PTAB Alert: USPTO Clarifies Indefiniteness Standard in PTAB Proceedings by Adopting District Court Indefiniteness Standard

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On January 6, under the Director's authority to set forth binding agency guidance to govern the Patent Trial and Appeal Board's ("PTAB" or "Board") implementation of various statutory provisions, the U.S. Patent and Trademark Office ("USPTO") issued a memorandum to the PTAB setting forth the agency's approach to analyzing indefiniteness under 35 U.S.C. § 112 in America Invents Act ("AIA") post-grant proceedings, available here ("the Memorandum").

Specifically, the Memorandum requires the PTAB to change the standard used in AIA proceedings for assessing definiteness to the test set forth by the Supreme Court in *Nautilus Inc. v. Biosig Instruments, Inc*., 572 U.S. 898 (2014), rather than the less stringent standard from *In re Packard*, 751 F.3d 1307, 1310 (Fed. Cir. 2014) (per curiam). Aligning the USPTO's indefiniteness approach with the district courts should lead to greater uniformity and predictability, improve the integrity of the patent system and help increase judicial efficiency.

As a practical matter, by adopting the *Nautilus* standard in post grant proceedings, the burden on petitioners to prove indefiniteness has increased slightly from the *Packard* standard. As a result, petitioners should now make more of an effort in post grant proceedings to clearly articulate why the subject patent is indefinite.

Background

35 U.S.C. § 112(b) sets forth the requirement for definite claiming:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.

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The USPTO conducts an indefinite assessment during examination, including ex parte appeals, reexaminations, and reissue proceedings, as well as during post-grant trial proceedings under the AIA (e.g., only in AIA post grant reviews and covered business method reviews, not in inter partes reviews).

Outside of the USPTO, district courts can also decide whether patent claims are indefinite during patent infringement litigation.

The USPTO's Indefiniteness Memorandum

Prior to the issuance of the Memorandum, the USPTO assessed indefiniteness based on the Federal Circuit-approved standard, under which a claim is considered indefinite if it "contains words or phrases whose meaning is unclear." Packard, 751 F.3d at 1310. Even though *Packard* was in the context of examination, the USPTO used this standard to analyze indefiniteness agency-wide.

In contrast, district courts have applied the Supreme Court's Nautilus standard, under which a claim is unpatentable for indefiniteness if the claim, when read in light of the patent specification and the prosecution history, fails to inform, with reasonable certainty, those skilled in the art about the scope of the invention. 572 U.S. at 901.

Despite differing indefiniteness standards, the USPTO continued to apply the standard endorsed in Packard in the examination context. In the precedential decision, Ex parte *McAward*, the PTAB reasoned that "[t]he Office's application of the broadest reasonable interpretation for pending claims and its employment of an interactive process for resolving ambiguities during prosecution naturally results in an approach to resolving questions of compliance with § 112 that fundamentally differs from a court's approach to indefiniteness." Ex parte McAward, No. 2015-006416, slip op. at 8 (P.T.A.B. Aug. 25, 2017) (precedential). However, the PTAB specifically declined to decide what indefiniteness standard applied in post-grant trial proceedings under the AIA. Id. at 11 n.4.

The USPTO was finally prompted to resolve the *Nautilus/Packard* competing standards after the USPTO resolved a similar conflict involving claim construction. On November

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13, 2018, the USPTO changed the claim construction standard in AIA post-grant trial proceedings from the broadest reasonable interpretation ("BRI") standard to the same standard used in district courts— the *Phillips* standard, in which the court interpreted a claim in a way to uphold its validity. See 37 C.F.R. §§ 42.100(b) and 42.200(b).

According to the Memorandum, since the time of the change in the claim construction standard, "the Board has noted confusion as to whether *Nautilus* or *Packard* applies," and parties have been arguing both standards. As a result of such "rule changes to align the PTAB's approach to claim construction to that used by the district courts," the Memorandum now sets forth the requirement that the PTAB apply the *Nautilus* standard for analyzing indefiniteness during AIA post-grant proceedings.

While the Memorandum does not indicate an effective date, it appears that this change is applicable to all pending AIA trials. But this may not be the final word on the issue. The Memorandum is not binding on the Federal Circuit, and, in the past, the Federal Circuit has refused to defer to other similar guidance from the USPTO. Unless the USPTO goes through the formal rulemaking process under the Administrative Procedure Act, the Federal Circuit is likely to eventually decide the applicable standard anew.

As a practical matter, the Memorandum is beneficial to patent owners because the reasonable uncertainty standard in *Nautilus* arguably makes it more difficult to find a claim indefinite than under *Packard*. By adopting the *Nautilus* standard in post grant proceedings, the burden on petitioners to prove indefiniteness has increased slightly from the *Packard* standard. As a result, petitioners should now make more of an effort in post grant proceedings to ensure that they have clearly articulated why the specification and prosecution history fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.

We will continue to monitor and report on USPTO developments and developments in this area of patent law. In the meantime, please feel free to contact us to learn more.

About the Authors

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