

## Claim Construction: A Plea for Deference

Timothy J. Malloy & Patrick V. Bradley



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# CLAIM CONSTRUCTION: A PLEA FOR DEFERENCE

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*Timothy J. Malloy & Patrick V. Bradley  
McAndrews, Held & Malloy, Ltd.  
Chicago, IL*

## I. OUR CURRENT QUANDARY

Many have suggested that claim construction in the brief period after *Phillips v. AWH Corp.*, 145 F.3d (Fed. Cir. 2005), remains as unpredictable as ever, that early certainty promised by *Markman I*, *Markman v. Westview Instrument, Inc.*, 52 F.3d 967 (Fed. Cir. 1995), has yet to materialize, and that today's litigants are far from quick to settle. As a consequence, trial strategy often involves preserving issues for appeal. Can reasons for this continued uncertainty include (1) the Federal Circuit's insistence on labeling claim construction as purely a legal question and (2) the de novo standard of review which accompanies it? In *Markman II*, the Supreme Court's holding was limited to the question of who, judge or jury, is the proper interpreter of the claims at the trial court level. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996) (holding "the construction of a patent, including terms of art within its claim, is exclusively within the province of the court"). Significantly, the Court did not endorse either the fact/law distinction or the de novo standard of review articulated below by the Federal Circuit.

Following *Markman II*, some panels on the Federal Circuit continued to apply a clearly erroneous standard to factual findings made by the judge during the process of claim construction. Under this standard, a trial judge's findings after listening to expert testimony on how a term was understood by a person skilled in the art would be reviewed with deference. See, e.g., *Fromson v. Anitec Printing Plates, Inc.*, 132 F.3d 1437 (Fed. Cir. 1997), overruled by *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998). However, these cases were overruled when the Federal Circuit went en banc to "reaffirm that, as a purely legal question, we review claim construction de novo on appeal including any allegedly fact-based questions relating to claim construction." *Cybor Corp.*, 138 F.3d at 1456. Dissenting in *Cybor Corp.*, Judge Rader remarked:

The Supreme Court may have offered a path out of this predicament. At least three times in *Markman II*, as noted earlier, the Court alluded to the factual component of claim interpretation. At no point did *Markman II* address the appropriate standard of review. Nonetheless, this court misses the opportunity to improve certainty in patent practice by giving appropriate deference to trial court claim interpretations, particularly in complex cases. If this court accords more deference to trial court interpretations in the complex cases, soon the district courts will provide the desired certainty early in the process. At that point, *Markman I* will fulfill its promise. Administration of patent law will move toward less costly disputes and earlier settlements.

*Id.* at 1478 (Rader, J., dissenting).

If the Federal Circuit "missed the opportunity" in *Cybor Corp.* to choke down on the standard of review, at least it was a swinging strike. Some have argued that the court never even took the bat off the shoulder in *Phillips*, or alternatively that the court elected to punt. At the end of the opinion, the court added:

In our order granting rehearing en banc, we asked the parties to brief various questions, including the following: "Consistent with the Supreme Court's

decision in *Markman v. Westview Instruments* and our *en banc* decision in *Cybor Corp. v. FAS Technologies, Inc.* (citations omitted), is it appropriate for this court to accord any deference to any aspect of trial court claim construction rulings? If so, on what aspects, in what circumstances, and to what extent?” After consideration of the matter, we have decided not to address that issue at this time. We therefore leave undisturbed our prior *en banc* decision in *Cybor*.

*Phillips v. AWH Corp.*, 415 F.3d 1303, 1328 (Fed. Cir. 2005). This apparent after-thought was said to be “the question asked but not answered by the court which might have allowed it to cure its self-inflicted wound.” *Id.* at 1331 n.3 (Mayer, J., dissenting).

Reading through the significant Federal Circuit opinions on claim construction over the last ten years, one can't help but feel the court is stuck in neutral. The same distinctions - for example, law versus fact, or intrinsic versus extrinsic - are debated as the court explains its reversal of what often involved extensive briefing, submission of exhibits, lengthy testimony and argument, and detailed decision making by the lower court. However, one common thread running through the opinions from *Markman I* to *Phillips* is the heavy use of the language of contract interpretation to discuss the issue of claim construction.

From the very beginning, i.e. from the divergent opinions filed in *Markman I*, the appropriateness of the analogy between claim construction and contract interpretation has been contested. While the dissent in *Markman I* clearly sees merit in the comparison, the majority opinion is more baffling. The court seemingly goes to great length to demonstrate that “the analogy of a patent to a contract is not useful.” *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 985 (Fed. Cir. 1995). Yet, in the same breath it emphasizes that “[t]he patent is a fully integrated written instrument.” *Id.* at 978. Of course the “integration” of a written instrument immediately calls to mind the law of contracts and the parol evidence rule more specifically. *Markman I* is not alone in using quintessential contract language to describe claim construction. See, e.g., *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996) (noting that claim terms “are generally given their ordinary and customary meaning”); *Phillips*, 415 F.3d at 1310 (discussing the propriety of “adopting the ‘plain meaning’ of the term ‘baffles’”).

The analogy between contract interpretation and claim construction seems apt since both are concerned with ascertaining the meaning of words at the time they were written. Perhaps an examination of the law and appellate standard of review on issues of contract interpretation can provide a beacon in the storm of claim construction.

