

Claim Construction after *Phillips* – The More Things Change, The More They Stay the Same

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I. INTRODUCTION

On July 12, 2005, the Federal Circuit delivered its *en banc* decision in *Phillips*¹. The patent bar had awaited the decision anxiously based on the expectation that the court would provide clarity and guidance on the law of patent claim construction, and would announce its views as to what deference it would give to the decisions of the district courts on those issues. *Phillips* was taken *en banc* almost a year earlier² and specifically invited the bar to address seven questions to be considered by the full court, each of which went to the heart of controversy that had bedeviled claim construction analysis.

II. THE PROBLEM BEFORE *PHILLIPS*

In the nine years between the Supreme Court decision in *Markman*³ and the *en banc* decision in *Phillips* the Federal Circuit issued many decisions on claim constructions. However, one commentator observed, “Reading through the significant Federal Circuit opinions on claim

¹ *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*).

² *Phillips v. AWH Corp.*, 376 F.3d 1382 (Fed. Cir. 2004) (*per curiam*).

³ *Markman v. Westview Instruments Inc.*, 517 US 370 (1996).

construction over the last ten years, one can't help but feel the court is stuck in neutral.”⁴ Blunter was former Chief Judge Mayer, in dissenting in the decision to take the *Phillips* case *en banc*. He said that until the court is willing to reconsider its basic assumptions in *Markman* and *Cybor*⁵ “any attempt to refine the process is futile.” He added⁶:

Nearly a decade of confusion has resulted from the fiction that claim construction is a matter of law, when it is obvious that it depends on underlying factual determinations which, like all factual questions if disputed, are the province of the trial court, reviewable on appeal for clear error. To pretend otherwise inspires cynicism. Therefore, and because I am convinced that shuffling our current precedent merely continues a charade, I dissent from the *en banc* order.

These sentiments from the bench echo comments received by this author when he suggested in 2002 a comprehensive review of the *Markman* process. (See “Is *Markman* Right?” published in the November 2002 issue

⁴ Malloy and Bradley, “*Claim Construction : A Plea For Deference*,” presented at The Sedona Conference, Sixth Annual Conference on Patent Litigation, October 27-28, 2005 (hereafter “Malloy, “*Plea for Deference*”). Information about the conference and Malloy paper can be found at <http://www.thesedonaconference.org/conferences/20051027>.

⁵ *Cybor Corp v. FAS Technologies., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998).

⁶ *Phillips v AWH Corp.*, 376 F.3d at 1384.

of the *Chair's Bulletin*⁷). Letters, e-mails, and comments came from members of the user community, district court judges, individual inventors, and colleagues in the outside bar. Few submissions were as colorful as the quotes attributed to Judge Samuel Kent of the Eastern District of Texas, who was quoted in a March 2002 issue of *IP Worldwide*, as having said (during a summary judgment hearing in a patent case), “Frankly, I don’t know why I’m so excited about trying to bring this [patent case] to closure. It goes to the Federal Circuit afterwards. You know, it’s hard to deal with things that are ultimately resolved by people wearing propeller hats.” In that same article he was quoted as having told *The National Law Journal* that the Federal Circuit is full of “little green men who don’t know Tuesday from Philadelphia.”⁸

It is important to remember why we have a Federal Circuit Court of Appeals in the first place. Prior to creation of the court criticism was leveled at the various Circuit Courts of Appeals for their lack of uniformity in the application and interpretation of the US patent laws. As the late Chief Judge

⁷ <http://www.abanet.org/intelprop/nov02chair.html>.

⁸ <http://www.law.com/jsp/statearchive.jsp?type=Article&oldid=ZZZ314Y2QYC>

Helen Nies wrote, “A particular need was seen in the field of patents where instability in the law was having a detrimental effect on an important segment of our society, the industrial and business community.”⁹ She called the creation of the court “an experiment” designed to bring uniformity in interpretation of the patent laws, saying, “Our nationwide businesses needed uniformity in interpretation of the patent laws in order to make decisions conducive to research and productivity.”¹⁰

In this 1990 review of the work of the court she noted the large portion of the work of the judges was to review draft opinions before issuance to ensure that intra-circuit conflicts are not created.

