

**United States Court of Appeals
for the Federal Circuit**

LIGHTING BALLAST CONTROL LLC,

Plaintiff-Appellee,

v.

PHILIPS ELECTRONICS NORTH AMERICA CORPORATION,

Defendant,

and

UNIVERSAL LIGHTING TECHNOLOGIES, INC.,

Defendant-Appellant.

*Appeal from the United States District Court for the Northern
District of Texas in case no. 09-CV-0029, Judge Reed O'Connor.*

**EN BANC BRIEF FOR AMICUS CURIAE ASSOCIATION
OF THE BAR OF THE CITY OF NEW YORK IN
SUPPORT OF NEITHER PARTY**

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JUNE 10, 2013

CERTIFICATE OF INTEREST

Counsel for the amicus curiae Association of the Bar of the City of New York, certifies the following:

1. The full name of every party or amicus represented by me is:
Association of the Bar of the City of New York
2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:
Association of the Bar of the City of New York
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the amicus curiae represented by me are:
None
4. The names of all law firms and the partners or associates that appeared for the amicus now represented by me in the trial court or are expected to appear in this court are:

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I. STATEMENT OF AMICUS CURIAE

The Association of the Bar of the City of New York (“Association”), through its Committee on Patents, submits this amicus curiae brief in response to the Court’s March 15, 2013 Order granting *en banc* review of the three questions presented above. The Association submits this brief in accordance with Fed. R. App. P. 29(a), and supports the position of neither party. Based upon the Court’s order, consent and leave are not required. The parties to the appeal have been notified of the Association’s intention to file this brief. Accordingly, the Association files this amicus brief.

The Association is a private, non-profit organization of more than 24,000 members who are professionally involved in a broad range of law-related activities. Founded in 1870, the Association is one of the oldest bar associations in the United States. The Association seeks to promote reform in the law and to improve the administration of justice at the local, state, federal and international levels through its more than 150 standing and special committees. The Committee on Patents (“Committee”) is a long-established standing committee of the Association, and its membership reflects a wide range of corporate, private practice and academic experience in patent law. The participating members of the Committee are dedicated to promoting the Association’s objective of improving the administration of the patent laws.

With regard to the inquiries raised by Rule 29(c)(5), Fed.R.App.Proc., no party's counsel authored the brief in whole or in part; no party or party's counsel contributed money that was intended to fund preparing or submitting the brief; and no person – other than the amicus curiae, its members, or its counsel – contributed money that was intended to fund preparing or submitting the brief.

II. SUMMARY OF ARGUMENT

Cybor Corp. v. FAS Technologies, 138 F.3d 1448 (Fed. Cir. 1998) (*en banc*) incorporated two basic principles 1) that the meaning of the words in a patent claim is an immutable concept that can and should be determined by the court (in a claim construction procedure now known as a “Markman hearing”), and 2) that the objective of the Markman claim construction – uniformity of definition and predictability – will be best achieved by considering all aspects of district court determination of claim construction to be a question of law reviewable *de novo* without deference. *Cybor Corp.*, 138 F.3d at 1455. In the 15 years since *Cybor Corp.* was decided, it has become increasingly clear that the current system does not create the desired uniformity, predictability and certainty, and that the true meaning of claim terms, judged by the Federal Circuit reversal rate, often seems to elude district courts. According to various studies, claim construction, the crux of a patent litigation, is reversed in whole or in part on appeal in approximately 40% of cases. See Ted L. Field, “*Judicial Hyperactivity*” in the Federal Circuit: An

Empirical Study, 46 U.S.F.L. REV. 721, n.56 (2011-12). As a result, the parties and the district court may try one case, and, after reversal by the Federal Circuit, have to try another. Both the district courts and the patent bar have expressed their frustration with the high reversal rate and resulting lack of any reasonable certainty as to the proper construction of the patent claims until after appeal. The high reversal rate has had a negative effect on patents generally – significantly raising the cost of litigation, contributing to the public perception of patent litigation as dysfunctional, and engendering skepticism about the entire patent system.

Cybor Corp. should be overruled to the extent that findings of fact respecting extrinsic evidence incident to claim construction should be reviewed by the appellate court under a clearly erroneous standard. The Supreme Court in *Markman v. Westview Instruments*, 517 U.S. 370 (1996) (“*Markman II*”) never opined that all findings relating to claim construction must be reviewed de novo. District courts are fully familiar with the application of a clearly erroneous review of factual findings, and the standard is used by this Court to review other key issues in patent cases. In fact, under the current system, the same underlying fact findings may be subject to different standards of scrutiny depending on the patent issue being reviewed on appeal. The application of two different standards is contrary to the goal of uniformity that the Supreme Court in *Markman*, and this

Court in *Cybor Corp.*, sought to achieve by allocating claim construction to the court.

