to a substantial new question of patentability, the reasoning applied to voluntary surrender for reissue, described above, applies.⁶² Where a third party or the PTO provokes the question *sua sponte*, however, the patentee must face an attack, which diminishes the threat of issuing overbroad claims.⁶³ Granted, if the reexamination proceeds *ex parte*, the applicant is in the same one-on-one position against the examiner as he would be in an initial examination.⁶⁴ Where new art is brought to bear, reexamination looks identical to initial examination.⁶⁵ Here, the strongest interest against giving the art its full effect against the patent is the public's reliance interest in the property right formerly created,⁶⁶ but this interest applies any time a patent's

3235, 2007 WL 952193, *2-3, *5 n.19 (B.P.A.I. Mar. 28, 2007) (declining to follow the prior non-binding case law).

⁶⁰ Although the treatment that follows assumes that the PTO has an interest in adopting policy-based rules, the Federal Circuit has allowed a trump card in the past by adopting the grant theory, which recognizes that what the sovereign giveth, the sovereign may taketh away. See *In re Etter*, 756 F.2d 852, 859, 225 U.S.P.Q. (BNA) 1, 6 (Fed. Cir. 1985).

⁶¹ See 37 C.F.R. §§ 1.502, 1.902 (2007).

⁶² See *supra* note 51, and accompanying text.

⁶³ See 37 C.F.R. §§ 1.502, 1.902.

⁶⁴ See *Etter*, 756 F.2d at 859 n.6, 225 U.S.P.Q. (BNA) at 5 n.6 (explaining that only the initial determination of whether a "substantial new question" exists is made in the face of a third-party attack). *But see id.* at 862, 225 U.S.P.Q. (BNA) at 8 (Nies, J., concurring) (arguing that where an alleged infringer in litigation forces reexamination, reexamination is more appropriately viewed "as collateral to the pending litigation").

⁶⁵ See *id.*

⁶⁶ A reliance interest may exist, for example, where an interested party has invested significant resources in designing around an invention. A narrower patent issuing upon reexamination would allow others starting

viability is questioned. Furthermore, any deference suggested by the presumption of validity seems inappropriate where the PTO examines previously unconsidered art.⁶⁷ Where the PTO reconsiders prior art it has already allowed into the prosecution history, there is nothing to defer to,⁶⁸ and the public's and patentee's reliance interests in preserving the patent should weigh heavily against the government's interest to "simply reconsider and second guess what it has already done."⁶⁹ In favor of this view, the CAFC holds that where a court evaluates a patent's validity under evidence already considered by the PTO, an attacker "has the added burden of overcoming the deference that is due to a qualified government agency presumed to have properly done its job."⁷⁰ Additionally, it seems unfair to require patentees to twice defend against the same prior art before the PTO. Thus, it seems prudent to draw the line at whether the PTO previously considered the prior art.

Inter partes reexaminations resemble third-party-provoked ex parte reexaminations and a parallel result, therefore, follows. Unlike the ex parte situation, the party requesting inter partes reexamination may further attack the patent by offering the examiner written comments following each response to an office action.⁷¹ The challenger may also appeal an examiner's decision.⁷² Thus, in addition to the above considerations, applicable to reexaminations in general, the

with the same resources to save the expense of designing around the broader claims and to thereby leapfrog previous efforts. To a lesser extent, licensees may wish they had not agreed to license the broader claims, but negative effects of this sort may be attenuated by a carefully drafted contract.

⁶⁷ Cf. *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1358-60, 220 U.S.P.Q. (BNA) 763, 769-71 (Fed. Cir. 1984) (stating that deference given to PTO decisions is the same regardless of whether a new prior art is at issue).

⁶⁸ See *Etter*, 756 F.2d at 861, 225 U.S.P.Q. (BNA) at 8 (Nies, J., concurring) ("deference should be required in reexamination with respect to a matter which *was* previously considered or is substantially the same"); *Am. Hoist & Derrick Co.*, 725 F.2d at 1359, 220 U.S.P.Q. (BNA) at 770.

⁶⁹ See *Etter*, 756 F.2d at 865, 225 U.S.P.Q. (BNA) at 10 (Nies, J., concurring). Where new and old prior art arise on reexamination, the PTO would simply resolve doubts in favor of validity whenever claim terms were persistently ambiguous. See *id.*

⁷⁰ *Am. Hoist & Derrick Co.*, 725 F.2d at 1359, 220 U.S.P.Q. (BNA) at 770.

⁷¹ See 37 C.F.R. § 1.947 (2006).

⁷² See *id.* § 1.959; *id.* § 41.64 (2007).

likelihood of issuing overbroad claims is diminished even further where a second examination with an examiner and an outside, interested party attack the patentability of claims in unison.

Second, unlike reissue, reexamination may proceed with or without the patentee's consent whenever the Director finds a "substantial new question of patentability" based on any patent or printed publication either independently or upon the request of the patentee or the general public.⁷³ Although a patentee may invoke an *ex parte* proceeding by citing prior art believed to bear on patentability that brings the validity of their patent into question, third parties and the PTO may also invoke reexamination.⁷⁴ In the latter cases, the patentee is not conceding that the patent suffers from questions of patentability. Without an admission of the patent's questionable merit to alleviate concerns of fairness, and absent an ability to make amendments, the two factors in favor of assigning the broadest reasonable interpretation to once-issued patents in the reissue context do not squarely apply during *inter partes* reexamination of an expired patent.

Finally, under this framework, the broadest reasonable interpretation applies during *inter partes* reexamination to the extent that new prior art decisions may be appealed under the rules governing *inter partes* appeals to the Board and should follow the relevant portion of reasoning on that topic below.

In sum, this rule is unsupported by the amendment rationale after a patent expires, and a general rule for the reexamination context cannot realistically discriminate based solely on expiration. A broader look including other surrounding policies reveals that the balance between the public's and the patentee's interests favors applying the rule in *ex parte* reexaminations regarding previously unconsidered prior art. However, where no new prior art is brought to bear, placing the burden back on the patentee seems contrary to fairness and the reliability of issued patents. Additionally, the public interest concern in preventing overbroad patents that justifies the rule's enhanced burden generally does not strongly apply during *inter partes* reexaminations. Thus, today's rule governing PTO claim construction lacks strong purpose or justification where issued patents are involved and with respect to previously considered prior art.

⁷³ See 35 U.S.C. § 303(a) (2000); *see also id.* §§ 302, 304, 311(a), 312.

⁷⁴ See 37 C.F.R. § 1.501(a).

E. *Validity of the “Broadest Reasonable Interpretation” as Applied to Interferences*

Another complication involving issued patents arises in the interference context.⁷⁵ According to the PTO and the CAFC, the rule of PTO claim construction applies across the board and to applications and issued patents alike.⁷⁶ As in reexamination, the holder of an issued patent (or its agent) should wonder whether the presumption of validity might govern and whether the broadest reasonable interpretation should no longer apply.⁷⁷

The argument against this view relies on the applicable standard of proof but fails to adequately address all possible claims in an interference. Usually, infringement, invalidity, and patentability or priority determinations do not share a common standard of proof,⁷⁸ but this is not always true.⁷⁹ PTO regulations ordinarily allow claims to be anticipated by a preponderance of the evidence rather than the infringement and invalidity standard of clear and convincing evidence.⁸⁰ In the infringement and invalidity contexts, the Supreme Court states that the presumption of validity carries a corollary that one attempting to attack a patent’s validity must do so by clear and convincing evidence.⁸¹ The CAFC explains that this presumption resolves doubts about

⁷⁵ 37 C.F.R. § 41 sets out rules and definitions applying in a patent interference.

⁷⁶ See, e.g., *id.* § 41.200(b) (“A claim shall be given its broadest reasonable construction in light of the specification of the *application or patent* in which it appears.”) (emphasis added).

⁷⁷ *Id.*

⁷⁸ See *Radio Corp. of Am. v. Radio Eng’g Lab.*, 293 U.S. 1, 7, 21 U.S.P.Q. (BNA) 353, 355 (1934) (declaring that the standard of proof in patent infringement cases is clear and convincing evidence); 37 C.F.R. § 1.56 (stating that patentability claims can be defeated by a preponderance of the evidence); *id.* § 41.207(a)(2) (noting that priority may generally be proved by a preponderance of the evidence).

⁷⁹ See 37 C.F.R. § 41.207 (establishing that priority must be proved by clear and convincing evidence if “the date of [the invention’s] earliest constructive reduction to practice is after the issue date of an involved patent or publication date under 35 U.S.C. § 122(b) of an involved application or patent”).

⁸⁰ See *id.* §§ 1.56(b) (during examination), 1.555(b) (during reexamination).

⁸¹ *Radio Corp. of Am.*, 293 U.S. at 8, 21 U.S.P.Q. (BNA) at 356; see *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360, 220 U.S.P.Q. (BNA)

ambiguous claim meanings such that in infringement suits, where multiple interpretations are plausible but only one results in a valid patent, the proper interpretation favors validity.⁸² The judicial standard is thus the same as the standard applied by the PTO in interference cases involving a non-copending⁸³ patent, except where applications were never copending and the standard is clear and convincing evidence with respect to the involved patent.⁸⁴ Although claims before a court in an infringement case are presumed valid, claims before the PTO are generally presumed to be overbroad.⁸⁵ This presumption supports applying a lower standard of proof which, in turn, supports taking the risk of overbroad claim constructions. The exception is an interference involving an application and an issued patent that was not copending with that application at the time an interference was provoked.⁸⁶ Here, the PTO raises the evidentiary standard with respect to the patent to clear and convincing evidence⁸⁷ to match the judicial standard.⁸⁸

763, 770-71 (Fed. Cir. 1984) (recognizing that the Supreme Court's standard of proof, although determined long before § 282 was enacted, remains good law).

⁸² See *Philips v. AWH Corp.*, 415 F.3d 1303, 1327, 75 U.S.P.Q.2d (BNA) 1321, 1336-37 (Fed. Cir. 2005) (en banc). As for the extent of favor, the CAFC suggests that the presumption is a doctrine of last resort, limited to persistently ambiguous claims where no other tools of claim construction provide clear meaning, and that it merely requires, in such cases, looking to the reasonableness of inferring that the PTO did not issue an invalid patent. See *id.* at 1327-28; 75 U.S.P.Q.2d (BNA) at 1336-37.

⁸³ An application was *not* copending with a patent "if the date of its earliest constructive reduction to practice is after the issue date of an involved patent or the publication date under 35 U.S.C. [§] 122(b) of an involved application or patent." See 37 C.F.R. § 41.207(a)(2).

⁸⁴ See *id.*

⁸⁵ Cf. *In re Morris*, 127 F.3d 1048, 1054, 44 U.S.P.Q.2d (BNA) 1023, 1027 (Fed. Cir. 1997) (discussing the PTO's practice of applying the broadest reasonable meaning to proposed claims).

⁸⁶ See *id.*

⁸⁷ See *id.* The PTO also applies the clear and convincing evidence standard when evaluating practitioner misconduct in a disciplinary proceeding, but this does not affect a patentability determination. See 37 C.F.R. § 10.149.

⁸⁸ See *id.* §§ 10.149, 41.207.

The relative standard of proof is important because the D.C. District Court and the BPAI hold that this difference in standards of proof supports applying the less forgiving standard of PTO claim construction to claims of a copending patent in an interference, but no authoritative case holds that the broadest reasonable interpretation applies to non-copending patents.⁸⁹ Supporting case law predates the BPAI's distinction between copending and non-copending issued patents and rests on the link between the standard of proof and the standard of claim construction. For validity⁹⁰ and priority⁹¹ determinations where one party's patent was copending with the opponent's application, but subsequently issued before the opposing application was filed, a mere preponderance of the evidence shifts the burden of persuasion against the patentee. Accordingly, the high court of the District of Columbia⁹² and the BPAI⁹³ hold that the broadest reasonable interpretation applies here. However, where the applications were not copending, the opponent must present clear and convincing evidence to accomplish the shift.⁹⁴ No appeal from a PTO decision has raised the connected issue of whether this means that the Board should construe claims using the judicial claim construction doctrine.⁹⁵

Absent binding authority in these two situations, policy governs. The CAFC unsatisfactorily harkened to fairness when arriving at the copending distinction in the validity context in *Bruning v. Hirose*.⁹⁶ The court stated that when applications are copending, "which application will issue first as a patent may be as much a function of the PTO's own delay as the applicant's tactics . . .

⁸⁹ See *Andrews v. Nilson*, 27 App. D.C. 451, 454-55 (D.C. Cir. 1906); *Bamberger v. Cheruvu*, 55 U.S.P.Q.2d (BNA) 1523, 1527 (B.P.A.I. 1998) (non-binding opinion).

⁹⁰ See *Bruning v. Hirose*, 161 F.3d 681, 684-86, 48 U.S.P.Q.2d (BNA) 1934, 1937-38 (Fed. Cir. 1998) (deciding issues affecting validity).

⁹¹ See *Boises v. Benedict*, 27 F.3d 539, 541-42, 30 U.S.P.Q.2d (BNA) 1862, 1864 (Fed. Cir. 1994) (deciding an issue of actual reduction to practice).