All precedential opinions of the Federal Circuit receive the scrutiny of all judges of the court before issuance. A large portion of the work of a judge of the Federal Circuit is the review of draft opinions before issuance to ensure that intra-circuit conflicts are not created. Conflicts between our own decisions would defeat a major *raison d’etre* for the court’s creation. Unfamiliar with this procedure, many [visiting judges assisting the Federal Circuit] were surprised and not always pleased to receive suggestions from nonpanel judges for language changes in an opinion the visitor had drafted.

⁹ Nies, “Foreword”, *The United States Court of Appeals for the Federal Circuit: A History, 1982 - 1990* (Published by Authorization of the United States Judicial Conference Committee on the Bicentennial of the Constitution of the United States, 1991) at xi.

¹⁰ *Id.* At xi-xii.

However, once our objective was understood, unanimously, they praised the court for its efforts to maintain uniformity. Indeed, the view was expressed that this procedure is a major advance in the jurisprudential effectiveness of an appellate court and that it should be the obligation of all circuits to follow the procedure so that a trial judge has clear guidance, not conflicting directions.¹¹

Sadly, the instability and lack of uniformity among regional circuits has, in the minds of many, crept back into the law of patents. Prior to Phillips it was widely perceived in the bar and the business community that the outcome of an appeal involving claim construction would be dependent on the panel that heard the appeal. Indeed, there is even a website that created a “predictor tool” in which you could input the identity of the three-judge panel hearing a claim construction case at the Federal Circuit and the tool would return the most likely form of claim construction analysis the panel would use in its opinion, based on a statistical study of prior opinions. The web site¹², a project of the “Federal Circuit Assessment Project,” based its “Predictor Tool” on a study of Federal Circuit cases and its conclusion

¹¹ *Id.* at xiii-xiv.

¹² <http://www.claimconstruction.com>

that it could document and statistically analyze “the deep divisions within the court” on the issue of claim construction.¹³

Although heavily criticized prior to creation of the Federal Circuit, the regional circuit courts may have provided predictors to outcome earlier in the litigation process than we saw at the turn-of-the-century. At least the "race to the courthouse" may have provided strong guidance as to who would win at the beginning of the litigation. By the year 2000 and thereafter, before the Phillips case, the uncertainty inherent in the manner in which to know we'll? review of Markman rulings took place created a widely held belief in the business and user community that the outcome of patent cases could not be determined until after the Federal Circuit had ruled on claim construction. The Federal Circuit had created a morass of confused and contradictory claim construction canons. As one district court said¹⁴:

The Federal Circuit’s enthusiasm for dictionary definitions as a means of determining the proper scope and meaning of a claim illustrates the conundrum that claim construction can pose for the courts. The black letter law of patent analysis presents a clear hierarchy of authority: the court should consider first the claim language, then the remaining intrinsic evidence, and,

¹³ <http://www.fedcir.org>

¹⁴ *Illinois Tool Works, Inc., v. Ion Systems, Inc.*, 250 F.Supp.2d 477, 483-84 (E.D. Pa. 2003)

thereafter, in limited circumstances, extrinsic evidence. *See, e.g., Interactive Gift*, 231 F.3d at 866. Yet cases like *Texas Digital* suggest that the court should begin its claim construction by looking to a dictionary. This apparent paradox recalls the oft-cited decision of *Autogiro Company of America v. United States*, 384 F.2d 391, 397 181 Ct.Cl. 55, 155 U.S.P.Q. 697 (1967), wherein the predecessor to the Federal Circuit, the U.S. Court of Claims, noted with exasperation that “[p]atent law is replete with major canons of construction of minor value,” and concluded that, despite previous judicial decisions to the contrary, claims “cannot be clear and unambiguous on their face. A comparison must exist.” Similarly, while the doctrine of claim construction urges courts to limit their analysis to the claim language itself, the practice of claim construction requires the courts to refer to intrinsic and extrinsic evidence to determine the proper meaning of a term. This reality raises confusion as to how and when a court should consult evidence other than the claim language.