## II. THE CONTRACT ANALOGY

### A. Interpretation versus Construction

Before exploring the law of contract interpretation, it must first be noted that “interpretation” and “construction” are distinct concepts within contract law. This distinction may provide an avenue for the return of deference to patent claim interpretation.

The parties to a contract come to an agreement, and they often memorialize that agreement in the form of written words. Later, if a conflict should arise, the meaning of those words must be ascertained, and “the process of ascertaining meaning is the process of interpretation.” 1-5 *Murray on Contracts* Section 86 (2001). After the meaning of the words has been ascertained, they must be given legal effect. That process is technically called construction, although “the untidy fashion in which courts sometimes use the term ‘construction’ to mean ‘interpretation’ affects the utility of the distinction.” *Id.*

Because the interpretation of a written document can involve factual issues for the jury, whereas determining its legal construction is clearly a job for the court, Judge Newman seized upon this distinction in her dissent in *Markman I*:

In patent infringement litigation there is often a factual dispute as to the meaning and scope of the technical terms or words of art as they are used in the particular patented invention. When such dispute arises its resolution is not a ruling of law, but a finding of fact. Such findings of meaning, scope, and usage have been called the “interpretation” of disputed terms of a document, as contrasted with the “construction” or legal effect of a document... It is indeed well understood that the legal effect or construction of the terms of a document, a matter of law, is not to be confused with resolution of disputes concerning the factual meaning of the terms. The former is for the court, the latter for the jury.

*Markman I*, 52 F.3d at 1000-01 (Newman, J., dissenting). Although the Supreme Court has put to rest the question of any jury involvement, Judge Newman’s fact issue argument remains relevant to the question of the proper standard of appellate review.

### **B. Contract Interpretation - A Question of Law or Fact?**

An important barometer for differentiating questions of fact from those of law is the distinction between the specific and the general. If the significance of the determination is limited to the particular case at hand, then the issue is usually one of fact. In contract law, “since interpretation turns on the meanings that the parties actually attached and reasonably ought to have attached to the language of their agreement, it is indisputably a matter of fact, not of law.” 2 E. Allan Farnsworth,<sup>1</sup> *Farnsworth on Contracts* Section 7.14 (2d ed. 2001). Nevertheless, the traditional view has been that contract interpretation is a matter of law for the judge.

The notion that questions of fact are for the jury while questions of law are for the judge is a tautology. It is an open secret that certain questions of fact are decided by the court and characterized as questions of “law” because the court chooses to decide them. Since interpretation deals with the meaning of language, it is clearly a question of fact. Earlier courts, however, distrusted jurors, some of whom were illiterate, and even more modern courts recognize the desirability of characterizing certain questions of interpretation as questions of law to preserve judicial review which would be lost if the question were characterized as one of fact.

1-5 *Murray on Contracts* Section 86 (2001). Chief Justice Traynor, of the Supreme Court of California, admitted as much in explaining that “[t]he interpretation of a written instrument, even though it involves what might properly be called questions of fact, is essentially a judicial function to be exercised according to the generally accepted canons of interpretation so that the purposes of the instrument may be given effect.” *Parsons v. Bristol Dev. Co.*, 62 Cal. 2d 861, 865, 402 P.2d 839, 842 (1965).

How is it that contract interpretation, a question of fact, can be a job for the trial judge? One explanation is that the fact/law distinction is not based solely upon the difference between the specific and the general.

A consideration distinct from the general/particular dichotomy for distinguishing between fact and law questions is the type of reasoning process used to resolve the issue. Inductive reasoning processes are used in determining both fact and law questions. However, if a deductive reasoning process is used to reach a decision, the determination is always made by a court, even if the determination is only relevant to the particular case. Sometimes we say that the determination is a factual one, because it is particular, but for the court since there is only one reasonable conclusion to be drawn (the deductively correct one), which amounts to the same thing as considering the determination a legal one.

<sup>1</sup> It is with deep appreciation of his wisdom that I honor and regret the passing of Professor Farnsworth. He was a brilliant mind and shed great light on the law of contracts.

William C. Whitford, *Contracts Symposium: The Role of the Jury (and the Fact/Law Distinction) in the Interpretation of Written Contracts*, 2001 Wis. L. Rev. 931, 933 (2001). In other words, even though all interpretive questions are factual matters, those that are unambiguous are answered by the court. This in turn leads many to refer to them as matters of law. As we can see, the fact/law distinction is a slippery one. Yet, it is at the root of the claim construction crisis in patent law for it determines the proper standard of review on appeal.

### C. The Plain Meaning and Parol Evidence Rules

In contracts, a “deductive reasoning” approach to interpretation is associated with the plain meaning school of interpretation. Proponents of the plain meaning rule believe that words have natural or ideal meanings. Therefore, according to this school of thought, if the language in a contract is plain, interpretation by the court is “justified under the court’s general power to treat a question of fact as one of law if the jury could reasonably find only one way.” Farnsworth, *supra*, Section 7.14.