Giving additional deference would encourage district courts to expend greater effort on claim construction and to issue well-reasoned, more transparent and detailed decisions identifying the factual and legal bases for their construction. Alternatively, or in addition, this Court could provide interlocutory review of claim construction, making a definitive claim construction available to the litigants before trial. This Court could also assist district courts in their efforts by reviewing Markman practices and offering some guidelines to ensure that the key claim terms are identified after the infringement and invalidity issues are crystallized, and the parties have gathered the evidence and presented the arguments needed by the court to make a fully informed determination.

This Court and others raise the concern that giving greater deference to findings on extrinsic evidence will not improve the reversal rate because the district courts generally get claim construction wrong by using such extrinsic evidence, particularly expert testimony, to vary the intrinsic evidence. District courts could benefit from additional guidance on the proper role of expert testimony in the claim construction process. In addition, if the bases of the decision are more transparent, the extent of the court's reliance on expert opinions, and whether it contradicts the intrinsic evidence, would be evident. Changing the

standard of deference would still permit this Court to reverse such rulings when appropriate.

De novo review has been universally cited as the reason for the unpredictability inherent in a system where this Court determines that the district courts get it wrong 40% of the time. Altering that standard would help to restore certainty, and credibility, to the patent litigation process.

III. ARGUMENT

A. The Supreme Court in *Markman* Did Not Alter the General Rule That Clearly Erroneous Review is Mandated for Underlying Findings of Fact

In *Cybor Corp.*, this Court held that the “totality of claim construction is a legal question” requiring “review of claim construction to be de novo on appeal, including any allegedly fact-based questions relating to claim construction.”

Cybor Corp., 138 F.3d at 1455, 1456. The Federal Circuit premised this holding on the Supreme Court’s affirmance in *Markman II* of the Federal Circuit’s en banc judgment in *Markman v. Westview Instruments*, 52 F.3d 967 (Fed. Cir. 1995) (*en banc*) (“*Markman I*”). *Cybor Corp.*, 138 F.3d at 1456. However, this conclusion is not dictated by the Supreme Court’s opinion in *Markman II*, and it should be reversed. The fact that the claim construction does not raise Seventh Amendment rights does not mean that all underlying issues considered by the court in its claim

construction require *de novo* review. *See Cybor Corp.*, 138 F.3d at 1464 (Mayer, J., concurring).

In *Markman II*, the Supreme Court, noting the importance of uniformity and intrajurisdictional certainty, held that the construction of the claim terms in a patent is a question of law, reserved to the court and not the jury. While the majority opinion in *Cybor Corp.* concluded that the Supreme Court endorsed its reasoning on the standard of review of *Markman I* by affirming the judgment that claim construction is a question of law to be decided by the court, the Supreme Court never reached the remaining issues in the Federal Circuit's more expansive decision below. As Judge Mayer noted in his concurrence:

[A]ll that *Markman* stands for is that the judge will do the resolving, not the jury. Wisely, the Supreme Court stopped short of authorizing us to find facts *de novo* when evidentiary disputes exist as part of the construction of a patent claim and the district court has made these findings without committing clear error.

Cybor Corp., 138 F.3d at 1464 (Mayer, J., concurring). Instead of endorsing the Federal Circuit opinion, the Supreme Court's silence implies that it rejected the Federal Circuit's additional holding that subsidiary issues require *de novo* review.

The Supreme Court requires deference by an appellate court to findings of fact by the District Court under Rule 52(a), Fed. R. Civ. P., even when incident to an ultimate issue that receives *de novo* review. *Cooper Indus. v. Leatherman Tool Group*, 532 U.S. 424, 440 (2001). There is nothing in *Markman II* to suggest that

the Supreme Court *sub silentio* adopted the Federal Circuit's rejection of the usual practice.

In *Markman I*, this Court held that a patent, as a written document, should be construed by the Court and not the jury. The majority discussed at length, and rejected, the analogy between claim construction and interpretation of language in other written documents such as contracts, deeds and wills, promoted in the concurring and dissenting opinions. *Markman I*, 52 F.3d at 984 (“the dissenting and one of the concurring opinions attempt to make the case that construing claims is analogous to construing and interpreting contracts, deeds and wills. ... Thus, by analogy, the argument is made that although claim construction may indeed be a question of law for the court, it also involves ... triable issues of fact.”). The Federal Circuit indicated the public record is determinative and that evidence outside of the written documents, the patent and the file history, should be unnecessary other than to educate the court on the technology. *Id.* at 986. After explaining why it considered such analogy was inapt, the Court held the appropriate analogy was to interpretation of statutory language, where resort to extrinsic evidence is generally avoided. *Id.* at 987.