How bad was the problem at the time of *Phillips*? By the time of *Phillips* it was widely acknowledged that the reversal rate on claim construction issues was considered high. In fact, one Federal Circuit judge acknowledged as much in a dissenting opinion, writing¹⁵:

This court often hears criticism from district court judges that its reversal rate on claim construction issues far exceeds that of other circuit courts. *See, e.g., Symposium, The Law, Technology and the Future of the Federal Circuit: A Panel Discussion: Claim Construction from the Perspective of the District Judge*, 54 Case W. Res. L. Rev. 671 (2003) (*Symposium I*) (district judges discussing problems with this

¹⁵ *Merck & Co. v. Teva Pharmaceuticals USA Inc.*, 395 F3d 1364 (Fed.Cir. 2005) (Rader, dissenting).

court's high reversal rate on claim construction issues); see Gregory J. Wallace, Note, *Toward Certainty and Uniformity in Patent Infringement Cases after Festo and Markman: A Proposal for a Specialized Patent Trial Court with a Rule of Greater Deference*, 77 S. Cal. L. Rev. 1383, 1391 (2004) (discussing various studies regarding this court's reversal rate on claim construction issues). In response, nearly every judge on this court has publicly professed to accord some level of deference to district courts regardless of this court's de novo review of claim construction issues. See, e.g., *Symposium I* at 680 (a district court judge stating "I have certainly heard a number of federal circuit judges agree, that the CAFC gives some deference to a well-reasoned opinion, as a practical matter"); Symposium, *The Past, Present and Future of the Federal Circuit: Judicial Constellations: Guiding Principles as Navigational Aids*, 54 Case W. Res. L. Rev. 757, 761 (2004) (judge of the Federal Circuit stating: "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."). Either the Federal Circuit accords deference in accordance with its public protestations or it does not in accordance with its legal standard barring any deference. If the former, this court has a "truth in advertising" problem. Its actual practice clashes with its professed legal duty. If the latter, this court has a different kind of "truth in advertising" problem.

When *Markman* was relatively new, a high reversal rate could be attributed to lower courts being unaccustomed to the procedures and idiosyncrasies associated with a new process. By the time of *Phillips* and the dissent quoted above *Markman* was no longer new and the process could not be considered to be in a state of "fine-tuning." To determine whether reversals on claim construction were continuing at a high rate despite the

maturity of the claim construction process, this author studied and tabulated the written decisions of the Federal Circuit in appeals from district courts and the ITC from January of 2003 through the time of *Phillips* to determine: (1) whether claim construction was at issue; and if so, (2) whether the claim construction was reversed in any way; and if so, (3) whether the reversal impacted the result. Our goal was to learn whether claim construction has remained an issue worthy of continued discussion and revision. The analysis excluded the “Rule 36 affirmances” where the lower court was affirmed without opinion. What we learned is summarized in the table below.¹⁶

<h2 style="text-align: center;">Summary of Federal Circuit Opinions from District Court and ITC Patent Cases</h2> <p style="text-align: center;">1/1/03 to 7/12/05</p>			
Non- precedential: 123 cases (30%)	Claim construction at issue: 61 cases (50%)	Claim construction reversed: 26 cases (43%)	Result impacted: 21 cases (81%)
		Claim construction not reversed: 35 cases (57%)	Result not impacted: 5 cases (19%)

¹⁶ Banner, “Footnote 17: Love, Hate & Markman,” 6 THE SEDONA CONFERENCE JOURNAL 2005 (Fall 2005, page 131). The full article identifies all the cases analyzed so that the reader can review and critique the underlying data, if appropriate. Copies are available from the author by request to mbanner@bannerwitcoff.com.

	Claim construction not at issue: 62 cases (50%)		
Precedential: 287 cases (70%)	Claim construction at issue: 137 cases (48%)	Claim construction reversed: 76 cases (55%)	Result impacted: 68 cases (89%)
			Result not impacted: 8 cases (11%)
	Claim construction not at issue: 150 cases (52%)	Claim construction not reversed: 61 cases (45%)	

Of 410 total opinions (both non-precedential and precedential) in appeals from district court and ITC patent infringement cases, claim construction was at issue on appeal in 198 cases. Of those 198 cases, claim construction was reversed in 102 cases. However, not all of the reversals of claim construction impacted the result; in some cases, for example, the error was harmless. Of the 102 cases in which claim construction was reversed, the result was changed (in whole or in part) in 89 cases, which we regarded as the “effective” reversal rate. Thus, the 89 opinions containing result-impacting claim construction reversals represent 45% of the opinions where claim construction was at issue on appeal (198 cases). Put another way, the effective reversal rate on claim construction issues from the beginning of

2003 through the *en banc* decision in *Phillips*, a period of time long past the original *Markman* decision and its progeny, was 45 percent.

Is this too high? Does it make a difference?