The next and obvious question of how a court decides whether the meaning is plain ushers into our discussion the previously mentioned concepts of integration and the parol evidence rule (PER). If the contracting parties intended their writing to be a final expression of their agreement, the agreement is said to be “integrated.” A finding of integration in turn triggers the PER, under which “evidence of prior or contemporaneous agreements or negotiations is not admissible to contradict a term of the writing.” Restatement (Second) of Contracts Section 215; *see also* UCC 2-202. In other words, once a written instrument is deemed to be fully integrated, extrinsic evidence may not be offered to demonstrate different or additional terms. In terms of patent law, the Federal Circuit explained that “[p]arol or other extrinsic evidence cannot add, subtract, or vary the limitations of the claims” because “[i]t is axiomatic that the invention protected by the patent must be covered by the claims . . .” *Markman I*, 52 F.3d at 985 (citation omitted). However, familiarity with contract law parlance demonstrates the court had already said as much by declaring “[t]he patent is a fully integrated written instrument.” *Id.* at 978.

Although the PER prohibits the offering of extrinsic evidence to change the terms of the contract, it does not prohibit the offering of extrinsic evidence to interpret those terms if they are ambiguous.

The great issue in PER scholarship, debated endlessly over the years, and with ample case law available to support all points of view, is how a court should determine whether a writing is ambiguous . . . . Advocates of a hard PER, particularly Williston, contend that the initial decision whether a document is ambiguous . . . must be made from the document itself, without consideration of extrinsic evidence bearing on the issue. Advocates of a soft PER, including most prominently Corbin, favor hearing all relevant extrinsic evidence, including the bargaining history of the contract, before deciding whether there is ambiguity . . . in the writing.

Whitford, *supra*, at 939. In a rare showing of consensus, scholars and courts agree that the initial question of whether the writing is ambiguous is a question of law reserved for the court. This is true “regardless of whether the court, in reaching this decision, is willing to view extrinsic evidence of surrounding circumstances that may reveal unsuspected ambiguity.” 5-24 *Corbin on Contracts* Section 24.30 (2005).

The “four corners” approach, where a judge determines from the face of the contract alone whether it is ambiguous, is increasingly becoming a thing of the past. Instead today’s courts are more likely to adopt the “softer” version of the PER.

While the interpretation process should begin with the usual and ordinary meaning of the words in a contract, courts should be willing to admit evidence that would supercede the usual meaning, e.g. evidence of trade usage, or other evidence of the parties’ understanding of the words used. A famous remark by

O.W. Holmes, Jr. suggests a liberal view that would reject the “plain meaning” standard: “A word is not a crystal, transparent and unchanged, it is the skin of a living thought and may vary greatly in color and content according to the circumstances and the time in which it is used.”

1-5 *Murray on Contracts* Section 86 (quoting *Towne v. Eisner*, 245 U.S. 418, 425 (1918)).

Judge Newman utilized this same quote from Justice Holmes to emphasize the point that “[i]nventors’ usages of words to describe their inventions, and the meaning thereby conveyed to persons skilled in the field, are questions of fact, not matters of law, in patent documents as in other written instruments.” *Markman I*, 52 F.3d at 1006-07 (Newman, J., dissenting). As an example of how words can have different meanings depending on the time in which they are used, consider that in the recent “BlackBerry case,” the patent claims at issue included the term “electronic mail system.” *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1293 (Fed. Cir. 2005). The merits of that case aside, the meaning of “electronic mail” has surely evolved over time, e.g. from two physically connected computers in the 1980s to cable line transmission in the 1990s to the wireless text-messaging that is omnipresent today.

#### D. The Credibility of Extrinsic Evidence

Extrinsic evidence may be introduced only after the court has determined the integrated contract to be ambiguous. From there, if the interpretation of the terms depends on the weighing of this extrinsic evidence and/or the inferences to be drawn from it, then it is a matter for the jury. In the words of the Restatement:

A question of interpretation of an integrated agreement is to be determined by the trier of fact if it depends on the credibility of extrinsic evidence or on a choice among reasonable inferences to be drawn from extrinsic evidence. Otherwise a question of interpretation of an integrated agreement is to be determined as a question of law.

Restatement (Second) of Contracts Section 212. In reversing a case where the question of interpretation should have been submitted to the jury, Judge Friendly remarked:

Whether determination of meaning be regarded as a question of fact, a question of law, or just itself, reliance on the jury to resolve ambiguities in the light of extrinsic evidence seems quite as it should be, save where the form or subject-matter of a particular contract outruns a jury’s competence . . . .

*Myers v. Selznick Co.*, 373 F.2d 218, 222 (2d Cir. 1966).

The Supreme Court echoed this same sentiment in *Markman II* and stressed the competency argument rather than the Federal Circuit’s distinction between fact and law:

Patent construction in particular “is a special occupation, requiring, like all others, special training and practice. The judge, from his training and discipline, is more likely to give a proper interpretation to such instruments than a jury; and he is, therefore, more likely to be right, in performing such a duty, than a jury can be expected to be.”

*Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388-89 (1996) (quoting *Parker v. Hulme*, 18 F. Cas. 1138, 1140 (No. 10,740) (CC ED Pa. 1849)). In finding that the functional considerations favored interpretation by the judge, the Supreme Court’s narrow holding didn’t address the proper standard of review on appeal.