Like the Federal Circuit, the Supreme Court in *Markman II* pointed repeatedly to the role of judges in the construction of written documents as a reason for the judge, and not the jury, to decide questions of claim construction.

Markman II, 517 U.S. at 381-82, 383, 388-89. But, after emphasizing the general practice applicable to written documents, the Supreme Court did not follow the Federal Circuit in concluding that the better analogy was to statutory construction. As the majority, concurring, and dissenting opinions in *Markman I* acknowledge, underlying factual issues in the construction of written documents are typically not considered part of the legal question to be reviewed *de novo* by the appellate court. *Markman I*, 52 F.3d at 984 (Archer, J., majority); at 996-97 (Mayer, J., concurring) (“patents should be interpreted under the same rules as govern interpretation of kindred documents”); at 1000 (Newman, J., dissenting). However, in contrast to the Federal Circuit’s likening the limited role of factual evidence in claim construction to its role in statutory interpretation, *Id.* at 987, the Supreme Court refers to various kinds of evidence that may be used to assist in the interpretation of the written document, including witnesses and experts, so long as the court remains the final “arbiter” of the patent’s “true and final character and force.” 517 U.S. at 388 (“A patent is a legal instrument to be construed, like other legal instruments, according to its tenor... [T]he testimony of witnesses may be received ... and any other means of information be employed.”) (quoting treatise).

Lacking clear historic precedent, the Supreme Court looked to functional considerations and the need for uniformity. The Court concluded that, “[w]here history and precedent provide no clear answers” and “when an issue ‘falls

somewhere between a pristine legal standard and a simple historical fact,” functional considerations have a role in choosing between judge and jury. *Markman II*, 517 U.S. at 388. And, “here, ... judges, not juries, are better suited to find the acquired meaning of patent terms.” *Id.* at 388. Construction of terms of art should be ceded to the judge “notwithstanding its evidentiary underpinnings”. *Id.* at 389. The Court then offered as an independent reason to allocate all issues of construction to the court “the importance of uniformity in the treatment of a given patent.” *Id.* at 390.

Nor did the Supreme Court repeat the conclusion reached by the Federal Circuit in *Markman I*: “[b]ecause claim construction is a matter of law, the construction given the claims is reviewed de novo on appeal.” *Markman I*, 52 F.3d at 979; *see also, Id.* at 981 (“[t]he district court’s claim construction, enlightened by such extrinsic evidence as may be helpful, is still based upon the patent and prosecution history. It is therefore still construction, and is a matter of law subject to de novo review.”) Nowhere does the Supreme Court discuss the standard of de novo review in *Markman II*. As the majority in *Cybor Corp.* acknowledged, because “the [Supreme] Court did not discuss the appellate standard of review, *Markman II* can be read as addressing solely the respective roles of the judge and jury at the trial level and not the relationship between the district courts and this

court.” *Cybor Corp.*, 138 F.3d at 1456. It is respectfully submitted that is how it should be read.

The Supreme Court “silence” further supports the conclusion that it does not agree with *Markman I* that all underlying facts, although determined by the judge, must also be reviewed *de novo*. This Court is not constrained by *Markman II* to review all underlying factual determinations made in connection with the district court’s claim construction *de novo*.

B. The Standard Of Review For Findings Of Fact – Possibly The Exact Same Facts – Should Not Vary Based Upon The Legal Issue

In *Markman II*, the Supreme Court opined that an “independent reason” for finding claim construction to be the province of the court was the “importance of uniformity in the treatment of a given patent.” *Markman II*, 517 U.S. at 390.

Claim construction is not unique in its presentation of questions of law with underlying issues of fact. Questions of law reviewed *de novo* on appeal by the Federal Circuit include, *inter alia*, obviousness, enablement, priority, conception and reduction to practice determinations. *See, e.g., Riverwood Int’l Corp. v. Mead Corp.*, 212 F.3d 1365, 1366 (Fed. Cir. 2000) (obviousness); *Invitrogen Corp. v. Clontech Labs, Inc.*, 429 F.3d 1052, 1070 (Fed. Cir. 2005) (enablement); *Innovative Scuba Concepts, Inc. v. Feder Indus., Inc.*, 26 F.3d 1112, 1115 (Fed. Cir. 1994) (priority); *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d

1367, 1376 (Fed. Cir. 1986) (conception and reduction to practice). Each of these legal questions includes the determination of underlying factual inquiries.