⁹² See *Andrews*, 27 App. D.C. at 454-55.

⁹³ See *Bamberger*, 55 U.S.P.Q.2d (BNA) at 1527.

⁹⁴ See 37 C.F.R. § 41.207(a)(2) (2007); see also *Price v. Symsek*, 988 F.2d 1187, 1190-91, 26 U.S.P.Q.2d (BNA) 1031, 1033 (Fed. Cir. 1993) (deciding issues of priority and derivation).

⁹⁵ See *Bamberger*, 55 U.S.P.Q.2d (BNA) at 1526-27 (noting this void in precedent).

⁹⁶ 161 F.3d 681, 685-86, 48 U.S.P.Q.2d (BNA) 1934, 1938 (Fed. Cir. 1998).

[and this distinction] recognizes the inherent unfairness in penalizing an applicant for uncontrollable delay during prosecution."⁹⁷ But the patentee now suffers from the possibility of uncontrollable delay, which if it was, in fact, controllable by the applicant, would not unfairly affect the applicant and should not strip the presumption of validity from the patentee. After recognizing that that rationale failed in the case at bar, the court reasoned that in such cases, the benefit of a bright line sufficiently supports the rule.⁹⁸ Why one bright-line rule should be favored over another was not addressed.⁹⁹ Thus, just as reexamination of expired patents proved troubling to the BPAI, the CAFC fumbled to come up with a rationale that works for interferences.

Rather than focusing on the applicable standard of proof, the BPAI tried the amendment rationale in the interference context¹⁰⁰—another unsatisfying approach. Here, the patentee may only amend by admitting that his patent is wholly or partly inoperative or invalid and seeking reissue¹⁰¹ or by pointing out a substantial new question of patentability and seeking reexamination.¹⁰² The option of reissue cannot satisfy the rationale because any patentee who believes

⁹⁷ See *id.* at 685, 48 U.S.P.Q.2d (BNA) at 1938.

⁹⁸ *Id.* As an extra push behind the rationale's premature birth, the court reasoned that treating issued patents differently in court and before the Board, as in reissue, reexamination, and interference proceedings, is "not necessarily illogical or incongruous" because these proceedings are "initiated by some showing of error, defect or problem with a patent," whereas "an infringement action carries no such stigma or uncertainty regarding entitlement to the patent." See *id.* This tautology is tantamount to pointing out that an infringement defendant need not raise an invalidity defense.

⁹⁹ See *id.* Another possible bright-line rule is that issued patents before the PTO should be construed to preserve their validity.

¹⁰⁰ See *Bamberger*, 55 U.S.P.Q.2d (BNA) at 1526.

¹⁰¹ The PTO explained that "[a] patentee in an interference can contingently narrow its claim by filing a reissue application. 35 U.S.C. [§] 251; Rule 633(h) and (i); proposed § 41.121(a)(2). Indeed, a patentee may be estopped if it does not seek to amend its claim when necessary. Rule 658(c); proposed § 41.127(a)(1)." See Proposed Rule, *supra* note 14, 68 Fed. Reg. at 66,663 (citing *In re Etter*, 756 F.2d 852, 858-59, 225 U.S.P.Q. (BNA) 1, 5-6 (Fed. Cir. 1985)).

¹⁰² *Id.*

sufficient grounds exist can seek reissue.¹⁰³ Reexamination also proves unsatisfactory because although a substantial new question of patentability already exists by way of the (interference's key issue of which party deserves priority), the reexamination query only considers patentability with respect to patents or printed publications.¹⁰⁴ In an interference involving only one patent, or where the pending application is unpublished, neither of these sources likely exists outside the interference. Moreover, it seems unlikely that Congress intended to grant time-release patents, finally cloaked with the presumption of validity one-year after issuing.¹⁰⁵ The public reliance interest would also seem to suffer where patents only gained full stature after one year. Neither uncontrollable delay nor the ability to amend supports applying the broadest reasonable interpretation to an issued patent in an interference. A more reasonable approach might be either to recognize that the PTO makes a policy choice by not designing policies that would catch more potentially interfering patents before they issue¹⁰⁶ or to openly recognize these flaws in the patent system by applying the presumption of validity, but urge Congress to address the issue.

Thus, patentees wishing to challenge the rule could reasonably argue that the PTO's regulations are "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law,"¹⁰⁷ and that the CAFC's reasoning does not squarely apply to issued patents. Doctrine supporting the rule of PTO claim construction stands firm only if limited to exclude interferences involving issued patents and in reexamination of expired patents. The scope of Part III must be understood to require accounting for these shortfalls.

¹⁰³ Reissue may only be sought to correct "error [made] without any deceptive intention." *See* 35 U.S.C. § 251 (2000).

¹⁰⁴ *Etter*, 756 F.2d at 856, 225 U.S.P.Q. (BNA) at 4.

¹⁰⁵ An applicant may only make interfering claims "prior to one year from the date on which the patent was granted." 35 U.S.C. § 135(b)(1).

¹⁰⁶ Recognizing that the PTO has made a policy decision in interpreting claims would support greater deference to such interpretations from courts. The analysis set forth *infra* Part III addresses deference due to PTO policy choices.

¹⁰⁷ 5 U.S.C. § 706(2)(A) (2000) (holding unlawful and setting aside agency action found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law."). This topic is discussed in more detail *infra* Part III.A.

III. HOW ADMINISTRATIVE LAW SHOULD AND DOES APPLY TO APPEALS OVER PTO DECISIONS

Together, the APA and administrative case law set standards of review for federal agency actions that apply to PTO actions, including claim constructions.¹⁰⁸ Under administrative law, where the organic statute¹⁰⁹ provides no standard of review, the APA sets it by default.¹¹⁰ The APA gives guidance on how an agency may proceed and the applicable degree of judicial review when statutory language is ambiguous.¹¹¹ Essentially a default rule,¹¹² or a gap-filler,¹¹³

¹⁰⁸ 5 U.S.C. § 706 provides:

To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall—(1) compel agency action unlawfully withheld or unreasonably delayed; and (2) hold unlawful and set aside agency action, findings, and conclusions found to be—(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; (B) contrary to constitutional right, power, privilege, or immunity; (C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right; (D) without observance of procedure required by law; (E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute; or (F) unwarranted by the facts to the extent that the facts are subject to trial de novo by the reviewing court.

¹⁰⁹ An organic statute is a federal statute that “create[s] administrative agencies and empower[s] them to take a range of actions, usually including informal rulemaking and different types of adjudication.” Benjamin & Rai, *supra* note 28, at 279.

¹¹⁰ *Cf. id.* at 269, 279-80.

¹¹¹ *See id.* at 277.

¹¹² *See Alaska Dept. of Env'tl. Conservation v. EPA*, 540 U.S. 461, 496-97 (2004) (“Because the Act itself does not specify a standard for judicial review in this instance, we apply the familiar default standard of the Administrative Procedure Act.”).

the APA ensures that an agency created under an organic statute that fails to address the issue maintains a particular degree of separation from limitless judicial reversal. Once a court decides to apply the APA, it decides how much deference it must grant the agency's decision.¹¹⁴ The degree of deference owed depends on the rationale for invoking the APA.

This section explores the merits of the rationales as applied to the PTO. Administrative law principles support finding that PTO claim construction is: (1) an agency legal determination; (2) an agency discretionary determination or policy decision; (3) an agency factual determination; (4) an agency interpretation of its own regulations; or (5) a combination of all the above.

A. *PTO Decisions Dependent on Claim Construction Deserve Deference as Agency Legal Determinations*

Patentability and priority decisions depend on PTO administrative claim constructions.¹¹⁵ Congress, therefore, intended that the PTO administer decisions requiring claim interpretation. Such decisions deserve judicial deference. Standard administrative law suggests that the proper level of deference depends on whether the patent grant or denial was contested and whether the reviewing court and the PTO consider the same prior art.

Case law requiring reasonableness review of agency decisions applies directly to PTO patentability and priority decisions. In *Chevron U.S.A., Inc. v. NRDC*¹¹⁶ and following cases, the Supreme Court crafted a rule stating that if Congress implicitly delegates to an agency power to apply a statute and intentionally leaves room for interpretation, a court should review the agency's

¹¹³ See *United States v. Mead Corp.*, 533 U.S. 218, 229 (2001) ("Congress . . . may not have expressly delegated authority or responsibility to . . . fill a particular gap. Yet it can still be apparent from the agency's generally conferred authority . . . that Congress would expect the agency to be able to speak with the force of law . . ."); Benjamin & Rai, *supra* note 28, at 280 (noting that "[g]iven the absence of language in the patent statute, and the absence of a uniform direction in the case law, the APA filled in the gaps and provided a standard of review").

¹¹⁴ See Benjamin & Rai, *supra* note 28, at 279-80.

¹¹⁵ See 35 U.S.C. § 2(a) (2000).

¹¹⁶ 467 U.S. 837 (1984).

decision under that statute for reasonableness.¹¹⁷ *Chevron* sets forth how to determine whether the reasonableness standard applies to an agency's statutory construction, and noted a hierarchy of deference to agency statutory constructions. In order of increasing deference, that hierarchy is as follows: (1) where Congress directly addressed the precise question at issue, unambiguous congressional intent governs and the agency gets no deference;¹¹⁸ (2) in cases of ambiguous congressional intent, permissible agency statutory constructions trump court constructions;¹¹⁹ (3) if Congress explicitly instructs the agency to fill a gap in the statute by passing regulations, the standard of review is "arbitrary, capricious, or manifestly contrary to the statute;" and (4) if Congress leaves a gap in the statute, but says nothing about filling it,¹²⁰ delegation to the agency is implicit, and agency interpretations are reviewed for reasonableness.¹²¹

Starting from this base, the Supreme Court in *United States v. Mead Corp.*,¹²² provided another reason to defer to PTO decisions, although it narrowed *Chevron* and dampened any hope for a loose policy of granting reasonableness review to broadly cover all PTO interpretations of the patentability statute.¹²³ *Mead* held that *Chevron* reasonableness review applies to an agency's implementations of statutory provisions, whether through statutory construction

¹¹⁷ See *id.* at 843-44; *Mead Corp.*, 533 U.S. at 229. The CAFC seems to be warming up to this idea with regard to the PTO, but the only case on point applies conclusory reasoning that leaves few clues as to how it would apply to claim construction, a PTO action not explicitly listed in the Patent Act but nonetheless necessary to carry out its function of granting patents. See *Lacavera v. Dudas*, 441 F.3d 1380, 77 U.S.P.Q.2d (BNA) 1955 (Fed. Cir. 2006) (reasoning that where the statute at issue listed determining whether applicants to practice before the PTO possess the "necessary qualifications," but listed no such qualifications, the PTO was free to establish its own reasonable qualifications by regulation).

¹¹⁸ See 467 U.S. at 842-43.

¹¹⁹ See *id.* at 843.

¹²⁰ See *id.* at 843-44.

¹²¹ *Id.* I refer to this level of deference variously as "reasonableness *Chevron* deference," "*Chevron* reasonableness review," and "*Chevron* deference."

¹²² 533 U.S. at 218.

¹²³ See Benjamin & Rai, *supra* note 28, at 297-98. But see *id.* at 298 (characterizing this as an option "explicitly [left] open" rather than a "holding").

or application of a statutory standard in a particular case,¹²⁴ where it appears that Congress delegated general authority “to make rules carrying the force of law, and where the agency interpretation claiming deference was promulgated in the exercise of that authority.”¹²⁵ A significant factor in the *Mead* Court’s decision was that the agency produced “churned out” approximately 10,000 rulings per year by “46 scattered offices.”¹²⁶ Essentially, the *Mead* Court would apply *Chevron* deference if it found “the legislative type of activity that would naturally bind more than the parties to the ruling.”¹²⁷ The Court held that delegation meriting such deference “may be shown in a variety of ways,” including an agency’s power to adjudicate.¹²⁸ *Mead* also left open two doors to the reasonableness type of *Chevron* deference, explaining that where the issue arises through either notice-and-comment rulemaking or formal adjudication, *Chevron* deference is most likely to apply.¹²⁹ Other factors considered in *Mead* were the decision’s value as precedent,¹³⁰ provision for independent review,¹³¹ whether the reviewing court may decide newly raised issues,¹³² whether the court may develop its own record, rather than focus solely on the record developed by the agency,¹³³ and whether rulings are produced at a high rate.¹³⁴ The facts in *Mead* satisfied none of these factors.¹³⁵

Skidmore v. Swift & Co. provides another, albeit narrower, application of *Chevron* that also applies to PTO decisions.¹³⁶ Where *Chevron* deference does not

¹²⁴ See *id.* at 297 n.148 (citing *INS v. Cardoza-Fonseca*, 480 U.S. 421, 446 (1987)).

¹²⁵ *Mead Corp.*, 533 U.S. at 226-27.

¹²⁶ *Id.* at 219, 233.

¹²⁷ *Id.* at 232.

¹²⁸ *Id.* at 227, 229-30.

¹²⁹ *Id.* at 227, 230-31. (“That said . . . procedure here does not decide the case.”).