Recall that the Federal Circuit was created to bring uniformity to the law of patents and that the prior regime of having the various Circuit Courts of Appeals decide patent cases was criticized for lacking uniformity. The prevailing wisdom reasoned that it made no sense to have the value of significant research and development investments — and the validity of the patents that flowed from and protected those investments — depend on such vagaries. The situation, said the user community, diminished the value of patents because the outcome of litigation was so uncertain and so highly dependent on the circuit in which the case was filed.

Statistics about reversal rates are not the whole story and, when the merits of any individual case are considered, are irrelevant. As many who defend the work of the Federal Circuit say, the court's job is to decide the case correctly, not to decide it in accord with a statistical model. The job of the judge is to “do the right thing”, not to do the predictable thing.

Yet the same was true before the Federal Circuit was created. The commentators who criticized the Eight Circuit for never holding a patent valid, or other circuits for never holding a patent invalid, did not question the integrity or sincerity of the members of those courts. Everyone assumed that each judge in each case was trying to “do the right thing” and that their decisions reflected their true beliefs that the outcomes reached were, indeed, “right.” The statistical arguments about the performance of the Federal Circuit are as valid — or invalid — today as were the statistical arguments that were voiced then regarding the regional circuits. Despite the fact that the regional circuit courts of appeals were trying to “do the right thing” for patent owners and accused infringers, they were replaced.

III. THE PROMISE OF *PHILLIPS*

Thus, while the bar may not have been worked into “a frenzy of expectation” as Judge Mayer said in a dissent in *Phillips*¹⁷, the decision of the *en banc* court was eagerly anticipated. The anticipation was sparked in no small part by confusion in the law of claim construction before *Phillips*, and the hope that the court, sitting *en banc*, would end the confusion.

¹⁷ *Phillips v. AWH Corp.*, 415 F.3d at 1330 (Mayer, dissenting). The dissent was joined by Judge Newman.

After the *Markman* decision of the Supreme Court the Federal Circuit provided significant guidance on the methodology to be used in construing claims. *Vitronics*¹⁸ was one of the leading of such cases, giving emphasis to the so-called intrinsic evidence: the claims themselves, the specification, the prosecution history, and the cited prior art. *Vitronics* discussed the use of extrinsic evidence, and displayed clear preference for the objective evidence in the specification and prosecution history over evidence external to the patent in process. Such extrinsic evidence included expert testimony, dictionaries, encyclopedias, treatises, and so forth. The *Vitronics* opinion concluded it would be improper to rely on extrinsic evidence if sufficient clarity about the meaning of the claims terms could be found in the intrinsic evidence.¹⁹

Despite the guidance of the *Vitronics* opinion appeals concerning claim construction continued to generate controversy. The 2002 the court decided *Texas Digital*,²⁰ a decision that to many appeared inconsistent with the holding of *Vitronics* despite the fact that it did not – indeed could not -

¹⁸ *Vitronics v. Conceptoronic, Inc.*, 90 F.3rd 1576 (Fed.Cir. 1996).

¹⁹ *Id.* at 1582-83.

²⁰ *Texas Digital Sys. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002).

overrule *Vitronics*.²¹ *Texas Digital* elevated the importance of dictionaries, suggesting that they routinely be consulted first in the claim construction analysis, characterizing them as possibly being “the most meaningful sources of information to aid Judges in bettering understanding both the technology and the terminology used by those skilled in the art to describe the technology.”²²

The opinion of the court in *Texas Digital* often turned litigation into disputes about which dictionary to apply. Particularly because different dictionaries can and often do provide different nuances and meanings for terms, a case continued the trend of unpredictable claim construction results at the district court level and, because it conceptually embraced a different approach than the one used in the *Vitronics*, led to unpredictable results on appeal. Indeed, there were even disputes about which definition within a particular dictionary to use.²³

²¹ *South Corp. v. United States*, 690 F.2d 1368, 1370 (Fed. Cir. 1982) (*en banc*) (only court sitting *en banc* can reverse earlier panel decision)

²² *Texas Digital*, 308 F.3d at 1203.

²³ *Nystrom v. Trex*, 374 Fed.3rd 1105, 1112 (Fed.Cir.2004) (later withdrawn).

It was against this backdrop of confusing cases that the *Phillips* case arose. The *Phillips* case arose out of a summary judgment of no infringement granted on behalf of the defendant. The facts of the case were unremarkable. However, on the original appeal the panel of the Federal Circuit rejected some of the analysis of the district court but ultimately affirmed the non-infringement decision. Judge Dyk dissented from the opinion, concluding that the meaning of the disputed term should be ascertained using general purpose dictionaries rather than the specification. The dissent in the case highlighted the different approaches to claim construction utilized by the Federal Circuit, the one approach following *Texas Digital* (giving primacy to dictionary definitions and other extrinsic evidence) and the other following *Vitronics* (giving primacy to the context of claim term usage in the claims, the specification, and the prosecution history).