### E. Contract Interpretation on Appeal

The appellate standard of review for contract interpretation turns on the enigmatic fact/law distinction. If the interpretation at issue is characterized as a question of fact, the lower court's interpretation will be reviewed under a clearly erroneous standard. On the other hand, if the interpretation is considered to be a question of law, the appellate court will conduct a *de novo* review. However, as already described, the fact/law distinction alone does not determine whether a question of interpretation is for the judge or jury. For example, the judge will often answer a question of fact if no reasonable jury could disagree. As the Third Circuit explained:

In instances of contract interpretation, therefore, assignment to judge or jury does not of itself determine the standard of review to be applied on appeal. Interpretation by a trial court of a factual matter is reviewable on a clearly erroneous basis, rather than as a plenary one. Sometimes there is, however, a mixed question of law and fact in which the legal operation of words is intertwined with their interpretation. When that occurs, the reviewing court should separate the issue into its respective parts, applying the clearly erroneous test to the factual component, the plenary standard to the legal.

*Ram Constr. Co. v. American States Ins. Co.*, 749 F.2d 1049, 1053 (3d Cir. 1984) (emphasis added). The Third Circuit's view utilizes the distinction between interpretation and construction. According to this view, all questions of interpretation are questions of fact, even though they may be determined by the court (perhaps for competency reasons). Therefore appellate courts should give proper deference to these interpretive determinations by applying the clearly erroneous standard.

The view articulated by the Third Circuit is perhaps the broadest net for capturing "fact issues," and therefore would result in the greatest number of deferential reviews. An alternative, narrower view is that the lower court's interpretation should only be treated as a question of fact if it turned upon the credibility of extrinsic evidence. *See, e.g., Parsons*, 62 Cal. 2d at 866 ("Since there is no conflict in the extrinsic evidence in the present case we must make an independent determination of the meaning of the contract."). To review, extrinsic evidence is only admissible after the judge determines that the contract is ambiguous. The Fifth Circuit has explained how the standard of review for interpretation based upon extrinsic evidence works in conjunction with the legal determination of ambiguity:

It follows that we must first review the decision that the contract terms are ambiguous. If we find ourselves in agreement with the district court decision [on ambiguity] we thereafter accord "clearly erroneous" deference to its interpretation of that contract in light of extrinsic evidence.

*Paragon Resources v. National Fuel Gas Distrib. Corp.*, 695 F.2d 991, 995 (5th Cir. 1983).

The main conclusion to be drawn from this feeble attempt at a contract primer is that, regardless of the jurisdiction, contractual interpretation often requires the judge or jury to make factual determinations in ascertaining the meaning of the terms. Furthermore, the appellate courts show deference to these findings, especially when they result from a weighing of the extrinsic evidence, and apply either the clearly erroneous or substantial evidence standard. The last section of this article will juxtapose these principles to the law of patent claim construction in an effort to demonstrate the need for change.

## III. CLAIM CONSTRUCTION: A PLEA FOR DEFERENCE

### A. The Analogy to Contract Interpretation Is Instructive

As mentioned earlier, the Federal Circuit sought amicus briefing during the *Phillips* case on the question of the proper level of deference for claim construction. Instead of answering this

question, the court decided to implicitly overrule the *Texas Digital* line of cases. Interestingly, the court's criticisms of *Texas Digital* read like a contracts case involving the plain meaning rule.

The [*Texas Digital*] court concluded that it is improper to consult “the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves.”

*Phillips*, 415 F.3d at 1320 (quoting *Texas Digital Sys. v. Telesenix, Inc.*, 308 F.3d 1193, 1204 (Fed. Cir. 2002)). From a contracts point of view, the problem with *Texas Digital* is that the claims alone do not make up the fully integrated written instrument. Even if a “four corners” approach were appropriate, it would have to include the entire specification instead of just the claims themselves since “[t]he patent is [the] fully integrated written instrument.” *Markman I*, 52 F.3d at 978. Although there is certainly more at play, *Texas Digital* could in one sense be argued to be a misapplication of the hard version of the PER.

Although the principles of contract interpretation are always close at hand, the Federal Circuit realized that they must be distinguished if claim construction is to be considered solely a matter of law. In an attempt to render the analogy to contract interpretation fruitless, the court wrote:

[T]he factual issue for the jury in [contract] cases focuses on the subjective intent of the parties when they entered the agreement. . . . [T]he focus in construing disputed terms in [patent] claim language is not the subjective intent of the parties to the patent contract when they used a particular term. Rather the focus is on the objective test of what one of ordinary skill in the art at the time of the invention would have understood the term to mean.

*Markman I*, 52 F.3d at 985-86. However, and with the highest respect, we submit that it is not correct that all of contract law uses the subjective approach to interpretation. Rather, the more common approach to interpretation asks not what the speaker intended, but what a reasonable person in the position of the listener would have understood. See Whitford, *supra*, at 934. This objective approach, which results in a finding of fact in contract interpretation, is quite analogous to the Federal Circuit's “objective test” to ascertain what one of ordinary skill in the art would have understood the term to mean.