¹³⁰ *Id.* at 232.

¹³¹ *Id.*

¹³² *Id.* at 233 n.16.

¹³³ *Id.* (although the customs decision at issue commanded a presumption of correctness, it also allowed the court to “consider any new ground” not raised before the agency) (applying 28 U.S.C. § 2639(a)(1) (2000)).

¹³⁴ *Id.* at 233.

¹³⁵ *Id.* at 231.

¹³⁶ 323 U.S. 134 (1944).

fit, courts should accord deference to agency interpretations on *Skidmore's* sliding-scale, which weighs each case on its facts based on, among other things, the agency's consistency, formality, relative expertise, and the persuasiveness of its reasoning.¹³⁷ The *Skidmore* Court foreshadowed the *Mead* factors by placing special emphasis on whether Congress intended the agency "to find facts and to determine in the first instance whether particular cases fall within or without the Act."¹³⁸ The agency in *Skidmore* did not qualify for APA deference because the act at issue was enforced in the first instance through judicial mandate, an injunction, rather than agency-directed proceedings.¹³⁹ Accordingly, the Court's opinion turned on "all those factors which give it power to persuade, if lacking power to control."¹⁴⁰

Chevron reasonableness review could squarely apply, directly or through *Mead* or *Skidmore*, to PTO claim constructions made pursuant to patentability and priority decisions in contested cases. As noted in Part II, Congress explicitly addressed claim construction in only one Patent Act provision, 35 U.S.C. § 112 ¶ 6, governing "means-plus-function" claims.¹⁴¹ Here, the Patent Act limits the PTO's discretion in interpreting such claims,¹⁴² and because this falls in the first

¹³⁷ *Mead Corp.*, 533 U.S. at 228 (citing *Skidmore*, 323 U.S. at 140).

¹³⁸ *Skidmore*, 323 U.S. at 137; cf. Benjamin & Rai, *supra* note 28, at 319 (noting that "[n]either the Supreme Court nor any circuit court has explicitly stated that courts should calibrate the level of deference to agency factfinding based on an agency's . . . thoroughness").

¹³⁹ *Skidmore*, 323 U.S. at 137-38.

¹⁴⁰ *Id.* at 140.

¹⁴¹ 35 U.S.C. § 112 (2000) provides:

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

¹⁴² *In re Donaldson Co.*, 16 F.3d 1189, 1193, 29 U.S.P.Q.2d (BNA) 1845, 1849 (Fed. Cir. 1994) (en banc) (holding as a matter of statutory interpretation that "because no distinction is made in paragraph six between prosecution in the PTO and enforcement in the courts, or between validity and infringement, . . . paragraph six applies . . . whether as part of a patentability determination in the PTO or as part of a validity or infringement determination in a court").

of the above four categories, *Chevron* provides for no deference. All other claim types fall under the next category, PTO implementation of statutory patentability standards and are governed by *Chevron*. Although the PTO possesses no general substantive rulemaking authority,¹⁴³ Congress explicitly delegated to it the authority to administer the provisions of the Patent Act related to patentability¹⁴⁴ and priority.¹⁴⁵ Specifically, sections 2(a)(1) and 2(b)(2)(A) of the Patent Act establish that the PTO “shall be responsible for the granting and issuing of patents” and “may establish regulations [through notice-and-comment rulemaking],¹⁴⁶ not inconsistent with law, which shall govern the conduct of proceedings in the Office.”¹⁴⁷ Section 6(b) further provides that the “[BPAI] shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a).”¹⁴⁸ These provisions represent a legislative delegation to the PTO to administer the patentability and priority provisions of the Patent Act for all cases arising under its jurisdiction. Given that although the Patent Act only addresses § 112 ¶ 6 claims, patentability and priority decisions also depend on how the PTO construes all other claims with respect to either the various patentability requirements or the so-called “threshold issues” of contested proceedings, Congress implicitly intended that the PTO administer decisions requiring claim construction.¹⁴⁹

Mead requires considering whether Congress intended the PTO’s rulings to have the force of law and whether the issue arises through notice-and-comment rulemaking or through formal adjudication. Regulations governing

¹⁴³ *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1549-50, 38 U.S.P.Q.2d (BNA) 1347, 1351 (Fed. Cir. 1996) (holding that because Congress gave the PTO no *general* substantive rulemaking powers, “the ‘[f]inal [d]etermination’ at issue in this case cannot possibly have the ‘force and effect of law’”) (citation and quotations omitted).

¹⁴⁴ *See* 35 U.S.C. § 2(a)(1); Craig Allen Nard, *Deference, Defiance, and the Useful Arts*, 56 OHIO ST. L.J. 1415, 1451-57 (1995) (outlining the PTO’s delegated powers).

¹⁴⁵ *See* 35 U.S.C. § 6(b).

¹⁴⁶ *See id.* § 2(b)(2)(B) (requiring that PTO regulations “shall be made in accordance with section 553 of title 5”).

¹⁴⁷ *Id.* § 2(b)(2)(A).

¹⁴⁸ *Id.* § 6(b).

¹⁴⁹ *See supra* notes 5-6, and accompanying text.

claim interpretation were issued after notice and comment. Further, although the PTO may interpret claims during formal adjudication, Congress did not explicitly “provide[] for a relatively formal administrative procedure tending to foster the fairness and deliberation that should underlie a pronouncement [with the effect of law].”¹⁵⁰ Most PTO proceedings embrace this flexibility and allow a more relaxed type of adjudication.¹⁵¹ If one reads the *Chevron-Mead-Skidmore* line to grant reasonableness review only where explicit statutory procedures set forth formal procedure for agency adjudications, the BPAI’s lower level of formality suggests that PTO decisions never deserve reasonableness review.

On the other hand, the CAFC recently emphasized the formality of contested cases before the BPAI,¹⁵² and the Patent Act allows the PTO to conduct, in its discretion, adjudications formally equivalent to litigation.¹⁵³ The BPAI allows this, provided that a party makes a convincing motion in that respect. For example, a party could move for cross-examination before an Administrative Patent Judge (APJ).¹⁵⁴ Through notice-and-comment regulation, the BPAI

¹⁵⁰ *United States v. Mead Corp.*, 533 U.S. 218, 230 (2001).

¹⁵¹ Hearings in disciplinary actions for members of the patent bar constitute the only type of hearing explicitly mandated by statute to take place at the PTO. The statute requires “notice and opportunity for a hearing” and qualifies, therefore, for substantial evidence review by the reviewing tribunal. *See* 35 U.S.C. § 32 (disciplinary hearings); 5 U.S.C. § 706(2)(E) (2000) (setting “substantial evidence” standard of review for “a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute”).

¹⁵² *See Brand v. Miller*, 487 F.3d 862, 869, 82 U.S.P.Q.2d (BNA) 1705, 1709 (Fed. Cir. 2007).

¹⁵³ Parties may take live testimony, automatic discovery, and additional discovery, as justice may require. *See* 37 C.F.R. § 41.150(b)-(c) (2007) (discovery); *id.* § 41.157 (taking testimony); *see also* 35 U.S.C. §§ 23, 24; BPAI TRIAL SECTION, U.S. DEP’T OF COMMERCE, CONTESTED CASE PRACTICE GUIDE 43 (2004), available at http://www.uspto.gov/web/offices/dcom/bpai/docs/practice_guide.htm [hereinafter PRACTICE GUIDE].

¹⁵⁴ Although the rules do not expressly address taking live testimony before an APJ, statutory authority exists, and the Board asserts this authority in its Standing Order, Practice Guide, and case law. *See* 35 U.S.C. §§ 23, 24 (allowing discretionary rules on taking depositions, which does not exclude taking a deposition before an APJ and compelled testimony, respectively); 37 C.F.R. §§ 41.156 (compelling testimony and production), 157 (taking testimony); BPAI, STANDING ORDER 48 ¶ 154.5 (stating that the Board may

voluntarily applies the Federal Rules of Evidence in interference cases,¹⁵⁵ and must apply the Federal Rules of Civil Procedure relating to discovery and taking testimony.¹⁵⁶ With respect to the lack of a jury at the PTO, Supreme Court and CAFC jurisprudence establish that a jury would provide no important procedural advantage in arriving at a proper claim construction.¹⁵⁷ If claim construction were truly a pure question of law, then any added procedural formality through live cross-examination of experts or more searching discovery tools would seem to add scant value to questions of claim term meaning.¹⁵⁸ It follows that where a party requests, and the PTO entertains, formal proceedings, PTO adjudication embodies the formal rigors of litigation; where the PTO allows more relaxed adjudications, additional formality may not enhance accuracy. A pragmatic reading of *Mead*'s inquiry into the level of formality, therefore, leaves ample room for reasonableness review of inter partes claim constructions.

require "live testimony before the Board"); PRACTICE GUIDE, *supra* note 153, at 43; *Pevarello v. Lan*, 2007 WL 594728, at *2 (B.P.A.I. Jan. 12, 2007) ("[O]ccasionally, 'live' testimony occurs in special circumstances when requested by the Board. However, from a practical point of view testimony is generally presented . . . on 'paper.'").

¹⁵⁵ See 37 C.F.R. § 41.152 (stating that the Federal Rules of Evidence apply to contested cases before the BPAL, with modifications where necessary—e.g., provisions relating to juries and criminal proceedings do not apply).

¹⁵⁶ See 35 U.S.C. § 24. Additionally, the Board seeks to follow the spirit of the Federal Rules when applying its rules. Compare 37 C.F.R. § 41.1(a), with FED. R. CIV. PRO. 1.

¹⁵⁷ See *Markman v. Westview Instruments, Inc. (Markman III)*, 517 U.S. 370, 391, 38 U.S.P.Q.2d (BNA) 1461, 1471 (1996); *Markman v. Westview Instruments, Inc. (Markman II)*, 52 F.3d 967, 978-79, 34 U.S.P.Q.2d (BNA) 1321, 1328-29 (Fed. Cir. 1995).

¹⁵⁸ See *Markman II*, 52 F.3d at 981, 34 U.S.P.Q.2d (BNA) at 1331 (explaining that the CAFC construes "claims by, among other things, using certain extrinsic evidence that the court finds helpful and rejecting other evidence as unhelpful, and resolving disputes *en route* to pronouncing the meaning of claim language as a matter of law based on the patent documents themselves, [but] the court is not . . . making factual evidentiary findings"); *Philips v. AWH Corp.*, 415 F.3d 1303, 1318, 75 U.S.P.Q.2d (BNA) 1321, 1330 (Fed. Cir. 2005) (en banc) (explaining that, inter alia, "expert reports and testimony is generated at the time of and for the purpose of litigation and can suffer from a bias that is not present in intrinsic evidence"); cf. *infra* notes 186-232 and accompanying text.

Mead's other factors cut both ways when applied to the PTO.¹⁵⁹ The PTO's administrative claim constructions become part of a patent application file's prosecution history and can thereby become precedent-setting in court and before the PTO.¹⁶⁰ A litigant may later argue prosecution-history estoppel requires a more limited claim scope, and a patent examiner must follow BPAI claim constructions.¹⁶¹ Although this may resemble non-mutual issue preclusion more than common law precedent setting, a stare decisis effect results because PTO claim interpretations may have binding effect in future actions.¹⁶² Additionally, the PTO's agency record is reviewed unaltered except where the D.C. District Court reviews the outcome of an interference on a record broader than the record before the PTO.¹⁶³ Otherwise, appeals from BPAI decisions are reviewed solely on the record passed up from the Board. These *Mead* factors favor granting *Chevron* deference to PTO decisions dependant on claim construction.

Others support a more finely tuned regime based on these factors, recommending greater authority to PTO patent denials than patent grants—an

¹⁵⁹ United States v. Mead Corp., 533 U.S. 218, 228-34 (2001).

¹⁶⁰ See, e.g., Festo Corp. v Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722, 736 (2002) (holding that narrowing amendments made to satisfy the Patent Act's requirements estop a patentee from later reclaiming the broader scope).

¹⁶¹ *Philips*, 415 F.3d at 1317, 75 U.S.P.Q.2d (BNA) at 1329.

¹⁶² *Markman III*, 517 U.S. at 390-391, 38 U.S.P.Q.2d (BNA) at 1470-71 (suggesting that categorizing claim construction as a matter of law would enhance uniformity by creating a stare decisis effect with respect to a patent's claim interpretations).

¹⁶³ In relevant part, 35 U.S.C. § 146 (2000) reads:

In [interferences on appeal from the PTO,] the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office when admitted shall have the same effect as if originally taken and produced in the suit.

