



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

No. 15-446.

**SUPREME COURT OF THE UNITED STATES**

*195 L. Ed. 2d 423; 2016 U.S. LEXIS 3927; 84 U.S.L.W. 4438; 119 U.S.P.Q.2D (BNA)  
1065; 26 Fla. L. Weekly Fed. S 278*

**April 25, 2016, Argued**

**June 20, 2016, Decided**

**NOTICE:**

The LEXIS pagination of this document is subject to change pending release of the final published version.

**PRIOR HISTORY:**      **[\*\*1]** ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

*In re Cuozzo Speed Techs., LLC, 793 F.3d 1268, 2015 U.S. App. LEXIS 11714 (Fed. Cir., 2015)*

**DISPOSITION:** Affirmed.

**SYLLABUS**

**[\*429]** The Leahy-Smith America Invents Act creates an agency procedure called "inter partes review" that allows a third party to ask the U.S. Patent and Trademark Office to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable in light of prior art. The Act, as relevant here, provides that the Patent Office's decision "whether to institute an inter partes review . . . shall be final and non-appealable," 35 U.S.C. §314(d), and grants the Patent Office authority to issue "regulations . . . establishing and governing inter partes review," §316(a)(4). A Patent Office regulation issued pursuant to that **[\*430]** authority provides that, during

inter partes review, a patent claim "shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." 37 C.F.R. §42.100(b).

In 2012, Garmin International, Inc., and Garmin USA, Inc., sought inter partes review of all 20 claims of a patent held by petitioner Cuozzo Speed Technologies, LLC, asserting, among other things, that claim 17 was obvious in light of three prior patents. The Patent Office agreed to review **[\*\*2]** claim 17. It also decided to reexamine claims 10 and 14 on that same ground because it determined those claims to be logically linked to the obviousness challenge to claim 17. The Patent Office, through its Patent Trial and Appeal Board, concluded that the claims were obvious in light of prior art, denied for reasons of futility Cuozzo's motion to amend the claims, and canceled all three claims.

Cuozzo appealed to the Federal Circuit. Cuozzo claimed that the Patent Office improperly instituted inter partes review with respect to claims 10 and 14, and it alleged that the Board improperly used the "broadest reasonable construction" standard to interpret the claims rather than the standard used by courts, which gives claims their "ordinary meaning . . . as understood by a person of skill in the art," *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314. The Federal Circuit rejected both arguments. It reasoned that §314(d) made the Patent

**LG EXHIBIT 1022**

*LG Electronics, Inc. & LG Electronics U.S.A., Inc.*

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Office's decision to institute inter partes review "nonappealable," and it concluded that the Patent Office's regulation was a reasonable exercise of the agency's rulemaking authority.

*Held:*

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

(a) The text of §314(d) expressly [\*\*3] states that the Patent Office's determinations whether to institute inter partes review "shall be *final and nonappealable*." Moreover, construing §314(d) to permit judicial review of the Patent Office's preliminary decision to institute inter partes review undercuts the important congressional objective of giving the agency significant power to revisit and revise earlier patent grants. Past practice in respect to related proceedings, including the predecessor to inter partes review, also supports the conclusion that Congress did not intend for courts to review these initial determinations. Finally, reading §314(d) as limited to interlocutory appeals would render the provision largely superfluous in light of the Administrative Procedure Act. Pp. 7-9.

(b) The "strong presumption" favoring judicial review, *Mach Mining, LLC v. EEOC*, 575 U.S. \_\_\_, \_\_\_, 135 S. Ct. 1645, 191 L. Ed. 2d 607, is overcome here by these "clear and convincing" indications that Congress intended to bar review, *Block v. Community Nutrition Institute*, 467 U.S. 340, 349, 104 S. Ct. 2450, 81 L. Ed. 2d 270. Given that presumption, however, the interpretation adopted here applies to cases in which the challenge is to the Patent Office's determination "to initiate an inter partes review *under this section*," or where the challenge consists of questions closely tied to the application and interpretation [\*\*4] of statutes related to that determination. Cuozzo's claim does not implicate a constitutional [\*431] question, nor does it present other questions of interpretation that reach well beyond "this section" in terms of scope and impact. Rather, Cuozzo's allegation that Garmin's petition did not plead "with particularity" the challenge to claims 10 and 14 as required by §312 is little more than a challenge to the Patent Office's conclusion under §314(a) that the "information presented in the petition" warranted review. Pp. 9-12.