## **B. Claim Construction on Appeal - The Unanswered Question**

Once the analogy to contract interpretation is credited, an argument for deference in certain claim construction contexts immediately springs to life. In *Phillips*, the Federal Circuit reaffirmed that “the ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention . . . .” *Phillips*, 415 F.3d at 1313. In truth, this is a classical factual determination since it is contested “not by resort to case law as one would expect for legal issues, but based on testimony and documentary evidence.” *Id.* at 1332 (Mayer, J., dissenting). Furthermore, the meaning of a certain term in one patent doesn't have any authority over the same term in other patents. Instead, meaning is about context, and because the context of each patent is unique, trial judges often need to hear extrinsic evidence to ascertain meaning. Indeed, additional extrinsic evidence is unusually crucial in the patent context since federal judges are often unfamiliar with the complex technology at issue. The *Phillips* opinion itself all but admits that this is a factual determination:

[B]ecause extrinsic evidence can help educate the court regarding the field of the invention and can help the court determine what a person of ordinary skill in the art would understand claim terms to mean, it is permissible for the district court in its sound discretion to admit and use such evidence.



*Id.* at 1319 (emphasis added). Since claim construction is often dispositive on the issue of infringement, the trial judge will regularly be forced to weigh conflicting expert testimony before making these underlying factual determinations. These findings of fact, like those in contract interpretation that hinge on extrinsic evidence, should receive deference at the appellate level and be reviewed under the clearly erroneous standard of Fed. R. Civ. P. 52(a).

Although not arriving via the same analogy to contract interpretation, the amicus briefs filed in *Phillips* by the American Intellectual Property Law Association and the Federal Circuit Bar Association both reach this same conclusion. See Brief of Amicus Curiae Federal Circuit Bar Association at 9, *Phillips* (No. 03-1269) (asking the *en banc* Court to “acknowledge that claim construction can and often does require a trial court to make findings of fact,” which should be reviewed for clear error); Brief for Amicus Curiae American Intellectual Property Law Association at 19, *Phillips* (No. 03-1269) (concluding that “such underlying questions are inescapably factual, not legal, and an appellate court should defer to the district court’s findings”). These briefs make clear that in other areas within patent law, such as obviousness, enablement, and inequitable conduct, the Federal Circuit “routinely defers to factual assessments underlying legal determinations, while reviewing the determinations themselves *de novo*.” *Id.*

Under such a two-tiered standard of review, the legal effect (or construction, properly defined) given to the claim terms would continue to be reviewed *de novo* by the Federal Circuit. Judge Mayer described such a system as “determinations of law that are informed by the resolution of factual disputes.” *CVII/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146, 1262 (Fed. Cir. 1997) (Mayer, J., dissenting). These overarching issues of law could range from language having a specialized meaning within patent law, e.g. “comprising” versus “consisting,” to the overall methodology used by the district court, e.g. an over-reliance on a dictionary definition in light of the specification. Furthermore, those claims that were construed without reference to extrinsic evidence would also continue to be subject to *de novo* review since the appellate court is just as capable as the district court at evaluating intrinsic evidence.

Yet, for this change to occur, the Federal Circuit will have to reverse course from the *de novo* standard articulated in *Cybor Corp.*

This in turn will require the Court to reconsider the theoretical justification for that standard, namely, the notion that “by using certain extrinsic evidence . . . and rejecting other evidence . . . , and resolving disputes en route to pronouncing the meaning of claim language . . . the court is not crediting certain evidence over other evidence or making factual evidentiary findings.”

Brief of Amicus Curiae Federal Circuit Bar Association at 8, *Phillips* (No. 03-1269) (quoting *Markman I*, 52 F.3d at 981). This legal fiction, which allows the court to view claim construction as entirely a matter of law, seems to be the source of the Federal Circuit’s rather high reversal rate. A recent study which painstakingly examined all appeals, including summary affirmances, found that “the Federal Circuit determined that the district court wrongly interpreted 34.5% of all claim terms that were appealed.” Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 Lewis & Clark L. Rev. 231, 238 (2005). Since the construction of multiple claim terms are often appealed, the likelihood that the district court judge will have to revisit the case is even higher. Furthermore, Moore found that the reversal rate increased each of the five years following *Cybor Corp.*, suggesting that the problem is actually getting worse. *Id.* at 246.

### C. Predictability and the Role of the Trial Judge

The high reversal rate associated with the *de novo* standard of review has negative consequences for clients, attorney, and judges alike. Judge Saris, of the District of Massachusetts, recently commented:

My perspective, which some members of the CAFC agree with, is that there should be more deference given to the interpretation of the trial judge who had the opportunity to see, hear, and look at evidence. There should be more deference particularly when the district judge takes expert testimony or receives other extrinsic evidence. Generally, in other areas of law, like sentencing, there is more appellate deference to the underlying factual analysis than there is to the actual conclusion of law. There has to be a softening of the de novo review in claim construction. To the extent that *Markman* hearings start to involve more and more observation on the part of the trial judge, there needs to be more deference for two reasons: to create more predictability, and to bring the standard in line with other areas of law that recognize the trial judge's unique role.

Symposium, *The Past, Present, and Future of the Federal Circuit: Claim Construction from the Perspective of the District Judge*, 54 Case W. Res. 671, 680 (2004). Judge Saris' two arguments for deference, increased predictability and the unique position of the trial judge, will be examined in turn.