Obviousness requires evaluation of factual inquiries into (1) the scope and content of the prior art; (2) the differences between the prior art and the claims at issue; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness such as commercial success. *Transocean Offshore Deepwater Drilling v. Maersk Drilling USA, Inc.*, 699 F.3d 1340, 1347 (Fed. Cir. 2012). On appeal, the district court's findings on each of these factual inquiries are reviewed for clear error. *Vulcan Eng'g Co., Inc. v. Fata Aluminum, Inc.*, 278 F.3d 1366, 1372 (Fed. Cir. 2002).

Similarly, enablement rests on whether the patent specification provides "sufficient teaching such that one skilled in the art could make and use the full scope of the invention without undue experimentation." *Warner-Lambert Co. v. Teva Pharms. USA, Inc.*, 418 F.3d 1326, 1337 (Fed. Cir. 2005). The so-called "Wands Factors" relevant to undue experimentation, include (1) the nature of the invention; (2) the state of the art; (3) the level of ordinary skill in the art; and (4) the breadth of the claims. *Id.* at 1337. These factual findings receive deference on appeal. *Transocean Deepwater Drilling*, 699 F.3d at 1354 ("We review the legal

question of enablement without deference and the factual underpinnings for substantial evidence.”¹

Claim construction requires claims be construed according to their “ordinary and customary meaning”, the “meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention.” *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (*en banc*). A threshold factual inquiry for obviousness is the level of ordinary skill in the art. *See, e.g., Aventis Pharms. v. Amino Chems. Ltd.*, 2013 U.S. App. Lexis 10007, *24 (Fed. Cir. May 20, 2013). This is the very same “level of ordinary skill in the art” that is part of the obviousness and enablement determinations. Indeed, the Supreme Court in *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986) rejected the Federal Circuit’s decision on obviousness that failed to mention Rule 52(a), Fed. R. Civ. P., and apply the clearly erroneous standard to the district court’s subsidiary determinations. As the Court stated, “whether or not the ultimate question of obviousness is a question of fact subject to *Rule 52(a)*, [Fed. R. Civ. P.]² the

¹ Priority, conception and reduction to practice are also questions of law based on underlying factual underpinnings reviewed for clear error. *See, Innovative Scuba Concepts, Inc.*, 26 F.3d at 1115; *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1376 (Fed. Cir. 1986).

² Rule 52(a)(6), Fed.R.Civ.P., provides that “[f]indings of fact, whether based on oral or other evidence, must not be set aside unless clearly erroneous, and the reviewing court must give due regard to the trial court’s opportunity to judge the witnesses’ credibility.”

subsidiary determinations of the District Court, at the least, ought to be subject to the Rule.” *Id.* at 821-22. Yet, while reviewed with deference in the validity analysis, *Cybor Corp.* requires all findings that are part of claim construction, including the level of the ordinary skill, to receive no deference.³

Accordingly, following the Supreme Court’s direction, this Court has affirmed findings of obviousness, crediting a district court’s findings on the level of ordinary skill in the art, based on the deferential standard of review. *Orthopedic Equipment Co. v. United States*, 702 F.2d 1005, 1012 (Fed. Cir. 1983) (“in terms of the level of skill in the art at the time of the Wolf filing date, we accept the trial judge’s finding [on the evidence]”). In contrast, this Court has reversed claim constructions, and resulting non-infringement findings, based on *de novo* review of the district court’s determination of level of skill in the art. *Aventis Pharms.*, 2013 U.S. App. Lexis at *24.

Judicial efficiency and jurisprudential uniformity counsel that questions of fact common to different aspects of patent law determinations be treated the same on appeal. Disparate treatment of factual findings, indeed the same factual findings, repudiate the uniformity *Markman* and *Cybor Corp.* were supposed to foster.

³ Judge Mayer, citing *Dennison* and *Graham v. Deere*, 383 U.S. 1 (1966), has noted the different standards of scrutiny applicable on appeal afforded to the same factual findings, depending on whether they are considered as part of claim construction or obviousness. *Phillips*, 415 F.3d at 1333 (Mayer, J., dissenting).

C. **De Novo Review has not achieved the Goal of *Markman* and *Cyber Corp.* – Conformity and Stability**

The critical issue in patent litigation is the determination of the scope of the claims asserted. “[T]o decide what the claims mean is nearly always to decide the case.” *Markman I*, 52 F.3d at 989 (Mayer, C.J., concurring). Virtually every patent case since the Supreme Court’s *Markman* ruling requires a decision by the courts on claim construction as part of the validity and/or infringement analysis.