2. The Patent Office regulation requiring the Board

to apply the broadest reasonable construction standard to interpret patent claims is a reasonable exercise of the rulemaking authority granted to the Patent Office by statute. Pp. 12-20.

(a) Where a statute leaves a gap or is ambiguous, this Court typically interprets a congressional grant of rulemaking authority as giving the agency leeway to enact rules that are reasonable in light of the text, nature, and purpose of the statute. *United States v. Mead Corp.*, 533 U.S. 218, 229, 121 S. Ct. 2164, 150 L. Ed. 2d 292; *Chevron U.S.A. Inc. v. NRDC*, 467 U.S. 837, 842-843, 104 S. Ct. 2778, 81 L. Ed. 2d 694. Here, the statute grants the Patent Office the authority to issue regulations "governing inter partes review," and no statutory provision unambiguously mandates a particular claim construction standard. [\*\*5]

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

The nature and purpose of inter partes review does not unambiguously require the Patent Office to apply one particular claim construction standard. Cuozzo's contention that the purpose of inter partes review--to establish trial-like procedures for reviewing previously issued patents--supports the application of the ordinary meaning standard ignores the fact that in other significant respects, inter partes review is less like a judicial proceeding and more like a specialized agency proceeding. This indicates that Congress designed a hybrid proceeding. The purpose of inter partes review is not only to resolve patent-related disputes among parties, but also to protect the public's "paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope." *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816, 65 S. Ct. 993, 89 L. Ed. 1381, 1945 Dec. Comm'r Pat. 582. Neither the statute's language, [\*\*6] nor its purpose, nor its legislative history suggests that Congress decided what standard should apply in inter partes review. Pp. 12-17.

(b) The regulation is a reasonable exercise of the Patent Office's rulemaking authority. The broadest

reasonable construction standard helps ensure precision in drafting claims and prevents a patent from tying up too much knowledge, which, in turn, helps members of the public draw useful information from the disclosed invention and understand the lawful [\*432] limits of the claim. The Patent Office has used this standard for more than 100 years and has applied it in proceedings which, as here, resemble district court litigation.

Cuozzo's two arguments in response are unavailing. Applying the broadest reasonable construction standard in inter partes review is not, as Cuozzo suggests, unfair to a patent holder, who may move to amend at least once in the review process, and who has had several opportunities to amend in the original application process. And though the application of one standard in inter partes review and another in district court proceedings may produce inconsistent outcomes, that structure is inherent to Congress' regulatory design, and it [\*\*7] is also consistent with past practice, as the patent system has long provided different tracks for the review and adjudication of patent claims. The Patent Office's regulation is reasonable, and this Court does not decide whether a better alternative exists as a matter of policy. Pp. 17-20.

793 F. 3d 1268, affirmed.

**COUNSEL: Garrard R. Beeney** argued the cause for petitioner.

**Curtis E. Gannon** argued the cause for respondent.

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

**OPINION BY: BREYER**

**OPINION**

[\*\*\*1068] JUSTICE BREYER delivered the opinion of the Court.

The Leahy-Smith America Invents Act, 35 U.S.C. §100 et seq., creates a process called "inter partes

review." That review process allows a third party to ask the U.S. Patent and Trademark Office to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable in light of prior art. See §102 (requiring "novel[ty]"); §103 (disqualifying claims that are "obvious").

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

"No Appeal.--The determination by the Director [\*\*8] [of the Patent Office] whether to institute an inter partes review under this section shall be final and non-appealable." §314(d).

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

The second provision grants the Patent Office the authority to issue

"regulations . . . establishing and governing inter partes review under this chapter." §316(a)(4).

Does this provision authorize the Patent Office to issue a regulation stating that the agency, in inter partes review,

"shall [construe a patent claim according to] its broadest reasonable construction in light of the specification of the patent in which it appears"? 37 C.F.R. §42.100(b) (2015).

We conclude that the first provision, though it may not bar consideration [\*433] of a constitutional question, for example, does bar judicial review of the kind of mine-run claim at issue here, involving the Patent Office's decision to institute inter partes review. We also conclude that the second provision authorizes the Patent Office to issue the regulation before us. See, e.g., *United States v. Mead Corp.*, 533 U.S. 218, 229, 121 S. Ct. 2164, 150 L. Ed. 2d 292 (2001); *Chevron U.S.A. Inc. v. NRDC*, 467 U.S. 837, 842, 104 S. Ct. 2778, 81 L. Ed. 2d 694 (1984).