Appeals before the D.C. District Court are reviewed "as the facts in the case may appear." *Id.* § 145.

approach that can be further refined by separating contested cases from uncontested cases. Support for this view lies in the rigorous multi-level review of at least six qualified PTO employees required to uphold examiner rejections.¹⁶⁴ Given that the BPAI decided almost 3,000 appeals in 2006, affirmed examiner rejections in only about half of them,¹⁶⁵ and granted review of 86 interference cases,¹⁶⁶ at least a small percentage of arguably more economically important patents granted (patents worth litigating over) also fall into the same category, with respect to deference owed, as PTO patent denials. Although the over 180,000 patents granted in 2006 might stir the *Mead* Court's concern with decisions produced at a high rate, the above numbers also suggest a distinction between contested and non-contested patent grants and denials.¹⁶⁷ On the other hand, as discussed above, previously challenged patents, whether in court or before the PTO, should not receive deference in the face of unconsidered prior art.¹⁶⁸ Considering also whether the PTO previously considered the art at issue avoids this problem. Distinguishing between contested and uncontested patent grants recognizes that although denials that reach a reviewing court have likely

¹⁶⁴ See Benjamin & Rai, *supra* note 28, at 299. An examiner's rejection appealed to the BPAI, is reviewed by: "(1) the examiner charged with preparation of the examiner's answer, (2) a supervisory patent examiner (SPE), and (3) another examiner, known as a conferee, having sufficient experience to be of assistance in the consideration of the merits of the issues on appeal." MANUAL OF PATENT EXAMINING PROCEDURE, *supra* note 13, § 1207.01. The appealing applicant may then request an oral hearing as a matter of right before receiving an opinion by at least three presiding APJs. See 35 U.S.C. § 6(b) (requiring at least three APJs to hear each appeal); 37 C.F.R. § 41.47(a), (d) (2007) (allowing oral hearing whenever appellant considers such a hearing desirable and has complied with procedural requirements).

¹⁶⁵ PTO, Performance and Accountability Report Fiscal Year 2006, Table 14: Summary of Contested Patent Cases (Within the U.S. Patent and Trademark Office, as of September 30, 2006), available at http://www.uspto.gov/web/offices/com/annual/2006/50314_table14.html.

¹⁶⁶ Calculated by subtracting the number of inter partes reexamination requests granted (43) from the number of contested inter partes cases declared or reinstated during FY 2006 (129). See *id.*, TABLE 13B: INTER PARTES REEXAMINATION (FY 2006), available at http://www.uspto.gov/web/offices/com/annual/2006/50313b_table13b.html.

¹⁶⁷ Benjamin & Rai, *supra* note 28, at 298-99 (suggesting that courts might owe *Chevron* deference to PTO patent denials, but should probably apply *Skidmore's* sliding scale to patent grants).

¹⁶⁸ See *supra* note 91 and accompanying text.

undergone extensive PTO review, granted, yet contested, patents may also fit this description. The effect may be minimal in percent terms, but the demonstrated importance of the involved patents and this easily applied distinction between stronger and weaker patent allowances suggests that the economic effect could be great.

Where the *Skidmore* sliding scale tips away from giving *Chevron* deference, courts should still consider each of the above factors for a given PTO patentability decision, along with the persuasiveness of the PTO's reasoning.¹⁶⁹ The *Skidmore* Court's emphasis on whether Congress intended independent agency fact-finding and legal conclusions¹⁷⁰ supports stepping lightly around administrative claim constructions. Unlike the agency in *Skidmore*, which could entertain no proceedings,¹⁷¹ the PTO hears all appeals and interferences involving patent applications in the first instance. The BPAI also makes all factual and legal conclusions relating to patentability and priority that are fully developed on the record, precluding the parties from raising new issues before a court.¹⁷² These considerations still seem to balance toward the *Chevron* side of the scale when contested PTO claim constructions are at issue.

Finally, support for reasonableness review of PTO claim interpretations comes from a strong paradox set up by the CAFC. In order to minimize its deference to PTO findings of fact, the Court adopted a statutory analysis under the APA, set forth in detail below, which suggests that hearings before the BPAI are formal adjudications under the APA.¹⁷³ Regardless of the supporting merits of this corollary observation, either the notice-and-comment or the formal adjudication route arguably opens the doors to reasonableness review of PTO claim constructions.

¹⁶⁹ See *United States v. Mead Corp.*, 533 U.S. 218, 228 (2001).

¹⁷⁰ *Skidmore v. Swift & Co.*, 323 U.S. 134, 137 (1944).

¹⁷¹ *Id.* at 137-38.

¹⁷² See *Perkins v. Kwon*, 886 F.2d 325, 328, 12 U.S.P.Q.2d (BNA) 1308, 1311 (Fed. Cir. 1989) (holding that 35 U.S.C. § 135(a) indicates Congress's intent that the BPAI must decide patentability and priority issues fully developed before it).

¹⁷³ See *Dickinson v. Zurko (Zurko III)*, 527 U.S. 150, 152, 50 U.S.P.Q.2d (BNA) 1930, 1931-32 (1999). *But see* Benjamin & Rai, *supra* note 28, at 289 (noting that, although this conclusion follows logically from the CAFC's application of the APA, the outcome rubs against sound administrative law).

Under the first prong, therefore, all substantive appeals to the CAFC that depend on PTO claim interpretations should be governed by agency regulations and accorded *Chevron*-type deference.

B. *PTO Decisions Dependent on Claim Construction Deserve Deference as Agency Factual Determinations*

Although the discussion in Part II suggests that the basis of the broadest reasonable interpretation in PTO regulations should matter in the standard of review analysis, courts have not yet addressed the rule under the APA or otherwise. Despite the support for reasonableness review discussed in Part III.A., patentability and priority decisions receive no deference and receive de novo review.¹⁷⁴ Recent cases suggest that administrative claim constructions may receive APA deference through any concomitant fact-finding, but viewing this suggestion clearly requires proper focus, as described below. If the CAFC eventually recognizes that claim constructions for patentability determinations are influenced by facts, then the APA may at least apply to any factual component of PTO claim interpretations.

A look at the judicial treatment of PTO factfindings reveals that the CAFC reviewed the agency for clear error until the Supreme Court penned its seminal opinion in *Dickinson v. Zurko (Zurko III)*,¹⁷⁵ reminding judges to respect the PTO's agency status. Before *Zurko III*, the CAFC insisted on reviewing the PTO as a de facto court that happened to be located within an agency's walls, unless it could find a reason to apply a less deferential standard.¹⁷⁶ The Supreme Court's holding provided narrow guidance, holding that the PTO deserves

¹⁷⁴ See, e.g., *In re Baker Hughes Inc.*, 215 F.3d 1297, 1301, 55 U.S.P.Q.2d (BNA) 1149, 1152 (Fed. Cir. 2000).

¹⁷⁵ 527 U.S. at 152, 50 U.S.P.Q.2d (BNA) at 1391-92; *In re Zurko (Zurko II)*, 142 F.3d 1447, 1459, 46 U.S.P.Q.2d (BNA) 1691, 1701 (Fed. Cir. 1998) (en banc) (holding that PTO fact findings are reviewed for clear error).

¹⁷⁶ See, e.g., *Gould v. Quigg*, 822 F.2d 1074, 1076-77, 3 U.S.P.Q.2d (BNA) 1302, 1303 (Fed. Cir. 1987) (holding that where new evidence is presented on a disputed question of fact, PTO factfindings on appeal to a district court may be "set aside" in favor of the District Court's de novo fact finding). The Federal Circuit here could have considered a less dismissive standard that took PTO findings into account wherever possible or appropriate based on, for example, the PTO's greater technical expertise. *But see Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1347, 53 U.S.P.Q.2d (BNA) 1580, 1585 (Fed. Cir. 2000) (the court again favors de novo district court review).

agency deference, but allowed the panel on remand to decide how much deference it should yield.¹⁷⁷

The Federal Circuit decided *In re Gartside*¹⁷⁸ in the interim between *Zurko III* and *Zurko IV*,¹⁷⁹ where it granted PTO factfindings enough deference to minimally satisfy the Supreme Court's strictures.¹⁸⁰ The specific limits at issue in *Gartside* come from § 706(2)(A) and (E) of the APA.¹⁸¹ Section 706(2)(A), the default provision, mandates an "arbitrary, capricious, . . . abuse of discretion, or otherwise not in accordance with law" standard.¹⁸² Section 706(2)(E) specifies that the "substantial evidence" standard applies for any "case subject to [formal proceedings]¹⁸³ or otherwise reviewed on the record of an agency hearing provided by statute."¹⁸⁴ Between the two options, the court, in its favor, chose the "less deferential standard" offered by § 706(2)(E), holding that although PTO proceedings are not formal, they are "otherwise reviewed on the record of an agency hearing provided by statute."¹⁸⁵

The paradox is that this suggests a standard of review of greater deference when read from the agency-question-of-law perspective, addressed above. Here, where it leads to stricter review, formal hearings are easily found; where it stands for more forgiving review, the court ignores it. Despite the Supreme Court's suggestion that the facts in *Zurko* represented a rare situation where the standard of review was outcome determinative,¹⁸⁶ the CAFC's analysis

¹⁷⁷ See *Zurko III*, 527 U.S. at 161, 50 U.S.P.Q.2d (BNA) at 1935.

¹⁷⁸ 203 F.3d 1305, 53 U.S.P.Q.2d (BNA) 1769 (Fed. Cir. 2000).

¹⁷⁹ 258 F.3d 1379, 59 U.S.P.Q.2d (BNA) 1693 (Fed. Cir. 2001).

¹⁸⁰ Benjamin & Rai, *supra* note 28, at 287 (explaining that the *Gartside* court "managed to find the path of less deference").

¹⁸¹ *Gartside*, 203 F.3d at 1312, 53 U.S.P.Q.2d (BNA) at 1773.

¹⁸² 5 U.S.C. § 706(2)(A) (2000).

¹⁸³ "Formal proceedings" before the PTO would require taking live testimony in front of an APJ sitting on the BPAI. Cf. 5 U.S.C. §§ 556(b), 557.

¹⁸⁴ *Id.* § 706(2)(E).

¹⁸⁵ *Gartside*, 203 F.3d at 1311-12, 53 U.S.P.Q.2d (BNA) at 1773; see also Benjamin & Rai, *supra* note 28, at 287 (dubbing this result "the path of less deference").

¹⁸⁶ Justice Breyer, for the Court, noted:

put a muzzle on the new standard by choosing “substantial evidence” and implying that this standard will never likely lead to an outcome not appropriate under the old “clearly erroneous” standard.¹⁸⁷

As for claim constructions, the CAFC sidesteps the effects of *Zurko* altogether by characterizing factual determinations, or mixed questions of law and fact, which deserve APA-level deference, as questions of law subject to de novo review. Following the *Markman v. Westview Instruments, Inc.*, saga from its “big bang” in *Markman II*¹⁸⁸ to its expansion in *Cybor Corp. v. FAS Techs., Inc.*¹⁸⁹ and up to the beginning of its cooling phase in *Amgen Inc. v. Hoechst Marion Roussel, Inc.*,¹⁹⁰ it becomes clear that de novo review of all issues of claim interpretation as an extension of stare decisis is a limited proposition. No Supreme Court or CAFC case addresses the propriety of reviewing PTO claim constructions as a matter of law. An attempt to understand the CAFC’s reasoning for this position accordingly begins with the cases establishing the

The court/agency standard, as we have said, is somewhat less strict than the court/court standard. But the difference is a subtle one—so fine that (*apart from the present case*) we have failed to uncover a single instance in which a reviewing court conceded that use of one standard rather than the other would in fact have produced a different outcome.

Dickinson v. Zurko (Zurko III), 527 U.S. 150, 162-63, 50 U.S.P.Q.2d (BNA) 1930, 1936 (1999) (emphasis added). If the CAFC did not, as the outcome on remand suggests, concede that the standard of review in *Zurko* was outcome determinative, perhaps Justice Breyer missed the CAFC’s true concern, which was not to preserve its outcome, but its status against the PTO. See *In re Zurko (Zurko IV)*, 258 F.3d 1379, 1381, 59 U.S.P.Q.2d (BNA) 1693, 1694 (Fed. Cir. 2001).

¹⁸⁷ See *Zurko IV*, 258 F.3d at 1384, 59 U.S.P.Q.2d (BNA) at 1696.

¹⁸⁸ 52 F.3d 967, 988, 34 U.S.P.Q.2d (BNA) 1321, 1337 (Fed. Cir. 1995).

¹⁸⁹ See 138 F.3d 1448, 1473, 46 U.S.P.Q.2d (BNA) 1169, 1189 (Fed. Cir. 1998) (en banc) (Rader, J., dissenting) (“Because jury involvement remained the focus in *Markman [II]*, the Supreme Court did not address appellate review of claim construction. Instead[, it] repeatedly intimated that claim construction was not a purely legal matter.”) (citations omitted).

¹⁹⁰ 469 F.3d 1039, 1040, 80 U.S.P.Q.2d (BNA) 1944, 1945 (Fed. Cir. 2006) (denying en banc rehearing). In *Amgen*, seven judges explicitly indicated desire to reconsider *Cybor Corp.*’s de novo standard of review of lower-court claim constructions. *Id.*

hierarchy of the jury, the district judge, and the appellate judge. Although courts fail to directly consider the PTO's position, in practice, APJs at the PTO are put on the bottom shelf. The Federal Circuit fails to support equating the PTO to a jury and gives little support for reviewing its claim interpretations de novo.