De novo review was chosen to ensure uniformity and stability sought by *Markman II*, 517 U.S. at 390. In fact, as Judge Rader predicted when *Cybor Corp.* was decided, *de novo* review seems to foster the contrary result:

To my eyes, this rejection of the trial process as the ‘main event’ will undermine, if not destroy, the values of certainty and predictability sought by *Markman I*.

Cybor Corp., 138 F.3d at 1474, 1476 (Rader, J., dissenting).

The high reversal rate of the district court claim construction, documented in numerous studies, is universally acknowledged.⁴ It is not an overstatement to

⁴ Ted L. Field, “*Judicial Hyperactivity*” in the *Federal Circuit: An Empirical Study*, 46 U.S.F.L. REV. 721, 735-36(2011-12). (Most estimates of the reversal rate are about 40%). As this Court recently commented “reversal of claim construction is hardly an ‘extraordinary circumstance.’” *Lazare Kaplan Int’l, Inc. v. Photoscribe Techs., Inc.*, 714 F.3d 1289, 2013 U.S. App. Lexis 7483, *16 (Fed. Cir. 2013).

The difficulties of claim construction seem to plague even the Federal Circuit: “The fact... that the panel members could not agree on the proper claim construction in this case, despite careful consideration of their respective obligations under *Phillips*, underscores the complicated and fact-intensive nature of claim construction and the need to rethink our approach to it” *Retractable*

conclude that the reversal rate has had a detrimental effect on the parties, the court, and the credibility of the patent system generally.

The claim construction process was envisioned as offering the parties an expedited determination of the meaning and scope of the patent claims, indicating the strength of the respective infringement and invalidity arguments, and fostering judicial economy by leading to summary judgment and settlements at an earlier stage of the proceedings. Instead, the district court proceedings are now viewed as preliminary.⁵ The parties may not learn the final outcome of their patent litigation for years. Without the ability to ascertain the ultimate meaning and scope of the claims, they cannot be sure about the relative strength of their positions, and are therefore unable to assess what may be a reasonable settlement until the appellate decision. A claim construction is not final until the parties have gone through

Techs. v. Becton, Dickinson & Co., 659 F.3d 1369, 1375 (Fed. Cir. 2011) (O'Malley, J., dissenting from denial to rehear *en banc*).

The Federal Circuit itself is not immune from reversal, and is often overturned by the Supreme Court. Ted Sichelman, *Myths of (Un)Certainty at the Federal Circuit*, 43 LOY. L.A. L. REV. 1161, 1171 (2010).

⁵ Judge Robinson (D. Del.) stated: “As a trial judge, I write on water. My legal analysis is not correct unless and until the Federal Circuit says it is” Transcript, FTC Hearing on the Evolving IP Marketplace: Remedies at 154 (Feb. 11, 2009). The high reversal rate has caused courts to view district court decisions as not final. *See, e.g., Kim v. The Earthgrains Co.*, 2005 U.S. Dist. LEXIS 342, at *29-30 (N.D. Ill., 2005) (with district court’s claim interpretation reversed on appeal “about half the time”, “call[ing] into question the utility of applying issue preclusion”, the best approach is to view the previous claim construction as “instructive”).

“every step in the entire course of federal litigation, except Supreme Court review.” *Cybor Corp.*, 138 F.3d at 1476 (Newman, J., dissenting).

Unless the Federal Circuit decides the district court happened to get the claim construction right, the lower court decision on issues relying on its construction is disregarded. The Federal Circuit then essentially retries the case applying its own claim construction, if it is able to do so based on the information it has from the district court opinion.⁶ This is akin to playing an entire game, and then having the referee move the goal and rescore the game. Alternatively, this Court will find it impossible to decide the case with the new claim construction. In that situation, the case is remanded for the parties to try the case again.⁷ Instead of judicial economy, this system encourages the parties to dispute as many claim terms as possible, incorporate various alternative constructions in their trial

⁶ *800 Adept Inc. v. Murex Securities Ltd.*, 539 F.3d 1354 (Fed. Cir. 2008); *CVI/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146 (Fed. Cir. 1997) (In doing so, this Court reversed its own initial claim construction).