I

A

An inventor obtains a patent by applying [\*\*9] to the Patent Office. A patent examiner with expertise in the relevant field reviews an applicant's patent claims, considers the prior art, and determines whether each claim meets the applicable patent law requirements. See, e.g., 35 U.S.C. §§101, 102, 103, 112. Then, the examiner accepts a claim, or rejects it and explains why. See §132(a).

If the examiner rejects a claim, the applicant can resubmit a narrowed (or otherwise modified) claim, which the examiner will consider anew, measuring the new claim against the same patent law requirements. If the examiner rejects the new claim, the inventor typically has yet another chance to respond with yet another amended claim. Ultimately, the Patent Office makes a final decision allowing or rejecting the application. The applicant may seek judicial review of any final rejection. See §§141(a), 145.

For several decades, the Patent Office has also possessed the authority to reexamine--and perhaps cancel--a patent claim that it had previously allowed. In 1980, for example, Congress enacted a statute providing for "ex parte reexamination." Act to Amend the Patent and Trademark Laws, 35 U.S.C. §301 *et seq.* That statute (which remains in effect) gives "[a]ny person at any time" the right to "file a request for [\*\*10] reexamination" on the basis of certain prior art "bearing on the patentability" of an already-issued patent. §§301(a)(1), 302. If the Patent Office concludes that the cited prior art raises "a substantial [\*\*\*1069] new question of patentability," the agency can reexamine the patent. §303(a). And that reexamination can lead the Patent Office to cancel the patent (or some of its claims). Alternatively, the Director of the Patent Office can, on her "own initiative," trigger such a proceeding. *Ibid.* And, as with examination, the patent holder can seek judicial review of an adverse final decision. §306.

In 1999 and 2002, Congress enacted statutes that established another, similar procedure, known as "inter partes reexamination." Those statutes granted third parties greater opportunities to participate in the Patent Office's reexamination proceedings as well as in any appeal of a Patent Office decision. See, e.g., American Inventors Protection Act of 1999, §297 *et seq.* (2006 ed.) (superseded).

In 2011, Congress enacted the statute before us. That statute modifies "inter partes reexamination," which it now calls "inter partes review." See H. R. Rep. No. 112-98, pt. 1, pp. 46-47 (2011) (H. R. Rep.). Like inter partes reexamination, any third [\*\*11] party can ask the agency to initiate inter partes review of a patent claim. But the new statute has changed the standard that governs the Patent Office's [\*434] institution of the agency's process. Instead of requiring that a request for reexamination raise a "substantial new question of patentability," it now requires that a petition show "a reasonable likelihood that" the challenger "would prevail." Compare §312(a) (2006 ed.) (repealed) with §314(a) (2012 ed.).

The new statute provides a challenger with broader participation rights. It creates within the Patent Office a Patent Trial and Appeal Board (Board) composed of administrative patent judges, who are patent lawyers and former patent examiners, among others. §6. That Board conducts the proceedings, reaches a conclusion, and sets forth its reasons. See *ibid.*

The statute sets forth time limits for completing this review. §316(a)(11). It grants the Patent Office the authority to issue rules. §316(a)(4). Like its predecessors, the statute authorizes judicial review of a "final written decision" canceling a patent claim. §319. And, the statute says that the agency's initial decision "whether to institute an inter partes review" is "final and nonappealable." §314(d); compare *ibid.* with [\*\*12] §§312(a), (c) (2006 ed.) (repealed) (the "determination" that a petition for inter partes reexamination "raise[s]" "a substantial new question of patentability" is "final and non-appealable"), and §303(c) (2012 ed.) (similar in respect to ex parte reexamination).

B

In 2002, Giuseppe A. Cuzzo applied for a patent covering a speedometer that will show a driver when he is driving above the speed limit. To understand the basic idea, think of the fact that a white speedometer needle will look red when it passes under a translucent piece of red glass or the equivalent (say, red cellophane). If you attach a piece of red glass or red cellophane to a speedometer beginning at 65 miles per hour, then, when the white needle passes that point, it will look red. If we attach the red glass to a plate that can itself rotate, if we attach the plate to the speedometer, if we connect the plate to a Global Positioning System (GPS) receiver, and



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if we enter onto a chip or a disk all the speed limits on all the Nation's roads, then the GPS can signal where the car is, the chip or disk can signal the speed limit at that place, and the plate can rotate to the right number on the speedometer. Thus, if the speed limit is 35 miles per hour, then the white speedometer needle will pass under the red plate at 35, not 65, and the driver will know if he is driving too fast.