To begin the claim construction saga that eventually led to near-zero deference to the PTO factfindings, the trial judge in *Markman I*¹⁹¹ trumped the jury's infringement finding which was based on testimony of a "patent expert."¹⁹² Characterizing the expert testimony as "not helpful,"¹⁹³ the judge decided de novo how the term "inventory," would be understood by an artisan of ordinary skill in the relevant art of dry-cleaning.¹⁹⁴ As the jury's verdict was logically impossible under this construction, the judge found no infringement of the claims.¹⁹⁵

Thus, the Federal Circuit decided that facts of *Markman* on appeal required it to determine the standard of review applicable to the district judge's claim term interpretation.¹⁹⁶ Aware that a jury's factfindings cannot be altered unless lacking a basis of substantial evidence, the court found that the legal standards supporting the jury's analysis are reviewed by the trial judge de novo.¹⁹⁷ The court stated that "in a case tried to a jury, the court has the power and obligation to construe as a matter of law the meaning of language used in

¹⁹¹ See 772 F. Supp. 1535, 1536, 20 U.S.P.Q.2d (BNA) 1955, 1955 (E.D. Pa. 1991).

¹⁹² *Id.*

¹⁹³ *Id.* at 1537, 20 U.S.P.Q.2d (BNA) at 1956. Apparently the judge welcomed the patent expert's advice, stating "I'll hear the testimony. I can use all the help I can get." Brief of Appellants Herbet Markman and Positek, Inc., *Markman v. Westview Instruments, Inc.*, No. 92-1049 (Fed. Cir. Jan. 3, 1992), 1992 WL 12014692, at *20 n.10.

¹⁹⁴ See *Markman I*, 772 F. Supp. at 1537-38, 20 U.S.P.Q.2d (BNA) at 1957.

¹⁹⁵ *Markman v. Westview Instruments, Inc. (Markman II)*, 52 F.3d 967, 973, 34 U.S.P.Q.2d (BNA) 1321, 1324 (Fed. Cir. 1995); *Markman I*, 772 F. Supp. at 1537, 20 U.S.P.Q.2d (BNA) at 1957.

¹⁹⁶ *Markman II*, 52 F.3d at 976, 34 U.S.P.Q.2d (BNA) at 1327 ("[Because] matters of law must be reviewed *de novo* . . . the review of a grant of JMOL requires careful distinction between fact and law. In this case, . . . we must distinguish law from fact.").

¹⁹⁷ *Id.* at 975, 34 U.S.P.Q.2d (BNA) at 1326.

the patent claim.”¹⁹⁸ Tip-toeing outside the narrower question before the court, Justice Archer, in a footnote near the end of the twenty-two-page majority opinion, noted that:

Our opinion also holds that we review district court determinations on questions of claim construction under a *de novo* standard of review, like other legal questions. In this regard, we emphasize that we are reiterating the long-recognized appellate review standard for issues of law in the trial proceeding, regardless of whether the case was tried to a judge or a jury. Contrary to the contentions of the dissenting opinion, this does not “effect[] a dramatic realignment of jury, judge, and the appellate process.”¹⁹⁹

In addition to meting out deference to the trial judge’s findings of fact, the CAFC meted out a little deference for itself.²⁰⁰ Although this footnote says nothing about deference to the PTO, it emphasizes the breadth of support found by *Markman’s* principle that claims, like statutes, are the sole province of the reviewing court.²⁰¹ Suggesting, in the next footnote, the relevance of PTO claim interpretations, the court laid down another law, stating that “[t]here is no discretion on the part of the PTO as to whether or not to grant the patent—if the statutory requirements are met, a patent is issued.”²⁰² Attention again focused on the statutory standard governing claim construction. Granted, this comment addresses the contract analogy offered by a concurrence and avoids the term, “claim construction,” but bearing in mind that the PTO’s patentability and priority decisions depend, by definition, on the PTO’s claim interpretations,²⁰³ the translation is clear: “there is no discretion on the part of the PTO as to claim

¹⁹⁸ *Id.* at 979, 34 U.S.P.Q.2d (BNA) at 1329.

¹⁹⁹ *Id.* at 984 n.13, 34 U.S.P.Q.2d (BNA) at 1333 n.13.

²⁰⁰ *See id.*

²⁰¹ *See id.* at 987, 34 U.S.P.Q.2d (BNA) at 1336 (“The more appropriate analogy for interpreting patent claims is the statutory interpretation analogy. Statutory interpretation is a matter of law strictly for the court.”).

²⁰² *Id.* at 985 n.14, 34 U.S.P.Q.2d (BNA) at 1334 n.14.

²⁰³ The Federal Circuit has no trouble making this connection. *Cf. id.* at 996-97 n.7, 34 U.S.P.Q.2d (BNA) at 1344 n.7 (Mayer, J., concurring) (“Cases about patent validity are authoritative on the issue of claim construction. . . . A claim must be construed before determining its validity just as it is first construed before deciding infringement.”) (citation omitted).

construction.”²⁰⁴ Again avoiding the narrow question on appeal, the court crafted its role to be much broader.

The Federal Circuit found an opportunity to sap deference to PTO and lower court factfinding by downplaying this detail of the Supreme Court’s opinion in the next important claim interpretation case, *Cybor Corp. v. FAS Techs., Inc.*²⁰⁵ The en banc majority panel emphasized what that opinion failed to say—that claim interpretation is a mixed question of law and fact²⁰⁶—and took the holding as a blanket affirmation of its *Markman II* decision and reasoning as applied to claim constructions.²⁰⁷

Of *Markman II*’s flexibility, the *Cybor Corp.* court made little and much. Little was made of the openness of the Supreme Court’s possibly narrow issue, framed, “in the alternative,” as whether claim construction is “a matter of law reserved entirely for the court, or subject to a Seventh Amendment” right to a jury determination.²⁰⁸ Rather than err toward narrowness by recognizing that the Supreme Court only answered the binary question of judge or jury, the court erred toward breadth. Recognizing the possibility of a narrow holding, the court seemed to forget the issue in *Cybor Corp.*, stating that because of Supreme Court

²⁰⁴ See *id.* at 987, 34 U.S.P.Q.2d (BNA) at 1336 (assigning claim construction exclusively to judges, in part, to avoid potential inadequacies in PTO proceedings).

²⁰⁵ See 138 F.3d 1448, 1473, 46 U.S.P.Q.2d (BNA) 1169, 1189 (Fed. Cir. 1998) (en banc) (Rader, J., dissenting) (“Because jury involvement remained the focus in *Markman [II]*, the Supreme Court did not address appellate review of claim construction. Instead, the Supreme Court repeatedly intimated that claim construction was not a purely legal matter.”) (citations omitted).

²⁰⁶ *Id.* at 1455, 46 U.S.P.Q.2d (BNA) at 1173 (Rader, J., dissenting) (calling a mixed question of law and fact a “silent, third option” not addressed by the Court).

²⁰⁷ See *id.* at 1456, 46 U.S.P.Q.2d (BNA) at 1174 (“[T]he Supreme Court’s opinion conclusively and repeatedly states that claim construction is purely legal. . . . [O]ur conclusion in *Markman [II]* that claim construction is a matter of law was affirmed in all respects.”). But see *id.* at 1473, 46 U.S.P.Q.2d (BNA) at 1189 (Rader, J., dissenting) (“the Supreme Court did not address appellate review of claim construction”).

²⁰⁸ *Id.* at 1455, 46 U.S.P.Q.2d (BNA) at 1173.

silence, “even this narrower view of *Markman* [III] leaves *Markman* [III] as the controlling authority.”²⁰⁹

Much was made of the Supreme Court’s silence on the *Cybor Corp.*’s question of whether claim term meanings might sometimes depend, at least incidentally, on questions of fact.²¹⁰ The court, reviewing a district judge’s determination, used *Markman II* to support its wholesale application of de novo review. Although recognizing *Markman II*’s limited scope and holding, it focused on the Supreme Court’s apparent vision that a single court’s claim constructions could create a stare decisis effect on all future constructions of that claim.²¹¹ Faced with a holding tightly limited in scope, the Federal Circuit placed a jewel of its reasoning in a scepter to govern the entire genus of patent claims.²¹²

Following *Cybor Corp.*, the CAFC considers no claim interpretation a factfinding. PTO claim constructions therefore receive de novo review on appeal. The CAFC tacitly recognizes the harmful overbreadth of this rule, but not out of deference to the PTO. Serious internal misgivings about *Cybor Corp.*’s results show through in the order denying en banc rehearing of *Amgen Inc. v. Hoechst Marion Roussel, Inc.*²¹³ This petition, denied on its facts, provided a rare crystal-ball-image that a future cutback on *Cybor Corp.*’s sweeping mandate awaits timely release.²¹⁴ Thus, although claim construction now has nothing to

²⁰⁹ *Id.* at 1456, 46 U.S.P.Q.2d (BNA) at 1174.

²¹⁰ *See id.* at 1454-55, 46 U.S.P.Q.2d (BNA) at 1173-74.

²¹¹ *See id.* at 1455, 46 U.S.P.Q.2d (BNA) at 1173-74. Although stare decisis appears to accomplish little more than judicial and prosecution history estoppel and defensive non-mutual issue preclusion already applicable during patent litigation. *See* David Krinsky, *The Supreme Court, Stare Decisis, and the Role of Appellate Deference in Patent Claim Construction Appeals*, 66 MD. L. REV. 194, 226 (2006).

²¹² *See Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1456, 46 U.S.P.Q.2d (BNA) 1169, 1174 (Fed. Cir. 1998) (en banc) (finding *Markman III* consistent with a de novo standard for its review of trial judge factual determinations incident to claim construction while noting that *Markman III* did not discuss an appellate standard of review).

²¹³ 469 F.3d 1039, 1040, 80 U.S.P.Q.2d (BNA) 1944, 1945 (Fed. Cir. 2006) (denying en banc rehearing, but seven judges explicitly indicated desire to reconsider *Cybor Corp.*’s de novo standard of review of lower court claim constructions).

²¹⁴ *See id.*

do with factual determinations under the APA, a judicially recognized factual component may soon bring review of the PTO's work within the zone of factfinding, where its agency status is finally recognized.

One indication that *Markman III* fails to establish that CAFC de novo review of administrative claim constructions lacks a factual component is the Supreme Court's carefully crafted holding that interpretation of a patent claim is not "subject to a Seventh Amendment guarantee that a jury will determine the meaning of any disputed term of art about which expert testimony is offered."²¹⁵ *Markman III* settled a constitutional issue and framed its holding accordingly, and the court clearly penned its reasoning in a twenty-one page unanimous opinion.²¹⁶ Yet without substantive discussion in any case before or after *Markman III*, the CAFC seems to assume that the matter of law characterization applies equally when courts review the PTO's claim interpretations.²¹⁷

Several problems sully this approach. First, "functional considerations" alone supported the Court's decision, which reasoned that as between the judge and jury, the judge occupies the better position to accurately interpret "a so-called patent claim."²¹⁸ Resort to function followed the Court's recognition that:

when an issue "falls somewhere between a pristine legal standard and a simple historical fact, the fact/law distinction at times has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question."²¹⁹

²¹⁵ *Markman v. Westview Instruments, Inc. (Markman III)*, 517 U.S. 370, 372, 38 U.S.P.Q.2d (BNA) 1461, 1463 (1996).

²¹⁶ *See id.* at 391, 38 U.S.P.Q.2d (BNA) at 1471 ("[W]e hold that the interpretation of the word 'inventory' in this case is an issue for the judge, not the jury, and affirm the decision of the [CAFC].").

²¹⁷ *See In re Lawton*, No. 95-1327, 1996 WL 146497, at *2 (Fed. Cir. Apr. 1, 1996) (unpublished opinion citing *Markman* to support de novo review of PTO claim construction); *In re Pentel of Am., Ltd.*, No. 95-1206, 1996 WL 347730, at *2-3 (Fed. Cir. June 24, 1996).

²¹⁸ *Markman III*, 517 U.S. at 388, 38 U.S.P.Q.2d (BNA) at 1470.

²¹⁹ *Id.* (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)).

These functional considerations were (1) interjurisdictional uniformity and (2) comparative expertise.²²⁰ The fact-law distinction is no clearer for administrative claim constructions, and with respect to the CAFC, the balance tilts decidedly in favor of reviewing PTO claim interpretations as questions of fact. Similarly, the Supreme Court's effort to promote interjurisdictional certainty focused on "those questions not yet subject to interjurisdictional uniformity."²²¹ PTO decisions already have binding effect nationwide because applicants and interference parties may only seek review in the CAFC or the D.C. District Court.²²² Although these functional considerations less clearly support the PTO over the D.C. District Court, the PTO's greater institutional competence should tip the scales in its favor.

Compared to district court judges, APJs have superior technical expertise. The *Markman III* Court emphasized that a judge's "training and discipline"²²³ and the application of "special doctrines relating to the proper form and scope of claims that have been developed by the courts and the Patent Office"²²⁴ makes judicial claim constructions more likely correct than those from the jury. Nothing indicates that APJs possess weaker ability to construct technical writings than other judges. Tools and technical training for sophisticated analysis of the whole document lacking in the Supreme Court, Federal Circuit, the D.C. District Court, and Trial Court levels, inhere in the PTO's cadre of APJs by nature of selection criteria and qualifications. APJs have legal training and specialize in patent law and an area of technology.²²⁵ Certainly, some judges in the judiciary boast similar credentials, but this is an exception rather than a rule.²²⁶ Also noteworthy is the longstanding line of case

²²⁰ See *id.* at 388-89, 38 U.S.P.Q.2d (BNA) at 1470.