⁷ “The Federal Circuit reversed or vacated judgments in 81% of cases in which the district court erroneously construed a claim.” Kevin A. Meehan, *Shopping for Expedient, Inexpensive & Predictable Patent Litigation*, 2008 B.C. INTELL. PROP. & TECH. F. 102901, at *4. See, e.g., *ArcelorMittal France v. AK Steel*, 700 F.3d 1314 (Fed. Cir. 2012); *Lazare Kaplan Int’l, Inc. v. Photoscribe Techs., Inc.*, 628 F.3d 1359, 1370 (Fed. Cir. 2010) (remanded for retrial on infringement because the Court could not “determine with any certainty that the accused machines infringe the asserted claims under this new construction”). On remand in *Lazare Kaplan*, the district court sought to retry validity as well as infringement premised on the altered claim construction. On a second appeal, this Court found defendant was precluded from retrying validity because it had not filed a *contingent* cross appeal. *Lazare Kaplan Int’l*, 714 F.3d 1289. Thus, the claim had one construction for infringement and a different one for validity.

strategy, and appeal every aspect of claim construction and part of the district court decision that relies on claim construction. This includes appealing even those aspects of the decision that are favorable that may be reversed under a new claim construction.

Because the high cost of patent litigation is increased exponentially by the uncertainty and appeals⁸, the reversal rate of claim construction also contributes to the public perception that patents and patent litigation need to be “fixed”. As a consequence, there have been and continue to be various legislative and public efforts to remove parts of litigation from the district courts, transfer areas to the Patent Office, and change to patent prosecution and litigation systems of other countries.⁹ Until the process is improved, the credibility of the patent litigation system suffers.

⁸ The high cost of litigation is continually decried. *See, e.g.*, William C. Rooklidge & Mansi H. Shah, *Creation of the Right to Interlocutory Appeal of Patent Claim Construction Rulings and Mandatory Stay Pending Appeal*, at 11 (July 2007) (available at docs.piausa.org/Interlocutory_Review_Paper.pdf) (“the literature is replete with complaints about the high cost of patent litigation”); Meehan, *supra*, at *1 (“Faced with a system of patent litigation that most people agree is too expensive, too time consuming, and unpredictable.”); *Therasense Inc. v. Becton & Dickinson & Co.*, 649 F.3d 1276, 1288 (Fed. Cir. 2011) (*en banc*) (patent litigation is already notorious for its complexity and high cost; AIPLA, Report of the Economic Survey 2011 (average as high as \$2.5 to 5 million)).

⁹ Some commentators have suggested having specialized patent courts, as in Japan and Germany. W. Michael Schuster, *Claim Construction and Technical Training: An Empirical Study of the Reversal Rates of Technically Trained Judges in Patent Cases*, 29 QUINNIPIAC L. REV. 887, 915 and n.23 (2011). Other proposed reforms have included specialized patent judges, exclusive jurisdiction in a single court, and better education for district judges. *See* Meehan, *supra*, at *15.

D. This Court Should Review Extrinsic Evidence Under a Deferential Standard— Encouraging More Transparent and Detailed District Court Markman Opinions

This Court in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005)

outlined the various forms of evidence to be considered during claim construction.

To some on this Court, it emphasized the absurdity of continuing to treat all parts of claim construction as question of law to be reviewed *de novo*:

Now more than ever I am convinced of the futility, indeed the absurdity, of this court's persistence in adhering to the falsehood that claim construction is a matter of law devoid of any factual component.

Phillips, 415 F.3d at 1330 (Mayer, J., dissenting).

It is clear from *Phillips* that district courts are to consider and admit extrinsic evidence outside the patent and the file history. *Cybor Corp.* should be overruled to the extent that findings based on this extrinsic evidence, such as the pertinent art and the level of ordinary skill in the art that is part of an assessment of the meaning of the claim term to one of ordinary skill, should be reviewed with the deference accorded other findings of fact made by the district court. Direct testimony by an expert on how the expert would interpret the claims should generally be considered opinion testimony on intrinsic evidence, and not extrinsic evidence.

Deference on factual issues relating to extrinsic evidence would ameliorate the reversal rate. Under the current procedure, district court judges expect to be

reversed.¹⁰ Frustrated with the high reversal rate, judges are discouraged from expending time and effort on claim construction. Some judges include little of their reasoning in their claim construction opinions. See Jonas Anderson and Peter S. Menell, *Informal Deference: An Historical and Normative Analysis of Patent Claim Construction*, 108 NORTHWESTERN UNIV. L. REV. 64 at n.292 (citing decisions). Other judges determine claim construction on the papers. Peter S. Menell, et. al., *Patent Claim Construction: A Modern Synthesis and Structural Framework*, 25 BERKELEY TECH. L.J. 711, 820 (2010). Judges are not only tempted to spend little time on their construction, one judge said: “if the reversal rate is as high as some claim, the easiest thing to do is figure out what your decision is and then write the opposite.” Judge Ronald Whyte (N.D. Cal.), in *The Law, Technology and the Arts Symposium: The Past, Present and Future of the*

¹⁰ See Kimberly Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1, 11 (2001) (noting the frustration voiced by district court judges and including a quote attributed to Judge Kent of the Southern District of Texas).