How could according deference to the trial court's construction create more predictability when the professed goal of *Markman I* was to do the same? The answer lies in the distinction between "predictability between cases" versus "predictability within the first case." William F. Lee and Anita K. Krug, *Still Adjusting to Markman: A Prescription for the Timing of Claim Construction Hearings*, 13 Harv. J.L. & Tech. 55, 69 (1999). The independent review under *Markman I* and *Cybor Corp.* ensures predictability between cases by empowering the Federal Circuit (via stare decisis) to prevent the same claim from being interpreted differently by different district courts. In this respect, the de novo standard better serves the public notice function of patent claims since a review for clear error might not prevent this confusing result. However, this benefit is only captured "if a patent is litigated more than once." *Id.* On the flip side, de novo review could be argued to decrease predictability within the first case by increasing the likelihood of reversal on appeal. The potential for a more favorable claim construction on appeal is a clear disincentive to settlement and may send litigation costs skyward for both parties and the judicial system. Since a more deferential standard would provide earlier closure on claim construction issues within first cases, it could indeed result in greater predictability on the whole.

Besides increased predictability in the form of earlier closure, reviewing the underlying fact issues for clear error would also recognize the superior position of the trial court to make factual conclusions. As Judge Rader explained:

Trial judges can spend hundreds of hours reading and rereading all kinds of source material, receiving tutorials on technology from leading scientists, formally questioning technical experts and testing their understanding against that of various experts, examining on site the operation of the principles of the claimed invention, and deliberating over the meaning of the claim language. If district judges are not satisfied with the proofs proffered by the parties, they are not bound to a prepared record but may compel additional presentations or even employ their own court-appointed expert. An appellate court has none of these advantages. It cannot depart from the record of the trial proceedings. To properly marshal its resources, the appellate bench must enforce strict time and page limits in oral and written presentations.

*Cybor Corp.*, 138 F.3d at 1477-78 (Rader, J., dissenting). The trial judge not only has more tools at her disposal, she is also more accustomed, and thus likely more accurate, at finding facts than appellate judges. Commenting on this point, Judge Mayer wrote: "Our rejection of this fundamental premise has resulted, not surprisingly, in several serious problems, including increased litigation costs, needless consumption of judicial resources, and uncertainty, as well as diminished respect for the court and less 'decisional accuracy.'" *Phillips*, 415 F.3d at 1334 (Mayer, J., dissenting) (quoting *Salve Regina Coll. v. Russell*, 499 U.S. 225, 233 (1991)). Since the benefit of "predictability between cases" described above is surely lessened if the appellate interpretation has the potential for inaccuracy, this too suggests switching to a more deferential standard of review.

#### D. The Search for a Middle Ground

Analogizing to the deference accorded to factual determinations made in the course of interpreting a contract, this paper's primary position is that certain district court claim construction findings, i.e. those based upon the weighing of extrinsic evidence as well as the application of that evidence to the claim language, should similarly be reviewed for clear error. While realizing this would require a departure from the Federal Circuit's current contention that claim construction is solely a question of law, we do not believe this step would be a treacherous one. However, until it is taken, perhaps there is a middle ground that would send the appropriate message to both litigants and district judges alike. Discussing his own methodology, then Judge, now Chief Judge, Michel remarked:

First, I read the district judge's opinion on the claim construction to find out what his interpretation was and how the judge got there. If it is convincing and is not contradicted by something that is clearly stated in the claims, specification, prosecution history, or other such sources, I am highly inclined to affirm. The three other judges participating in this Symposium are certainly prime examples of judges who write very, very carefully and in detail about how they reach their decision on claim construction. These judges probably have a much lower reversal rate than other judges. Review is really not de novo after all. It is unfortunate that there is no label in between de novo and clear error review. Functionally, claim construction falls in this middle ground.

Symposium, *The Past, Present, and Future of the Federal Circuit: Judicial Constellations: Guiding Principles as Navigational Aids*, 54 CASE W. RES. 757, 760-61 (2004).

In a similar vein, the amicus brief for the United States in *Phillips* suggested that the weight given to a district court's claim construction should "vary depending on the care, as shown in the record, with which that view was developed." Brief for the United States as Amicus Curiae at 23, *Phillips* (No. 03-1269) (quoting *Cybor Corp.*, 138 F.3d at 1462 (Plager, J., concurring)). The brief explains that a level of deference that is dependent on the persuasiveness and clarity of the lower court is not foreign to the Federal Circuit.

As this Court has recognized in an analogous context, "our de novo posture essentially repeats the Court of International Trade's review [of International Trade Commission determinations] for substantial evidence; however, 'we will not ignore the informed opinion of the Court of International Trade.'" A similar approach should be taken with respect to a district court's claim construction, so that rather than starting from a "clean slate," this Court gives due consideration to a persuasive claim construction by the district court and accords due weight to its evaluation of any live testimony on this issue.

*Id.* (quoting *ALTX, Inc. v. United States*, 370 F.3d 1108, 1116 (Fed. Cir. 2004)). Although logic suggests that this is a natural part of any de novo review, a fresh affirmation by the Federal Circuit that a well-informed claim construction will carry real weight would incentivize district judges to carefully articulate their methodology, reasoning, and findings. After ten years of claim construction as a purely legal question, district court judges might take any affirmation they can get.