²²¹ *Id.* at 391, 38 U.S.P.Q.2d (BNA) at 1471.

²²² 35 U.S.C. §§ 145-46 (2000).

²²³ 517 U.S. at 388-89, 38 U.S.P.Q.2d (BNA) at 1470 (quoting *Parker v. Hulme*, 18 F. Cas. 1138, 1140 (E.D. Pa. 1849)).

²²⁴ *Id.* at 389, 38 U.S.P.Q.2d (BNA) at 1470 (quoting William Redin Woodward, *Definiteness and Particularity in Patent Claims*, 46 MICH. L. REV. 755, 765 (1948)).

²²⁵ See 35 U.S.C. § 6(a).

²²⁶ See Arti K. Rai, *Engaging Facts and Policy: A Multi-Institutional Approach to Patent System Reform*, 103 COLUM. L. REV. 1035, 1068-69 (2003).

law tailored to the unique light cast on claims pending before the PTO.²²⁷ These cases emphasize that the PTO applies a rule of claim construction different from courts and that APJs should, through greater experience construing claims under the broadest reasonable construction, possess greater relevant experience. This consideration seems especially pertinent considering that in other contexts the court plays off of the differences between procedures of the PTO and trial court to justify withholding judicial deference.²²⁸ De novo review of PTO claim constructions, therefore, ignores long-standing precedent. Given this discrepancy, along with the Supreme Court's concern with policy underlying the fact-law distinction with respect to patent claims, the failure to definitively settle the fact-law issue suggests no harm in taking *Markman II*'s focus on function seriously.

Casting more doubt upon the conclusory case law support for withholding deference from PTO claim interpretations,²²⁹ the CAFC's internal tension is highest where expert testimony becomes relevant.²³⁰ Live expert testimony presents the only situation where APJs may suffer a true disadvantage compared to trial courts. Appeals judges hear only attorney arguments and review the record, but trial judges may observe a witness's demeanor. Thus, when judging the credibility of an expert witness's live testimony proves necessary, trial judges arguably can make more accurate credibility determinations than APJs. Detracting from this position, however, the Supreme Court deems any comparative advantage stemming from judgments of credibility based on observation of live expert witnesses "subsumed within the necessarily sophisticated analysis of the whole document."²³¹ Furthermore, as noted above, the BPAI gives parties and itself the option of requesting live

²²⁷ See *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1369, 70 U.S.P.Q.2d (BNA) 1827, 1834 (Fed. Cir. 2004).

²²⁸ See *Winner Int'l Royalty Corp. v. Ching-Rong Wang*, 202 F.3d 1340, 1347, 53 U.S.P.Q.2d (BNA) 1580, 1585-86 (Fed. Cir. 2000).

²²⁹ See *Markman v. Westview Instruments, Inc. (Markman II)*, 52 F.3d 967, 985 n.14, 34 U.S.P.Q.2d (BNA) 1321, 1334 n.14 (Fed. Cir. 1995).

²³⁰ See *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039, 1044-45, 80 U.S.P.Q.2d (BNA) 1944, 1948-49 (Fed. Cir. 2006) (Rader, J., dissenting from denial for rehearing en banc).

²³¹ *Markman v. Westview Instruments, Inc. (Markman III)*, 517 U.S. 370, 389, 38 U.S.P.Q.2d (BNA) 1461, 1470 (1996).

testimony.²³² Moreover, the Federal Circuit has opined that extrinsic evidence, including expert testimony, in patent cases serves to “help educate the court regarding the field of the invention” and determine what an artisan would understand claim terms to mean.²³³ Expert testimony provides far less benefit to APJs, who possess greater technological sophistication than the average judge or justice and should already be familiar with the technological underpinnings of the patent document.²³⁴ Overall, functional considerations such as interjurisdictional uniformity and comparative expertise favor viewing PTO claim constructions as a matter of fact, not law.

Although a *Markman* analysis might transform claim construction into a factual inquiry that would clearly implicate deference from the CAFC under *Zurko* and *Gartside*, the issue of deference remains hazy. Even if the legal tension in *Amgen Inc. v. Hoechst Marion Roussel, Inc.* leads the judiciary to re-categorize claim construction, and claim term meaning is considered a mixed question of law and fact, other CAFC case law suggests a propensity to ignore the technical expertise of APJs. In *Winner International Royalty Corp. v. Wang*, an authoritative “battle of the experts” scenario,²³⁵ the court recognized the trial court’s superior ability and experience in observing live witness testimony, but neglected to balance this consideration against the PTO’s technological expertise to factor out that the trial court is likely more easily misled by testimony on technological matters.²³⁶ *Winner* held that “admission of live testimony on all matters before

²³² Parties have the option for live testimony, automatic discovery and additional discovery as justice may require. See 37 C.F.R. § 41.150(b)-(c) (2007) (discovery); *id.* § 41.157 (taking testimony); see also PRACTICE GUIDE, *supra* note 153, at 43.

²³³ *Philips v. AWH Corp.*, 415 F.3d 1303, 1319, 75 U.S.P.Q.2d (BNA) 1321, 1331 (Fed. Cir. 2005) (en banc).

²³⁴ *Markman III*, 517 U.S. at 388-89, 38 U.S.P.Q.2d (BNA) at 1470.

²³⁵ A “battle of the experts occurs” where one side’s expert testimony on a factual issue is countered with testimony on the other side, each leading to a different outcome.

²³⁶ 202 F.3d 1340, 1347, 53 U.S.P.Q.2d (BNA) 1580, 1585 (Fed. Cir. 2000) (holding that “the admission of live testimony on all matters before the Board in a [35 U.S.C. §] 146 action . . . makes a factfinder of the district court and requires a de novo trial”); *Genentech, Inc. v. Chiron Corp. (Genentech III)*, 220 F.3d 1345, 1351, 55 U.S.P.Q.2d (BNA) 1636, 1640 (Fed. Cir. 2000) (extending *Winner* to allow de novo review of PTO factfinding where the court hears live testimony on less than all matters before the Board).

the Board . . . makes a factfinder of the district court and requires a *de novo* trial.”²³⁷ In view of *Winner*, rather than enhance the deference to PTO interpretations on direct appeal to the CAFC, a fact-dependent determination encourages parties unsatisfied with BPAI rulings to appeal first to the D.C. District Court, take live testimony, and, if still unsatisfied with the outcome, appeal to the Federal Circuit. *Winner* represents a case twice-reviewed by the BPAI, taken to the D.C. District Court,²³⁸ and finally decided at the Federal Circuit and constitutes the CAFC’s endorsement of this outcome. Consequently, characterizing a question as mixed between law and fact may lower rather than increase the deference afforded to the PTO’s claim constructions.

An example of this contradictory combination of *de novo* review of PTO factfinding and deference to PTO legal analysis arose in *Genentech, Inc. v. Chiron Corp. (Genentech II)*.²³⁹ In a display of legal agility, the CAFC further abated any chance of deference to the PTO.²⁴⁰ In *Genentech II*, the CAFC reversed a district court’s reversal of a BPAI claim construction with its own *de novo* construction and no deference to the BPAI’s findings.²⁴¹ On appeal after remand, a factual question arose regarding the BPAI’s determination of practical utility. As would occur in the previous scenario, the unsatisfied party presented live testimony before the District Court, no doubt knowing that “[u]nder *Winner*, live testimony on the issue of practical utility makes the district court a factfinder on that issue, and requires the court to decide that issue *de novo*.”²⁴² This time, however, the testimony was only on a single issue rather than “all matters before the Board.”²⁴³

Noting that *Winner* was decided after the parties submitted their briefs, the court held, *sua sponte*, that “[u]nder *Winner*, live testimony on [an] issue makes the district court a factfinder on that issue, and requires the court to decide that issue *de novo*.”²⁴⁴ Surprisingly, in constructing its legal test for

²³⁷ *Genentech III*, 220 F.3d at 1351, 55 U.S.P.Q.2d (BNA) at 1640.

²³⁸ *Winner Int’l. Royalty Corp. v. Wang*, 11 F. Supp. 2d 18, 48 U.S.P.Q.2d (BNA) 1139 (D.D.C. 1998).

²³⁹ 112 F.3d 495, 42 U.S.P.Q.2d (BNA) 1608 (Fed. Cir. 1997).

²⁴⁰ *Id.*

²⁴¹ *Id.* at 501-02, 42 U.S.P.Q.2d (BNA) at 1613.

²⁴² *Genentech III*, 220 F.3d at 1351, 55 U.S.P.Q.2d (BNA) at 1640.

²⁴³ *Id.* at 1347, 55 U.S.P.Q.2d (BNA) at 1637; *see id.* at 1351, 55 U.S.P.Q.2d (BNA) at 1640.

²⁴⁴ *Id.* at 1351, 55 U.S.P.Q.2d (BNA) at 1640.

inurement, a concept that allows the acts of an agent to inure to the principle for purposes of proving that an invention's utility was recognized first by the principle, the court noted that inurement is a matter of law, but, nevertheless "glean[ed from BPAI case law] at least three requirements that must be met before a non-inventor's recognition of the utility of an invention can inure to the benefit of the inventor."²⁴⁵ Thus, as for deference, *Winner* and *Genentech III* indicate that the Federal Circuit values a trial judge's ability to detect truthfulness via live testimony above the PTO's technological expertise.

Alternatively, the court in *Genentech III* might have limited *Winner* by reasoning that although admission of live testimony on all issues before the Board makes the District Court a factfinder, admission of live testimony on only some of the matters on review fails to guarantee that its view of key facts warrants de novo review. The court might have then explained how to determine what facts are "key."²⁴⁶ Given this example of how the CAFC resists outcome determinative deference to PTO factfindings on behalf of both itself and the D.C. District Court, a likelihood remains that even if the PTO heard live expert testimony related to factual aspects of its claim interpretations, the CAFC would waive deference from both the D.C. District Court, under *Winner-Genentech IV*, and itself, under *Gartside*.

A detailed and thorough review of all CAFC claim constructions in a timeframe that straddles *Zurko III*²⁴⁷ provides numerical and analytical evidence of the lack of distinguishable deference levels.²⁴⁸ Claim-by-claim tallying in cases

²⁴⁵ *Id.* at 1354, 55 U.S.P.Q.2d (BNA) at 1643.

²⁴⁶ Taken alone, *Genentech III* suggests that although the CAFC would extend its allowance of de novo review of PTO factfinding based on live testimony in another forum, it would consider Board precedent when deciding an issue under an issue that the Board decides as a matter of law. *But see Cooper v. Goldfarb*, 240 F.3d 1378, 1383, 57 U.S.P.Q.2d (BNA) 1990, 1993 (Fed. Cir. 2001) (affirming, under de novo review, the Board's denial of inurement, but determining that to the extent that Board's legal standard fails to comply with its or its predecessor court's case law, "it is incorrect.").

²⁴⁷ See Christian A. Chu, *Empirical Analysis of the Federal Circuit's Claim Construction Trends*, 16 BERKELEY TECH. L.J. 1075, 1092-94 (2001). The author reviewed all claim constructions in the 502 Federal Circuit decisions present in the LEXIS database filed between January 1, 1998 and April 30, 2000.

²⁴⁸ *Id.* at 1159, tbl. D-4 (showing that that BPAI claim constructions were changed at a rate greater than or equal to over half of the other "most active"

decided reveals that BPAI claim construction reversal rates perfectly camouflage with those of the reported lower courts.²⁴⁹ Considering outcome-determinative changes in claim construction, the judicial and executive forums show no greater separation.²⁵⁰ This suggests no room for finding that the de facto deference of “reasonableness twist” review plays out in practice. However, this research was conducted during the timeframe straddling the *Zurko III* decision and may not reflect that decision. Thus, in a potential future, where claim constructions receive less than de novo scrutiny, case law and empirical trends suggest that decisions dependent on PTO claim interpretations will not stand more strongly, and may be worse off, than those of the lower courts. This article now turns to a territory of the PTO activity left largely uncharted and circumvented by CAFC analysis.

C. PTO Decisions Dependent on Claim Construction Deserve Deference as Agency Exercises of Discretion or Policy Decisions

Focusing now on patent policy, the Federal Circuit again works around meaningful deference to the PTO. The *Mead* analysis in Part III.A revealed that a court wanting to avoid the reasonableness review of administrative claim constructions tenuously holds onto this position in cases where no new prior art is at issue.²⁵¹ However, the APA applies to PTO regulations governing claim construction from a different angle. Part III.B demonstrated that if the CAFC or Supreme Court decided that claim construction is at least partially dependent on findings of fact, the APA would apply to administrative claim constructions for that reason, but that losing parties might still avoid the APA by presenting live testimony to the D.C. District Court.