“I have had nine of my cases appealed to the Federal Circuit. I have been affirmed in one. I have been affirmed in part in one. And I have been reversed in seven.” Panel Discussion, *High Technology Law in the Twenty-First Century*, 21 SUFFOLK TRANSNAT’L L. REV. 13, 19 (1997) (statement of William G. Young, J.)

As Chief Judge James F. Holderman stated, the de novo standard makes “we United States district judges feel like the late comedian Rodney Dangerfield, because our opinions ‘get no respect.’” Holderman, *The Patent Litigation Predicament in the United States*, 2007 J. LAW, TECHNOLOGY & POLICY 101, 107.

Federal Circuit: A Panel Discussion: Claim Construction from the Perspective of the District Judge, 54 CASE W. RES. L. REV. 671, 680 (2004).

Deference to factual findings relating to extrinsic evidence would establish that the district court decisions in the *Markman* process have consequence.¹¹ This should lead to increased effort by the courts, more transparent decisions in which the basis and reasoning behind the claim construction are identified in detail, with better results and a higher affirmance rate. In turn, the parties would have more confidence in the proceedings, discouraging appeals.

E. Additional Guidance or *Markman* Procedures Should Be Provided to the District Courts

The current procedure fails to provide the certainty, uniformity and predictability needed for a properly functioning patent system. Because the district courts cannot achieve better than 60 percent success rates on their claim construction 15 years after *Cybor Corp.* and 17 years after *Markman*, it is unlikely that additional experience with the same system will substantially improve the district courts' results.

¹¹ “There is a growing evidence that federal district judges feel as if their work is treated like a rough draft and they are wasting their time”, Statement of Chris J. Katopis, *Improving Federal Circuit Adjudication of Patent Cases: Oversight Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 43 (2005), cited in Holderman, *supra*, at 115n.88.

Some have suggested that this Court has special expertise in claim construction that district courts lack; that this Court has a distinct advantage over district courts in construing the claims. The obvious implication from such assessment is that district courts should be removed from the process. This accords with the presumably facetious suggestion by Judge Mayer in his dissent in *Phillips* that, to avoid the “wasteful” proceedings before the district court, “all patent cases could be filed in this court, we could determine whether claim construction is necessary and, if so, the meaning of the claims. In that way, we would at least eliminate the time and expense of the charade currently played out before the district court.” *Phillips*, 415 F.3d at 1334 (Mayer, J., dissenting).

While interlocutory review by this Court would address the perceived advantage, and afford certainty at an earlier time, this Court has consistently refused to entertain interlocutory appeals. *See, e.g., Nystrom v. TREX Co.*, 339 F.3d 1347, 1351 (Fed. Cir. 2003) (stating that interlocutory appeals of claim construction rulings are “rarely granted”); *Portney v. CIBA Vision Corp.*, 401 Fed. Appx. 526, 529 (2010) (nonprecedential) (stating this Court’s “general practice of waiting until final judgment has issued to resolve ordinary claim construction issues”). One practical problem with routinely granting interlocutory review would be the “deluge” of appeals. As Chief Judge Michel told Congress, “I would expect an interlocutory appeal in virtually every patent infringement case as soon

as the claim construction order issues.” Menell, *supra*, at p. 824 n. 379. However, unless there is a change in the outcome of the review process, some form of interlocutory review appears to be the only means to offer the certainty that is now elusive. Otherwise the parties are forced to try cases with the substantial chance they will have to retry them based on a different claim construction.

In addition to overturning *Cybor Corp.* as outlined above, this Court should also consider other means to assist the district courts in their quest for the true meaning of the claim terms and thus afford the litigants increased certainty.¹² Review of reversals of claim construction decisions have identified areas for improvement in the claim construction process, including the timing of the *Markman* briefing and hearing, and the use of expert testimony. See Rebecca Eyre et al, *Patent Claim Construction: A Survey of Federal District Court Judges* (Federal Judicial Center, Feb. 2008) (citing Sedona Conference Report (2006); AIPLA Patent Litigation Committee Report (2004); Federal Circuit Bar Association Report (2005)). The Sedona conference report evaluated the strengths and weaknesses of current practices and offered a set of best practices. See Eyre, *supra*, p. 4-5.

¹² In light of the Federal Circuit’s general refusal to provide interlocutory review on certified questions, some Courts grant apparently summary judgment of non-infringement in order to get the Federal Circuit’s review of its claim construction before the case is tried. See, K. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231, 240 n.33 (2004).

