

Indefiniteness Guidance in Advance of *Nautilus* Decision

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On May 6, 2014, the Federal Circuit issued a per curiam opinion addressing the proper standard of review to be applied by the US Patent and Trademark Office when rejecting claims under 35 U.S.C. § 112(b). *In re Thomas G. Packard*, ____ F.3d ____ (Fed. Cir. 2014).

The Patent Trial and Appeal Board had applied the standard set forth in the Manual of Patent Examining Procedure § 2173.05(e), that “[a] claim is indefinite when it contains words or phrases whose meaning is unclear.” On appeal, the applicant contended the PTAB erred by failing to apply the “insolubly ambiguous” standard applied by the courts in litigation. In affirming the PTAB rejection, the Federal Circuit acknowledged the PTO’s broad discretion to determine whether claims have been drafted with “reasonable precision” and cautioned applicants that failure to provide substantive and meaningful responses to indefiniteness rejections could result in the loss of patent rights.

The US Supreme Court’s anticipated opinion in *Nautilus Inc. v. Biosig Instruments Inc.* was not lost on the Federal Circuit, with both the *per curiam* and concurring opinions providing express disclaimers that their holding could be reached without impacting that review.

The court placed applicants on notice that the “prima facie case” procedure would be applied by the PTO to resolve issues of indefiniteness. (Slip op. at 8.) Specifically, the court held that “where the PTO has initially issued a well-grounded rejection that identifies ways in which language in a claim is ambiguous ... or otherwise unclear, and thereafter the applicant fails to provide a satisfactory response, the PTO can properly reject the claim.” (*Id.* at 7.) The court emphasized the role of the applicant in the examination process, citing the opportunity to respond to rejections or bring additional clarity to the claims as reasonable methods to resolve § 112 issues in advance of litigation. (*Id.* at 11–12.)

Judge S. Jay Plager’s concurrence explains “why the arguments on which [petitioner] relied for his appeal did not prevail” and addresses directly the “significant issues” raised. *In re Thomas G. Packard*, ____ F.3d ____ (Fed. Cir. 2014) (Plager, J., concurring).

Judge Plager’s in-depth analysis of indefiniteness jurisprudence, including relevant policy considerations, is not unexpected in view of his dissent in the denial of a rehearing petition filed in *Enzo Biochem Inc. v. Applera Corp.*, 605 F.3d 1347 (Fed. Cir. 2010) (*en banc*) (Plager, J., dissenting). There, Judge Plager acknowledged the struggle to apply the “varying formulations” of indefiniteness articulated by the Federal Circuit, expressing concern for a missed opportunity to shift the focus “from litigation over claim construction to clarity in claim drafting.” (*Id.* at 1348–49.)

Here, Judge Plager addresses the petitioner’s argument that the “insolubly ambiguous” standard should apply to both pre- and post-issuance indefinite analysis.

The concurrence points out that although the “insolubly ambiguous” language stemmed from their holding in *Exxon Research and Engineering Co. v. United States*, 265 F.3d 1371 (Fed. Cir. 2001), it failed to garner recognition when the Federal Circuit sat *en banc* to “restate ... the basic principles of claim construction” four years later. (Plager, J., concurring, slip op. at 7, citing *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005)). Nevertheless, since *Phillips*, the Federal Circuit has applied the “insolubly ambiguous” test about 35 times, finding claims were indefinite in just over 20 percent of those cases.

Judge Plager stops short of articulating a singular standard for measuring indefiniteness, leaving that review for the Supreme Court in *Nautilus*. Rather, he explains “there currently is not one singular standard used by [the Court] but rather a complex of standards, though a complex whose range nevertheless can be described.” (*Id.* at 15).

In attempting to articulate that range, Judge Plager identifies three “policy options” for resolving claim construction disputes in “post issuance” contexts: (1) use the presumption of validity to uphold claim validity, affording diminished deference to the notice function of patents; (2) give weight to the notice function of patents, but recognize the presumption of validity by adopting the meaning most in accord with the meaning the public would assume to be correct, and the skilled artisan would understand to be intended; or (3) give full weight to the notice function of patents, finding ambiguous claims fail to comply with the statutory requirements for claim drafting. (*Id.* at 13-14.)

Judge Plager concludes that the court has applied the first and second options in post-issuance contexts (the first being the “insolubly ambiguous” standard), and that the PTO applied the third option in rejecting petitioners claims.

Judge Plager explains that there are no legal impediments that prevent the use of the “third” option by the PTO, and that strong policy considerations exist to restrain the courts from interfering with the PTO’s obligations to carry out “its full responsibilities under the Patent Act.” (*Id.* at 23.)

This opinion, in conjunction with the criticism of the “insolubly ambiguous” standard levied by the Supreme Court during oral arguments in the *Nautilus* case, likely indicates a change in the way indefiniteness is resolved during litigation. However, in advance of that decision, the Federal Circuit underscores the importance of the patent examination process as the most appropriate, and efficient, forum to resolve claim construction disputes. Accordingly, patent applicants should capitalize on opportunities to solidify claim language during prosecution, to head off later indefiniteness arguments in an enforcement action.

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