## EPILOGUE: PREDICTABILITY POST-*PHILLIPS*

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*Timothy J. Malloy & Daniel S. Stringfield  
McAndrews, Held & Malloy, Ltd.  
Chicago, IL*

When *Claim Construction: A Plea for Deference* was originally submitted for the 2005 Sedona Conference on Patent Litigation, the Federal Circuit's en banc decision in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005), was brand new and the extent of its impact on patent litigation yet to be seen. However, even after their very first read of the much anticipated decision, many practitioners were left unfulfilled. It was apparent that the Federal Circuit had taken on the hot-button evidentiary issue of whether intrinsic evidence, such as the patent specification, or extrinsic evidence, such as dictionaries, should be the primary source of claim construction. What was even more apparent was that the court did not address the 800-pound "de novo" gorilla in the courtroom. Some have said that, by addressing the evidentiary bases of claim construction while ignoring the relevant standard of appellate review, the court was treating the symptoms while the underlying disease festered. See, e.g. *id.* at 1330-31 (Mayer, J., dissenting).

Upon closer review of the decision, many were not sure if even the evidentiary issue had been resolved. While *Phillips* conveniently summarized the history and current status of claim construction, some queried if it did much else. The court counseled that the quest for the "ordinary meaning" of patent claims begins with the intrinsic evidence and stressed that the specification is dominant in claim construction. *Id.*, at 1314-17. In almost the same breath, however, the court noted that it is acceptable to reference extrinsic evidence such as dictionaries, technical treatises, and expert testimony when interpreting claims. *Id.* at 1318-19. The *Phillips* court advised that the order in which courts consult the various sources is "not important," *Id.* at 1324, leaving litigants and judges pondering where, exactly, the "ordinary meaning" of a claim term comes from.

The *Phillips* majority stressed the importance and dominance of the patent specification in claim construction, lighting a faint beacon in the claim construction fog. Yet the court went on to dim that beacon when it interpreted the claim term at issue, "baffles," in a context seemingly divorced from the specification. Despite the numerous descriptions and depictions of "baffles" in the specification, the *Phillips* court based its claim construction on differences in claim language and on a dictionary definition stipulated by the parties. *Id.* at 1324-25. Without a definitive answer as to which evidentiary sources should or should not be used for claim construction, and in what order those sources should be applied, many wondered if claim construction was any more predictable after *Phillips* than before.

With the beacon dimmed and the fog as thick as ever, subsequent Federal Circuit panel decisions have continued to rely on both dictionaries and the patent specification as the primary source of claim construction evidence, furthering a belief by some in the patent community that *Phillips* did not add any predictability to claim construction. For example, on September 14, 2005, two months after *Phillips*, the panel of Judges Mayer, Gajarsa, and Linn, applied an extremely specification-centered approach to claim construction in *Nystrom v. Trex Co.*, 424 F.3d 1136 (Fed. Cir. 2005). Rejecting a construction of the claim term "board" based upon differences in claim language, the very method of claim construction relied upon by the *Phillips* court, the *Nystrom* court held that the term "board" must be limited to "a piece of construction material made from wood cut from a log." *Id.* at 1145. The *Nystrom* court put considerable weight on the fact that the specification only disclosed boards made from wood and, in rejecting the patentee's attempt to steer the court towards dictionary definitions, said:

What *Phillips* now counsels is that in the absence of something in the written description and/or prosecution history to provide explicit or implicit notice to the public--i.e., those of ordinary skill in the art--that the inventor intended a disputed term to cover more than the ordinary and customary meaning revealed by the context of the intrinsic record, *it is improper to read the term to encompass a broader definition simply because it may be found in a dictionary, treatise, or other extrinsic source.*

*Id.* (emphasis added).

Just two days later, on September 16, the court issued a split-panel decision, *Free Motion Fitness, Inc. v. Cybex Int'l*, 423 F.3d 1343 (Fed. Cir. 2005), where the majority, Judge Rader joined by Judge Dyk, relied on a dictionary to interpret the disputed claim term “adjacent.” *Id.* at 1349. The majority reasoned “*Phillips* confirms that courts may rely on dictionary definitions when construing claim terms and that dictionaries . . . are often useful to assist in understanding the commonly understood meaning of words.” *Id.* at 1348 (citations omitted). Because the majority found “no suggestion [that the] intrinsic evidence defines the term or that the term adjacent has a specialized meaning in the relevant art,” the majority turned to a dictionary. *Id.* at 1348-49. From that dictionary, the majority selected the broader of two possible dictionary definitions and held that “adjacent” means “not distant.” *Id.* at 1349. The majority stated that the selected definition is supported by the patent specification, but notably did not provide any citation to the specification for this proposition. *Id.*

Judge Prost dissented, stating that she could not find anything in the specification that supported the broad definition of “adjacent” adopted by the majority. *Id.* at 1354. Judge Prost quoted *Phillips* and concluded that “[b]y deviating from the meaning of ‘adjacent’ that is most closely aligned with all the examples in the specification, the majority awards [the patentee] more than he actually invented and claimed.” *Id.* at 1355.

