

Federal Circuit Patent Bulletin: *In re CSB-Sys. Int'l, Inc.*

August 9, 2016

"[W]hen an expired patent is subject to reexamination, the traditional Phillips construction standard [as opposed to the broadest reasonable interpretation standard] attaches."

On August 9, 2016, in *In re CSB-Sys. Int'l, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Newman, Moore, Stoll*) affirmed the Patent Trial and Appeal Board *ex parte* reexamination decision that U.S. Patent No. 5,631,953, which related to a circuit arrangement for integrating an electronic data processing (EDP) system with telephone systems connected to an integrated services digital network (ISDN) telephone network, was unpatentable as anticipated by and obvious over the prior art. The Federal Circuit stated:

We review the Board's ultimate claim construction in a reexamination *de novo*. We review any determinations involving extrinsic evidence for substantial evidence, but in this case "because the intrinsic record fully determines the proper construction, we review the Board's claim constructions *de novo*." Typically, claims in issued patents are construed using the framework set forth in *Phillips v. AWH Corp.*, which emphasizes considering the plain meaning of the claim terms themselves in light of the intrinsic record.

During reexamination proceedings of unexpired patents, however, the Board uses the "broadest reasonable interpretation consistent with the specification" standard, or BRI. The rationale for permitting this broader standard in reexaminations is that a patent owner before the Patent and Trademark Office ("PTO") with an unexpired patent "may amend claims to narrow their scope," negating any unfairness that may otherwise result from adopting the BRI standard. Further justification comes from the fact that constructions unhinged from the

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patent in which they are found are erroneous even under BRI, as the BRI claim construction exercise must always be reasonable and must consider the claims “in light of the specification and teachings in the underlying patent.” Even so, when an expired patent is subject to reexamination, the traditional Phillips construction standard attaches.

The '953 patent expired on May 20, 2014, after the examiner issued a final rejection but before consideration by the Board. The Board's decision acknowledged that the patent had expired, but nevertheless applied the BRI standard. The Board contended that employing BRI was proper because CSB had the opportunity to amend its patent claims while they were pending before the examiner in the reexamination, as the patent had yet to expire.

We disagree with the Board's approach. When a patent expires during a reexamination proceeding, the PTO should thereafter apply the Phillips standard for claim construction. We hold as much regardless of whether this means that the Board applies a different standard than the examiner. . . . The PTO argues that because the Board operates as a tribunal of review for the examiner's work, the Board must scrutinize claims consistent with the standard used by the examiner in the first instance, even after a patent has expired. But, if anything, the Phillips standard would result in a more narrow claim scope and, consequently, we see little chance of the Board issuing new grounds of rejection based on a narrower claim scope. In many cases, the claim construction will be the same under the Phillips and BRI standards.

We are also not persuaded by the PTO's argument that BRI should apply here because the patent owner could have amended its claims while before the examiner. The policy underlying our embrace of BRI in limited circumstances does not extend to cases where a patent expires during a reexamination because the patent owner's ability to amend is substantially diminished when this occurs regardless of the stage of the reexamination. Under the PTO's regulations, a patentee may not amend a claim that expires during prosecution. Moreover, patents that expire during an appeal to the Board, as in this case, will not be issued with amended claims even if the patent owner amended them while before the examiner. Because it is not always clear how much time a Board appeal will take and at what point a patent owner can reopen prosecution and amend its claims, and we do not think an inquiry into whether or not a patent owner could have amended its claims, or speculation as to whether the patent owner could in the future have an opportunity to amend its claims, should resolve the question.

In sum, we hold that BRI is not a monolithic standard that the Board can use even after a patent expires. Rather, consistent with our prior precedent and customary practice, we reaffirm that once a patent expires, the PTO should apply the Phillips standard for claim construction. While we hold that the Board erred in using the BRI standard, the Board's use of BRI did not produce a different result than the one we reach using the Phillips standard. Even under the Phillips standard, there is no basis for limiting the claims as narrowly as CSB argues. . . .

Because there is substantial evidence that Gursahaney discloses the “personal computer” and “LAN server” limitations, the Board did not err in rejecting the sole independent claim of the '953 patent, claim 1, as anticipated by Gursahaney. The Board also rejected dependent claims 2–6 as anticipated by Gursahaney

and claims 7 and 8 as obvious over Gursahaney in view of several prior art references not directly at issue in this appeal. CSB makes no particularized argument to support patentability of these dependent claims apart from the arguments it makes for claim 1, so we also affirm these rejections. Having affirmed the Board's rejection of all claims on these grounds, we need not discuss the other prior art grounds that the Board found rendered the claims of the '953 patent unpatentable.