Yet a third possible path for giving deference to PTO claim constructions exists. The APA contains a catchall provision under which claim construction should qualify. Section 706(2)(A) of the APA provides the standard of review for

lower tribunals, where CAFC-modified claim constructions were outcome determinative at the same relative rate in five of these tribunals).

²⁴⁹ *Id.*

²⁵⁰ *Id.*

²⁵¹ See *Chevron U.S.A., Inc. v. NRDC*, 467 U.S. 837, 843-85 (1984). *Chevron* deference would appear to apply more broadly and cover policy choices. *Id.* at 866 (“When a challenge to an agency construction of a statutory provision, fairly conceptualized, really centers on the wisdom of the agency’s policy, rather than whether it is a reasonable choice within a gap left open by Congress, the challenge must fail.”).

“agency action, findings, and conclusions found to be arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”²⁵² Case law, therefore, applies § 706(2)(A) for agency discretionary, or policy, determinations.²⁵³ The CAFC appears to apply this standard, but its formulations of law grow from case law and shy away from citing the APA for this standard of review.²⁵⁴

To see how PTO decisions dependent on claim constructions are policy matters, consider how the CAFC recognizes that the quantum of judicial deference to PTO factfindings depends on a court’s ability to observe expert witnesses.²⁵⁵ The PTO may hear live testimony under its delegated power to

²⁵² 5 U.S.C. § 706(2)(A) (2000) reads:

To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall . . . hold unlawful and set aside agency action, findings, and conclusions found to be . . . arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.

In making the foregoing determinations, the court shall review the whole record or those parts of it cited by a party, and due account shall be taken of the rule of prejudicial error.

²⁵³ See *Interstate Commerce Comm’n v. Bhd. of Locomotive Eng’rs*, 482 U.S. 270, 278 (1987) (reviewing the agency’s refusal to reopen a proceeding for unlawfulness or for making a discretionary choice that is “arbitrary, capricious, [or] an abuse of discretion”) (citing 5 U.S.C. § 706(2)(A)).

²⁵⁴ Cases lack significant citation to the APA. See *Singh v. Brake*, 317 F.3d 1334, 1339, 65 U.S.P.Q.2d (BNA) 1641, 1645 (Fed. Cir. 2003) (“We review the Board’s application of its rules for an abuse of discretion.”); *Brown v. Barbacid*, 276 F.3d 1327, 1332, 61 U.S.P.Q.2d (BNA) 1236, 1238 (Fed. Cir. 2002) (stating that “this court reviews the Board’s application of its permissive interference rules for an abuse of discretion”) (citing *Gerritsen v. Shirai*, 979 F.2d 1524, 1527-28, 24 U.S.P.Q.2d (BNA) 1912, 1915-16 (Fed. Cir. 1992) (“[D]efin[ing] for the first time, our standard of review for the Board’s [discretionary decision under its permissive rules.]”). The APA was enacted nearly fifty years prior to this decision.

²⁵⁵ See *Genentech, Inc. v. Chiron Corp. (Genentech III)*, 220 F.3d 1345, 1351, 55 U.S.P.Q.2d (BNA) 1636, 1640 (Fed. Cir. 2000); *Winner Int’l Royalty Corp. v.*

govern conduct of proceedings in the Office.²⁵⁶ By allowing de novo trial court review of BPAI inter partes interference decisions, the CAFC implicitly declines to recognize that the lack of live expert witness testimony before the BPAI comes from the Board's choice to allow such testimony only on motion or in its independent judgment.²⁵⁷ This procedural choice is a PTO prerogative²⁵⁸ under a regulation²⁵⁹ permitted, but not required, under statute²⁶⁰ and serves to "facilitate and expedite the processing of patent applications[;]" it is, in this view, explicitly subject to the "policy direction of the Secretary of Commerce."²⁶¹ It follows that if the PTO decides to grant live expert testimony, the D.C. District Court cannot easily justify de novo review where the PTO makes a relevant claim construction without resorting to live testimony.

The connection between the agency's policymaking authority and the rule of PTO claim construction is direct and seems to warrant protecting PTO claim interpretations under the APA. First, a policy choice appears where the PTO favors expedience while also allowing parties who want greater formality a chance to arrive at a more final decision through agency rather than judicial procedures.²⁶² Case law ancient and contemporary to the rule also colors the

Wang, 202 F.3d 1340, 1347, 53 U.S.P.Q.2d (BNA) 1580, 1585-86 (Fed. Cir. 2000).

²⁵⁶ 35 U.S.C. § 2(b)(2)(A) (2000).

²⁵⁷ *Pevarello v. Lan*, 2007 WL 594728, at *2 (B.P.A.I. Jan. 12, 2007) ("[O]ccasionally 'live' testimony occurs in special circumstances when requested by the Board. However, from a practical point of view testimony is generally presented . . . on 'paper.'").

²⁵⁸ See BPAI, STANDING ORDER, *supra* note 154, ¶ 154.5 (stating that the BPAI may require live testimony before the Board).

²⁵⁹ 37 C.F.R. § 41.157(c)(2) (2007) (taking testimony).

²⁶⁰ 35 U.S.C. § 24 (a party could obtain a subpoena from a district court requiring a witness to appear before the BPAI).

²⁶¹ *Id.* § 2(a), (b)(2)(C). An alternate view of the PTO's discretionary powers found expression in *Markman II*, where the Court opined that "[t]here is no discretion on the part of the PTO as to whether or not to grant the patent—if the statutory requirements are met, a patent is issued 35 U.S.C. § 151." 52 F.3d 967, 984 n.14, 34 U.S.P.Q.2d (BNA) 1321, 1334 n.14 (Fed. Cir. 1995). This ignores the reality that all decisions of patentability depend on claim constructions. See *supra* Part I.

²⁶² Indeed, the PTO makes its decision on whether to hear live testimony on policy grounds. See *Pevarello*, 2007 WL 594728, at *2 ("Experience with

policy background for PTO claim construction practice; courts have often explained that the PTO's broad claim interpretations serve the public interest by ensuring that patents do not permit a monopoly beyond what is justified by the inventor's contribution to the art.²⁶³ Finally, as the PTO blatantly asserts, it and not the judiciary holds interpretive power over its rules.²⁶⁴ Thus, claim construction under these rules could toll the bell of deference for the CAFC and its subordinate courts.

However, the longstanding and independent judicial status of this so called policy choice may suggest that the PTO really made no policy decision. Some cases suggest that the judiciary took the initiative in limiting the PTO's claim interpretation practice by forcing a broader construction in some instances because "pending claims must be interpreted as broadly as their terms reasonably allow,"²⁶⁵ but less broadly in others by finding that the Patent Act provides an explicit directive to do so.²⁶⁶ In another line of cases, courts even rebuked the PTO for wrongly determining that the broadest reasonable interpretation is relevant.²⁶⁷

affidavit testimony has convinced us that it is the most efficient way to have direct testimony presented to the Board.").

²⁶³ See, e.g., *In re Prater*, 415 F.2d 1393, 1405, 1405 n.31, 162 U.S.P.Q. (BNA) 541, 550, 550 n.31 (C.C.P.A. 1969); see also *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364, 70 U.S.P.Q.2d (BNA) 1827, 1830 (Fed. Cir. 2004); *In re Carr*, 297 F.R. 542, 543 (D.C. Cir. 1924).

²⁶⁴ See Proposed Rule, *supra* note 14, 68 Fed. Reg. at 66,650 (asserting that "[section] 41.1(b) would mandate that the Board's rules be construed to achieve just, speedy, and inexpensive resolutions of all Board proceedings, following the model of Rule 601 and Federal Rule of Civil Procedure 1"); cf. Final Rule, *supra* note 8, 69 Fed. Reg. at 49,970.

²⁶⁵ *In re Zletz*, 893 F.2d 319, 321, 13 U.S.P.Q.2d (BNA) 1320, 1322 (Fed. Cir. 1989).

²⁶⁶ *In re Donaldson Co.*, 16 F.3d 1189, 1193, 29 U.S.P.Q.2d (BNA) 1845, 1848 (Fed. Cir. 1994) (en banc).

²⁶⁷ Cf. *Burlington Indus., Inc. v. Quigg*, 822 F.2d 1581, 1583-84, 3 U.S.P.Q.2d (BNA) 1436, 1438 (Fed. Cir. 1987) ("To the extent that the Commissioner is raising the argument that the claims are too broadly written . . . [it] is not a matter of claim construction or a section 103 determination. This is a matter for consideration under section 112."); *In re Bigio*, 381 F.3d 1320, 1328, 72 U.S.P.Q.2d (BNA) 1209, 1213-14 (Fed. Cir. 2004) (Newman, J., dissenting) (twenty-seven years later, yet involving the same judge and the same reasoning).

Yet these considerations should not factor too heavily because a plausible explanation exists for the PTO's recent emergence on the issue of policy-making through claim construction, as laid out in the above discussion of *Zurko*. At the same time, although these considerations support a view that the PTO's policy-making powers are at work, plausible normative and practical arguments caution for a skeptical view of PTO policy decisions.²⁶⁸

D. PTO Decisions Dependent on Claim Construction Deserve Deference as Agency Interpretations of the Agency's Own Regulations

The above analysis of claim construction under the APA found that PTO decisions dependent on claim constructions might deserve a measure of deference due to the involved factual, legal, and policy determinations. 37 C.F.R. §§ 1.56(b), 1.555(b), and 41.200's statuses as administrative regulations, for example, provide distinct support for reconsidering the current de novo treatment of decisions dependant on PTO claim construction to the extent that the PTO and CAFC disagree as to the meaning of the term "broadest reasonable." This may seem like hair splitting, but the court in *In re Bigio*, recently "counsel[ed] the PTO to avoid the temptation to limit broad claim terms solely on the basis of specification passages" despite the PTO's proper application of the broadest reasonable interpretation in that case.²⁶⁹ Apparently, the CAFC takes great care in monitoring the PTO's reasonableness and feels compelled to advise the BPAI on what is reasonable. The regulatory roots of the rule suggest that the PTO should decide that question for itself.

As the PTO interprets its regulations when determining patentability,²⁷⁰ it interprets its regulation each time it applies facts to arrive at the broadest reasonable interpretation standard. Accordingly, the rule's application deserves

²⁶⁸ See Rai, *supra* note 226, at 1131-33.

²⁶⁹ 381 F.3d at 1325-26, 72 U.S.P.Q.2d (BNA) at 1211-12 (affirming the BPAI's finding that the claim term "hair brush" could encompass a tooth brush or facial hair brush).

²⁷⁰ The authors use the term "patent validity" rather than "patentability." See Benjamin & Rai, *supra* note 28, at 297. Because validity is the term typically used by courts reviewing a granted patent and patentability is the statutory term applicable to PTO determinations. See, e.g., 35 U.S.C. §§ 101-103 (2000) (using "patentability"); *id.* § 282 (using "validity").

deference unless “plainly erroneous or inconsistent with the regulation.”²⁷¹ This translates to “considerable respect”²⁷² for any PTO claim constructions unless the CAFC or a lower court finds plain error on the agency’s behalf. In reality, however, the BPAI’s interpretations of PTO regulations receive only a sliver of judicial deference.²⁷³

As set out in the above *Chevron* analysis, where a statute clearly sets a standard, a reviewing court should wield absolute power over an agency’s actions.²⁷⁴ But where Congress delegates the agency power to regulate, that agency’s interpretation of its own regulation merits “considerable respect.”²⁷⁵ The CAFC rightly governs PTO claim interpretation practices where the Patent Act prescribes a standard,²⁷⁶ but where the Act is silent, the level of deference remains incongruously low.²⁷⁷ The court’s handling of *In re Donaldson Co.*²⁷⁸ shows the court flexing its mandate to independently interpret unambiguous statutes by forcing the PTO to construe means-plus-function claims in line with the language of § 112 of the Patent Act.²⁷⁹ Although the PTO applied the broadest reasonable interpretation to all claims for at least forty years, the statute states that any “such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents

²⁷¹ See *Auer v. Robbins*, 519 U.S. 452, 461 (1997) (quoting *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945)).

²⁷² See *Kubota v. Shibuya*, 999 F.2d 517, 520, 27 U.S.P.Q.2d (BNA) 1418, 1420 (Fed. Cir. 1993) (citing *Ford Motor Credit Co. v. Milhollin*, 44 U.S. 555, 566 (1980)).

²⁷³ Benjamin & Rai, *supra* note 28, at 300 (stating that although PTO interpretations of its own regulations deserve “very strong deference,” the Federal Circuit grants “no deference”).

²⁷⁴ See, e.g., *In re Donaldson Co.*, 16 F.3d 1189, 1193, 29 U.S.P.Q.2d (BNA) 1845, 1848 (Fed. Cir. 1994) (en banc).

²⁷⁵ See, e.g., *In re Alappat*, 33 F.3d 1526, 1532-34, 31 U.S.P.Q.2d (BNA) 1545, 1557-50 (Fed. Cir. 1994) (upholding a PTO interpretation of section 7(b) of the Patent Act because where “plain and unambiguous” congressional intent was to grant the PTO’s Director authority to designate expanded APJ panels, the CAFC reviews for reasonableness).

²⁷⁶ See *Donaldson*, 16 F.3d at 1193, 29 U.S.P.Q.2d (BNA) at 1848.