*Nystrom* and *Free Motion Fitness* represent two extremes of claim construction: *Nystrom* standing for a hard-line absolute reading of claims in the context of the patent specification and *Free Motion Fitness* allowing for a more liberal reading of claim terms using dictionaries. Some have argued that this continuing disagreement among Federal Circuit judges was invited by the non-committal nature of the *Phillips* decision. *Nystrom* and *Free Motion Fitness* continue to serve as a mooring for both claim construction extremes. See, e.g., *Old Town Canoe Co. v. Confluence Holdings Corp.*, 448 F.3d 1309, 1318 (Fed. Cir. 2006) (citing *Nystrom* for the proposition that a patentee “is not entitled to a claim construction divorced from the context of the written description and prosecution history”); *Atofina v. Great Lakes Chem. Corp.*, 441 F.3d 991, 996 (Fed. Cir. 2006) (citing *Free Motion Fitness* to explain that, when a court feels that dictionaries are the most appropriate source for claim construction, the intrinsic evidence should be used to select from the available definitions). With ample post-*Phillips* precedent available for whatever claim construction methodology is most handy, claim construction appears as unpredictable as ever.

That *Phillips* has not made claim construction any more predictable is evident from the fact that the Federal Circuit continues to reverse claim constructions made by the district courts at an alarmingly high rate. An admittedly unscientific and informal survey of both the precedential and non-precedential post-*Phillips* decisions from July 27, 2005 to May 26, 2006 reveals that the Federal Circuit found at least one claim term was misconstrued by the district court in about 43% of the cases addressing claim construction. Professor Moore’s vastly more precise and thorough survey, which included “all precedential, non-precedential, and Rule 36 (summary affirmances) decisions of the Federal Circuit on claim construction,” found that the district court wrongly construed at least one claim term in 37.5% of the cases during the time period from the 1996 Supreme Court decision, *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), through 2003. Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 Lewis & Clark L. Rev. 231,

239 (2005). As a high level of reversal indicates confusion among the district courts, *Id.* at 246, the fact that the rate may have increased<sup>1</sup> in the wake of *Phillips* lends support to the view that *Phillips* has not added any predictability to claim construction.

In his dissent from the *Phillips* majority, Judge Mayer wrote that any attempt to standardize the order of evidentiary application is “pointless” if the court continues to regard claim construction as a purely legal matter devoid of factual components. *Phillips*, 415 F.3d at 1330 (Mayer, J., dissenting). Given the continued use of both intrinsic and extrinsic evidence as the primary source of claim construction in the wake of *Phillips*, the fact that the Federal Circuit’s post-*Phillips* claim construction reversal rate appears higher than the pre-*Phillips* rate, and the consensus among practitioners that claim construction is as unpredictable as ever, perhaps Judge Mayer was correct that the Federal Circuit cannot add predictability to patent claim construction so long as the court remains “blind to the factual component of the task.” *Id.* at 1331 (Mayer, J., dissenting).

The premise of *Claim Construction: A Plea for Deference* is that if patent claim construction is analogized to contract interpretation, where the appellate courts show deference to factual determinations made by the court below, then the appropriateness of a more deferential standard of appellate review for patent claim construction becomes apparent. Many patent practitioners have suggested that patent claim construction predictability can be increased if the Federal Circuit gave deference to the factual findings made at the district court level, bringing patent claim construction in line with contract interpretation.

The time may be ripe for guidance from the United States Supreme Court on the proper level of deference to be accorded to the factual findings made by the district courts during patent claim construction, possibly bringing claim construction in line with contract interpretation. The year since *Phillips* has seen a change in the composition of the Court marked by the appointment of a new Chief Justice, John G. Roberts, Jr. Chief Justice Roberts has demonstrated experience in intellectual property law, having served as the prevailing petitioner’s lawyer in a patent law case before the Federal Circuit, having argued both a copyright case and a trade dress case before the U.S. Supreme Court, and having authored the D.C. Circuit opinion in a copyright case as a Circuit Judge. Chief Justice Roberts’ familiarity with patent law issues bodes well for a grant of certiorari on a claim construction case.

Moreover, the Roberts Court recently assessed the appropriateness of the Federal Circuit’s “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances” in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. \_\_\_\_, \_\_\_\_ (2006) (slip op. at 2) (citations omitted). This “general rule,” unique to patent cases, stood in contrast to the four-factor test historically employed by courts of equity in other areas of the law. *Id.* The Court held that the four-factor test applies “with equal force to disputes arising under the Patent Act” as to disputes arising under other areas of the law. *Id.* (slip op. at 3). That the Court has brought equitable relief in patent cases in line with “well-established principles of equity,” *Id.* (slip op. at 2), lends promise that the Court might bring claim construction in line with contract interpretation if given the chance.

<sup>1</sup> It should be noted that the author’s informal survey, unlike Professor Moore’s study, does not include Rule 36 summary affirmances, which might skew the reversal rate found by the author slightly upward. Moore, *Supra*, at 236. Although this omission might cause accuracy to suffer, Professor Moore acknowledged that the significance of such an omission decreases over time as claim construction appeals are less likely to be affirmed via Rule 36 than other patent appeals and there are fewer Rule 36 summary affirmances in recent years. *Id.* at 237.