In 2004, the Patent Office granted the patent. See U.S. Patent No. 6,778,074 (Cuozzo Patent). The Appendix contains excerpts from this patent, offering a less simplified (and more technical) description.

C

Petitioner Cuozzo Speed Technologies, LLC (Cuozzo), now holds the rights to the Cuozzo Patent. In 2012, Garmin International, Inc., and Garmin USA, Inc., filed a petition seeking inter partes review of the Cuozzo Patent's 20 claims. Garmin backed up its request by stating, for example, that the invention described in claim 17 was obvious in light of three prior patents, the Aumayer, Evans, and Wendt patents. U.S. Patent No. 6,633,811; U.S. Patent No. 3,980,041; and U.S. Patent No. 2,711,153. [\*435] Cf. *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U.S. 275, 280, 64 S. Ct. 593, 88 L. Ed. 721, 1944 Dec. Comm'r Pat. 657 (1944) (Black, J., dissenting) ("[S]omeone, [\*\*\*1070] somewhere, sometime, made th[is] discovery [but] I cannot agree that this patentee is that discoverer").

The Board agreed to reexamine claim 17, as well as claims 10 and 14. The Board recognized that Garmin had not expressly challenged claim 10 and claim 14 on the same obviousness ground. But, believing that "claim 17 depends on claim 14 which depends on claim 10," the Board reasoned that Garmin had "implicitly" [\*14] challenged claims 10 and 14 on the basis of the same prior inventions, and it consequently decided to review all three claims together. App. to Pet. for Cert. 188a.

After proceedings before the Board, it concluded that claims 10, 14, and 17 of the Cuozzo Patent were obvious in light of the earlier patents to which Garmin had referred. The Board explained that the Aumayer patent "makes use of a GPS receiver to determine . . . the applicable speed limit at that location for display," the Evans patent "describes a colored plate for indicating the speed limit," and the Wendt patent "describes us[ing] a rotatable pointer for indicating the applicable speed

limit." *Id.*, at 146a-147a. Anyone, the Board reasoned, who is "not an automaton"--anyone with "ordinary skill" and "ordinary creativity"--could have taken the automated approach suggested by the Aumayer patent and applied it to the manually adjustable signals described in the Evans and Wendt patents. *Id.*, at 147a. The Board also concluded that Cuozzo's proposed amendments would not cure this defect, *id.*, at 164a-166a, and it consequently denied Cuozzo's motion to amend its claims. Ultimately, it ordered claims 10, 14, and 17 of the Cuozzo Patent canceled, *id.*, at 166a.

Cuozzo appealed to [\*15] the United States Court of Appeals for the Federal Circuit. Cuozzo argued that the Patent Office improperly instituted inter partes review, at least in respect to claims 10 and 14, because the agency found that Garmin had only *implicitly* challenged those two claims on the basis of the Aumayer, Evans, and Wendt patents, while the statute required petitions to set forth the grounds for challenge "with particularity." §312(a)(3). Cuozzo also argued that the Board, when construing the claims, improperly used the interpretive standard set forth in the Patent Office's regulation (*i.e.*, it gave those claims their "broadest reasonable construction," 37 C.F.R. §42.100(b)), when it should have applied the standard that courts normally use when judging a patent's validity (*i.e.*, it should have given those claims their "ordinary meaning . . . as understood by a person of skill in the art," *Phillips v. AWH Corp.*, 415 F. 3d 1303, 1314 (CA Fed. 2005) (en banc)).

A divided panel of the Court of Appeals rejected both arguments. First, the panel majority pointed out that 35 U.S.C. §314(d) made the decision to institute inter partes review "nonappealable." *In re Cuozzo Speed Technologies, LLC*, 793 F. 3d 1268, 1273 (CA Fed. 2015) (internal quotation marks omitted). Second, the panel majority affirmed the application of the broadest reasonable construction standard on the ground [\*16] (among others) that the regulation was a reasonable, and hence lawful, [\*436] exercise of the Patent Office's statutorily granted rulemaking authority. *Id.*, at 1278-1279; see §316(a)(4). By a vote of 6 to 5, the Court of Appeals denied Cuozzo's petition for rehearing en banc. *In re Cuozzo Speed Technologies, LLC*, 793 F. 3d 1297, 1298 (CA Fed. 2015).

We granted Cuozzo's petition for certiorari to review these two questions.

II

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