Among the jurisdictions with and without local patent rules, there are different paradigms on the timing and content of the parties' briefs and hearings.¹³ *Markman* briefs can be due shortly after the inception of the litigation, even if the *Markman* hearing is combined with summary judgment hearings at the end of discovery. Although the objective of the *Markman* hearing was to provide an expedited indication of the meaning of the claims, *see* discussion *supra*, the parties may not know at an early stage which terms will have an effect on the ultimate issues before the non-infringement and invalidity arguments are fully explored and the issues crystallized. The Sedona Conference Report cautioned against having claim construction too early. Eyre, *supra*, at p. 15 n. 37. Indeed, recognizing that “a trial judge may learn more about the technology during the trial that necessitates some clarification of claim terms before the jury deliberates,” this Court approves of “rolling claim construction”. *See, e.g., Pressure Products Medical Supplies, Inc. v. Greatback Ltd.*, 599 F.3d 1308, 1315-16 (Fed. Cir. 2010).

¹³ At least 25 district courts now have local rules with procedures set forth for the claim construction process. *See, e.g.,* N.D. Cal. Pat. L.R. 4.1-4.6; S.D. Cal. Pat. L.R. 4.1-4.5; N.D. Ga. Pat. L.R. 6; D. Id. L.P.R. 4.1-4.6; N.D. Ill. L.P.R. 4.1-4.3; D. Md. L.R. 805; E.D. Mo. 4.1-4.5; D. Nev. L.R. 16.1-13-17; D. NH S.P.R. 6.1; D. NJ Pat. L.R. 4.1-4.6; E.D. N.Y. L.P.R. 10-12; N.D. N.Y. L.P.R. 4; SDNY L.P.R. 10-12; E.D. N.C. L.R. 304.1-304.6; M.D. N.C. L.R. 104.1-104.6; W.D. N.C. P.R. 4.1-4.6; N.D. Oh. L.P.R. 4.1-4.6; S.D. Oh. Pat. L.R. 105.1-105.5; W.D. Pa. L.P.R. 4.1-4.5; W.D. Tenn. L.P.R. 4.1-4.6; E.D. Tex. Pat. L.R. 4.1-4.6; N.D. Tex. Misc. Ord. 62 4.1-4.6; S.D. Tex. P.R. 4.1-4.6; E.D. Wash. L.P.R. 130-135; W.D. Wash. L.P.R. 130-135. Jurisdictions without local rules may adopt some or all of the patent rules from another district.

Another area for further guidance is the sometimes too heavy reliance on expert testimony. As this Court explained in *Phillips*, extrinsic evidence in the form of expert testimony – about how the invention works and the understanding of a person of ordinary skill in the art of the technical aspects – can assist the claim construction process. *Phillips*, 415 F.3d at 1318. Experts can also offer background information on the technology. *Id.* However, when experts offer opinions on the meaning of claim terms, such testimony should not usurp the court’s role. *Id.* “Experts” may not have the requisite credentials or expertise in the technology, and may simply act as mouthpieces for the attorneys. “The effect of ... bias can be exacerbated if the expert is not one of skill in the relevant art or if the expert’s opinion is offered in a form that is not subject to cross examination”. Only the testimony of those experts who qualify as persons of ordinary skill in the art should be considered. *Sundance, Inc. v. DeMonte Fabricating Ltd.*, 550 F.3d 1356, 1363-64 (Fed. Cir. 2008). “Expert evidence can be both powerful and quite misleading because of the difficulty in evaluating it.” *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 595 (1993); *see also* Menell, *supra*, at p. 816-17 (proposing safeguards including depositions and cross-examination when experts are permitted to testify on claim construction); Eyre, p.20, n.44 (the AIPLA report observed “all expert testimony in litigation is ‘self serving and somewhat unreliable’”). Granting deference on factual determinations made by the District

Court does not dictate acceptance of a District Court claim construction that simply relies on expert opinion, particularly when the expert's supposed facts contradict the intrinsic record.

IV. CONCLUSION

Maintaining the status quo will not bring the desired stability and uniformity that the courts, practitioners, and the public seek, and contributes to the continuing calls of some to revamp the patent system beyond what has already been achieved through the America Invents Act. The Association respectfully submits that this Court should overrule *Cybor Corp.*, afford deference to subsidiary factual questions in claim construction relating to extrinsic evidence, and provide district courts further guidance in the claim construction process.

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**United States Court of Appeals
for the Federal Circuit**
Lighting Ballast v Philips Electron, 2012-1014

CERTIFICATE OF SERVICE

I, John C. Kruesi, Jr., being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

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June 10, 2013

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