²⁷⁷ See *id.*

²⁷⁸ *Id.*

²⁷⁹ *Id.*

thereof.”²⁸⁰ Accordingly, *Donaldson* held that the PTO may not interpret means-plus-function claims broader than the broadest interpretation supported by the specification.²⁸¹ The court adopted this position “because no distinction is made in paragraph six between prosecution in the PTO and enforcement in the courts, or between validity and infringement.”²⁸²

Regardless of whether the statute makes a distinction, another reason the court could have used to support its holding that the terms of § 112 apply to PTO claim constructions when making patentability determinations is that the title of Part II of the Patent Act is “Patentability of Inventions and Grant of Patents.” Perhaps the court chose its more indirect reasoning to bolster its justification for allowing different claim construction standards to apply to the PTO and the courts in other situations. The court reasons that § 282 of the Patent Act sets forth a separate standard governing infringement suits, the “presumption of validity,” where an issued patent must be presumed valid, but may be found invalid for failure to comply with any patentability requirement.²⁸³ Because “no such presumption attaches before the PTO,” it would be inconsistent for the PTO to interpret claims in the same way as judges in court.²⁸⁴ The PTO’s manner of claim construction clearly cannot trump a statute and, although it provides no exceptions, Rule 200 and its kin must be interpreted by the PTO in line with *Donaldson*.²⁸⁵

Even if the CAFC recognizes the authority of PTO regulations governing claim construction, the appropriate treatment remains uncertain. A decade after *Donaldson*, in the post-*Zurko* case *Dethmers Manufacturing Co. v. Automatic Equipment Manufacturing Co.*, the CAFC emitted signs that it remains unsettled on how it would handle a new PTO regulation.²⁸⁶ The *Dethmers* court allowed a

²⁸⁰ 35 U.S.C. § 112 (2000).

²⁸¹ *Donaldson*, 16 F.3d at 1194-95, 29 U.S.P.Q.2d (BNA) at 1849-50.

²⁸² *Id.*

²⁸³ 35 U.S.C. § 282.

²⁸⁴ *In re Morris*, 127 F.3d 1048, 1054, 44 U.S.P.Q.2d (BNA) 1023, 1027-28 (Fed. Cir. 1997). Curiously, although the language of § 282 deals with presumptions and presumes that PTO patent grants are valid, the Federal Circuit reviews PTO claim constructions with no deference at all.

²⁸⁵ *See id.*

²⁸⁶ 272 F.3d 1365, 60 U.S.P.Q.2d (BNA) 1929 (Fed. Cir. 2001), *reh’g denied*, 293 F.3d 1364, 63 U.S.P.Q.2d (BNA) 1317 (Fed. Cir. 2002) (en banc).

lower court to strike down a patent for failure to strictly comply with the requirements to open reissue proceedings from a previous version of 37 C.F.R. § 1.175 despite a patent examiner's decision to allow the proceedings to go forth after correction based on "reasonable compliance."²⁸⁷ The panel majority, Judges Clevenger and Schall, reviewed the PTO's actions under the regulation *de novo*, stating that "[w]e feel constrained by our previous applications of the *de novo* standard of review."²⁸⁸ This reasoning rests on precedent established by two cases reaching back into the late 1980s, in which Rule 175 was interpreted *de novo*.²⁸⁹ They also noted in a footnote that the December 1, 1997 version of the rule is more liberal than the version applicable to *Dethmers's* reissue, filed earlier, suggesting that a different standard might apply to the later version.²⁹⁰

Judge Dyk, in a dissenting opinion, argued for an APA-guided analysis that would have given the PTO's decision substantial deference in conformity with the Supreme Court's holding in *Zurko* two-and-a-half years before.²⁹¹ He characterized the rule as procedural, rather than substantive, and emphasized that "[t]his court does not sit as a committee of revision to perfect the PTO's internal administration of patent issuance procedures."²⁹² The majority pushed the deference issue aside in a footnote, stating that the *de novo* standard could only be altered by the court sitting *en banc* and that the parties did not address the issue in their initial briefs.²⁹³ Being self-constrained in their analysis of the ten reissue claims in dispute, the judges upheld some of *Dethmers's* claims as satisfying either strict compliance with Rule 175, or one of the two recognized exceptions.²⁹⁴

²⁸⁷ See *id.* at 1381, 60 U.S.P.Q.2d (BNA) at 1940 (Dyk, J., concurring-in-part and dissenting-in-part); see also *id.* at 1370, 60 U.S.P.Q.2d (BNA) at 1932.

²⁸⁸ *Id.* at 1370, 60 U.S.P.Q.2d (BNA) at 1932.

²⁸⁹ *Id.* at 1369-70, 60 U.S.P.Q.2d (BNA) at 1932 (citing *Nupla Corp. v. IXL Mfg. Co.*, 114 F.3d 191, 42 U.S.P.Q.2d (BNA) 1171 (Fed. Cir. 1997); *In re Constant*, 827 F.2d 728, 3 U.S.P.Q.2d (BNA) 1479 (Fed. Cir. 1987)).

²⁹⁰ *Id.* at 1369 n.1, 60 U.S.P.Q.2d (BNA) at 1931-32 n.1.

²⁹¹ *Id.* at 1377-78, 60 U.S.P.Q.2d (BNA) at 1938.

²⁹² *Id.* at 1381, 60 U.S.P.Q.2d (BNA) at 1940.

²⁹³ *Id.* at 1370 n.2, 60 U.S.P.Q.2d (BNA) at 1932 n.2.

²⁹⁴ *Id.* at 1372, 1377, 60 U.S.P.Q.2d (BNA) at 1933, 1937-38 (listing the two previously recognized exceptions).

Dethmers can be read to apply to PTO claim constructions in at least two ways. Read narrowly, it stands for the proposition that unless a given rule is directly challenged, patents issued under an old standard are subject to de novo review for compliance with then effective case law. Read more broadly, *Dethmers* holds that the Federal Circuit will decide whether *Zurko's* holding requires deference to PTO actions other than factfinding on a case-by-case basis. On petition for rehearing en banc, the CAFC denied review,²⁹⁵ but the decision painted a picture of internal disagreement, revealing that six judges disagreed with the two judges supporting de novo review instead of the APA. Thus, at least half of the court would defer to a PTO examiner's application of PTO regulations.

Shortly after *Dethmers*, the CAFC issued another set of opinions on its treatment of the PTO's interpretation of its own regulations in *Eli Lilly & Co. v. University of Washington*. Under two of the *Dethmers* en banc denial dissenters and, then-Judge Michel, it reviewed for "abuse of discretion"²⁹⁶ without citing § 706(2)(A) of the APA.²⁹⁷ Judge Lourie, dissenting, failed to see how three APJs²⁹⁸ and two other CAFC judges could not see that Rule 601(j) plainly defined the test for what constitutes "the same patentable subject matter."²⁹⁹ After finding that 35 U.S.C. § 135(a) plainly and unambiguously left declaration of an interference to the Director of the PTO's discretion, *Eli Lilly* held that "where the agency's interpretation of its own regulation is at least as plausible as competing ones, there is little, if any, reason not to defer to the agency's construction."³⁰⁰ The court also alluded to, without explicitly addressing, the PTO's policy-making powers.³⁰¹ This may prove important in that Rule 41 expressly allows for policy-

²⁹⁵ See *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, 293 F.3d 1364, 1365, 63 U.S.P.Q.2d (BNA) 1317, 1317-18 (Fed. Cir. 2002) (denying en banc rehearing).

²⁹⁶ 334 F.3d 1264, 1266, 67 U.S.P.Q.2d (BNA) 1161, 1163 (Fed. Cir. 2003).

²⁹⁷ Judge Michel became Chief Judge on December 25, 2004.

²⁹⁸ See *Bd. of Regents of the Univ. of Wash. v. Eli Lilly & Co.*, No. 104,733, 2002 WL 1305996, at *7-8 (B.P.A.I. June 11, 2002).

²⁹⁹ *Eli Lilly*, 334 F.3d at 1273, 67 U.S.P.Q.2d (BNA) at 1168-69. The BPAI's decision filled in a gap left in its regulations, which, in turn, filled in a gap left in 35 U.S.C. § 35(a) that "fails to explicitly state the requirements for determining whether there is no interference-in-fact once an interference has been declared." See *Eli Lilly*, 2002 WL 1305996, at *6.

³⁰⁰ *Eli Lilly*, 334 F.3d at 1269, 67 U.S.P.Q.2d (BNA) at 1165.

³⁰¹ *Id.* at 1268, 67 U.S.P.Q.2d (BNA) at 1164.

based interpretation of PTO regulations.³⁰² The two-judge majority of *Dethmers* en banc dissenters made clear the contrast between *Dethmers* and *Eli Lilly*,³⁰³ but *Dethmers* does not directly apply to *Eli Lilly* because the latter did not involve PTO interpretation of a PTO regulation that differed from interpretation of the same regulation in prior case law. The court's failure to expressly overrule *Dethmers* indicates continuing internal disagreement at the CAFC and that issues of deference to PTO construction of PTO regulations might continue to turn on panel preferences.

The effect of these observations on treatment of PTO claim construction regulations is unclear. For the immediate future, we may see a broad *Dethmers* approach. Under this view, the past and present treatment of PTO claim construction as a matter of law chains these regulations to the scope of deference allowed by existing case law.³⁰⁴ Granted, no case governs these regulations directly, but offspring of *Markman* purport to govern PTO claim construction in general, and the CAFC suffers no qualms in pinning these cases to its review of PTO claim interpretations. The broader *Dethmers* approach seems more likely given that some CAFC judges seem uncomfortable giving the PTO deference.³⁰⁵

The *Eli Lilly* approach seems more prudent. Under this alternative, *Seminole* deference applies to PTO claim constructions because no court opinion directly interprets or applies the PTO's claim construction regulations.³⁰⁶ This view recognizes the weaknesses of applying old case law that predates *Zurko*, as pointed out by Judge Dyk's dissent in *Dethmers*.³⁰⁷ Like the new version of Rule

³⁰² 37 C.F.R. § 41.1(b) (2007) ("The provisions of Part 41 shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding before the Board.").

³⁰³ *Eli Lilly*, 334 F.3d at 1269, 67 U.S.P.Q.2d (BNA) at 1165.

³⁰⁴ See *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, 272 F.3d 1365, 1370 n.2, 60 U.S.P.Q.2d (BNA) 1929, 1932 n.2 (Fed. Cir. 2001) ("[o]nly the court sitting en banc can depart from the *de novo* standard of review" established by prior case law).

³⁰⁵ Especially those judges who passed on Judge Dyk's dissenting reasoning in *Dethmers* and those who voted against en banc review and Judge Lourie per his *Eli Lilly* dissent.

³⁰⁶ See *Eli Lilly*, 334 F.3d at 1268-70, 67 U.S.P.Q.2d (BNA) at 1164-66 (applying *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410 (1945)).

³⁰⁷ *Dethmers*, 272 F.3d at 1378-79, 60 U.S.P.Q.2d (BNA) at 1938-39.

175 noted by the court in *Dethmers*,³⁰⁸ a “broadest reasonable interpretation” standard provides no means for measuring strict compliance.³⁰⁹ Under *Dethmers*’s broader case-by-case view, case law offers unsound support for de novo review of PTO claims and the practice should presumably fall when a litigant properly raises the issue.³¹⁰ When this happens, the uncertainty pervading the CAFC should be resolved by deferring to the PTO’s interpretation, whether through application to facts or otherwise, of its claim construction regulations.

IV. CONCLUSION

The reasoning said to support the view that claims before the PTO should be interpreted in the broadest reasonable fashion cannot justify the rule’s current scope. As the rationale’s weakness is easily diagnosed in interferences involving patents that were not copending with the opponent’s application and in reexaminations involving expired patents, the rule should not be blindly applied in these situations. More reasonable views might be either to recognize that the PTO makes a policy choice in allowing patents or to apply the presumption of validity and wait for Congress to amend the Patent Act. Where the rule governing PTO claim construction is valid, administrative law supports giving meaningful deference to decisions dependent on PTO claim constructions as agency legal determinations, but the level of deference should depend on whether the patent grant or denial was contested or non-contested and whether the PTO considered all prior art before the reviewing court.

PTO decisions also deserve deference as agency factual determinations. Although recent cases suggest that administrative claim constructions may receive APA-level deference through a re-characterization of claim construction as a mixed question of law and fact, case law and empirical evidence show that PTO decisions fare no better than those of the lower courts. Furthermore, PTO decisions dependent on claim construction deserve deference as agency exercises of discretion or policy decisions because the PTO favors expedience by deciding case-by-case whether to allow live testimony and require greater formality under its delegated powers. Finally, as the PTO interprets its own regulation each time it applies facts to arrive at the broadest reasonable interpretation, its decisions

³⁰⁸ *Id.* at 1369 n.1, 60 U.S.P.Q.2d (BNA) at 1931-32 n.1.

³⁰⁹ *Id.*

³¹⁰ *Id.*

dependent on claim construction deserve deference as an agency's interpretations of its own regulations.