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Issues & Overview

(Im)pure Questions About Claim Construction In Patent Cases After *Phillips*

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Patent claim construction issues raised in the heralded *Phillips* case (*Phillips* v. *AWH Corp.*, 412 F.3d 1303 (Fed. Cir. 2005) (*en banc*)) offered the promise of a decision calculated to reduce a 50% reversal rate in the Federal Circuit that has left litigants and lawyers longing for predictability in patent proceedings.

Many commentators expected the Federal Circuit to clarify the methodology we use to give meaning to the claims that define patented inventions. Savvy observers also hoped that the Court would correct the course charted in *Cybor Corp.* v. *FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), by turning away from the fiction that the construction of a patent claim is a pure question of law subject to review *de novo*, with no deference given to the trial court's determination of underlying matters of fact.

Phillips answered some questions about how we should determine what patent claims mean, but failed to address and finally abandon the false notion that claim construction is a pure question of law. That fatal flaw has implications for appellate review that prevent *Phillips* from providing patent owners and accused infringers with the predictability they need and deserve. Circuit Judge Mayer in his dissenting opinion got it right: the Federal Circuit is "rearranging the deck chairs" and asking the orchestra to play on as if nothing is wrong as the ship heads straight for Davey Jones' locker.

In its 1995 *Markman* decision, the Federal Circuit worked a sea change in the law when it held that the judge – not the jury – must determine what the patent claims mean. The Federal Circuit concluded that "a judge, trained in the law, will... analyze the text of the patent and its associated public record and apply the established rules of construction, and in that way arrive at the true and consistent scope of the patent owner's rights...." In *Cybor Corp.*, the Federal Circuit exalted *Markman* by holding that claim construction is a pure question of law subject to review *de novo*, with no deference at all given to the trial court's underlying determinations about "allegedly fact-based questions relating to claim construction."

In the decade since *Markman*, the Federal Circuit has struggled to develop a principled approach for construing patent claims. In *Vitronics Corp.* v. *Conceptronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996), it directed the courts to construe claims in light of the "intrinsic" record: (1) the language of the claims; (2) the patent specification; (3) the prosecution history; and (4) prior art cited in the prosecution history. Under *Vitronics*, consideration of the "extrinsic" record (other prior art documents, dictionaries and expert testimony), is appropriate only if the claim meaning remains ambiguous after review of the intrinsic evidence.

The hierarchical, rules-based *Vitronics* approach shared the stage with another line of cases that culminated in *Texas Digital Systems, Inc.* v. *Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), in which the Federal Circuit instructed the courts to first rely on extrinsic dictionaries to give claims their "plain meaning" and avoid improperly importing definitions from the specification. Under *Texas Digital*, the intrinsic record was examined only to determine whether the patentee had rebutted the dictionary definition, either by specifically defining the meaning of a claim term, or by disclaiming a particular definition through words of manifest exclusion.

We expected *Phillips* to provide some certainty about the appropriate methodology for claim construction, and that much the Court did. The Federal Circuit acknowledged that *Texas Digital* "placed too much reliance on extrinsic sources such as dictionaries, treatises, and encyclopedias," and then expressly reaffirmed the *Vitronics* approach.

The problem is that the Federal Circuit stopped short after overturning *Texas Digital* and declined to take advantage of an opportunity to correct mistakes made in *Cybor*.

Recent studies report that the Federal Circuit reverses 25 to 50 percent of the claim constructions that are appealed. The Federal Circuit's reversal rate is unusually high because shifting precedent directed to claim construction methodology, coupled with *de novo* review where no deference is given to the trial court, is a recipe for reversal. The Federal Circuit, however, seems content to deal in formulaic claim construction methodologies, while ignoring a fundamental problem and refusing to acknowledge that claim construction depends on underlying factual determinations that should be reversed on appeal only if clearly erroneous.

Markman hearings now are akin to mini-trials: full evidentiary hearings that run for days or weeks, replete with testimony from inventors and experts about the science, inventions, prior art, state of the art and hypothetical person of ordinary skill in the art. The district courts assess the credibility of experts, inventors and other witnesses proffered to prove underlying facts, and they determine facts relevant to arguments about the meaning of the claims. Our jurisprudence demands that these kinds of factual determinations should not be disturbed on appeal unless clearly erroneous, but *Cybor* has stood the law on its head. Ignoring reality to perpetuate the fiction that claim construction is a pure question of law allows the Federal Circuit to freely substitute its judgment for that of the district courts, but that does violence to the Court's role as an appellate court and to predictability. Trial means little and nothing is predictable except that the loser will roll the claim construction dice in the Federal Circuit.

Judge Mayer is right. The Court needs to put *Cybor* to rest.

Editor's Note: An article on this issue by Messrs. Culligan and Hanish will appear in the July issue of The Metropolitan Corporate Counsel.