Thus the stage was set for the court to consider *Phillips* in an *en banc* hearing. The questions on which the Federal Circuit asked guidance illuminated the deep divisions on the court and that were perplexing the bench and bar. The *en banc* rehearing order asked for briefing on the following questions, which if fully answered by the court promised to

provide new, clear, and definitive guidance on the claim construction analysis:

1. Is the public notice function of patent claims better served by referencing primarily to technical and general purpose dictionaries and similar sources to interpret a claim term or by looking primarily to the patentee's use of the term in the specification? If both sources are to be consulted, in what order?

2. If dictionaries should serve as the primary source for claim interpretation, should the specification limit the full scope of claim language (as defined by the dictionaries) only when the patentee has acted as his own lexicographer or when the specification reflects a clear disclaimer of claim scope? If so, what language in the specification will satisfy those conditions? What use should be made of general as opposed to technical dictionaries? How does the concept of ordinary meaning apply if there are multiple dictionary definitions of the same term? If the dictionary provides multiple potentially applicable definitions for a term, is it appropriate to look to the specification to determine what definition or definitions should apply?

3. If the primary source for claim construction should be the specification, what use should be made of dictionaries? Should the range of the ordinary meaning of claim language be limited to the scope of the invention disclosed in the specification, for example, when only a single embodiment is disclosed and no other indications of breadth are disclosed?

4. Instead of viewing the claim construction methodologies in the majority and dissent of the now-vacated panel decision as alternative, conflicting approaches, should the two approaches be treated as complementary methodologies such that there is a dual restriction on claim scope, and a

patentee must satisfy both limiting methodologies in order to establish the claim coverage it seeks?

5. When, if ever, should claim language be narrowly construed for the sole purpose of avoiding invalidity under, *e.g.*, 35 U.S.C. 102, 103 and 112.

6. What role should prosecution history and expert testimony by one of ordinary skill in the art play in determining the meaning of the disputed claim terms?

7. Consistent with the Supreme Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), and our *en banc* decision in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998), 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?

IV. THE RESULT IN *PHILLIPS*

The result in *Phillips* is less important than its answers to the *en banc* questions. In reversing the judgment of non-infringement the *en banc* panel pointed out that the principal question before the court was to determine the extent to which claim construction analysis “should resort to and rely on a patent’s specification.”²⁴ The court acknowledged the confusion that had

²⁴ *Phillips*, 415 F.3d at 1312.

arisen from its prior cases, principally because of those decisions that seemed to adopt the approach in *Texas Digital*.²⁵

On the principal question of whether to place primary reliance on the patent specification and prosecution history as opposed to extrinsic sources of evidence such as dictionaries, treatises, and encyclopedias, the en banc panel came down squarely on the side of the patent, its specification, and prosecution history. In doing so it acknowledged that some cases, following *Texas Digital*, and *Texas Digital* decision itself, went too far. The court discussed its prior *Texas Digital* decision and expressed sympathy with the problem it was trying to solve: the tendency to read items found in the specification into the claims. The method chosen in *Texas Digital* to combat that tendency was to look first to dictionaries and extrinsic evidence to glean the meaning of a claim term, and then to presume that the meaning was correct unless the patentee set forth an explicit definition different from that

²⁵ In an understatement, the *en banc* opinion in *Phillips* said, “We have also previously considered the use of dictionaries in claim construction. What we have said in that regard requires clarification.” *Id.*

“ordinary meaning” in the specification, or otherwise explicitly disavowed or disclaimed that scope of coverage. *Texas Digital* was dismissed with²⁶:

Although the concern expressed by the court in *Texas Digital* was valid, the methodology it adopted placed too much reliance on extrinsic sources such as dictionaries, treatises, and encyclopedias and too little on intrinsic sources, in particular the specification and prosecution history.

In so saying the court did not literally reverse *Texas Digital*, but it denigrated it to near-irrelevance. The court clearly returned to the pre-*Texas Digital* state of the law.

The decision of the *en banc* court failed to address question number seven: whether deference should be accorded to the district court. In perhaps putting that issue off for a later day the court nevertheless passed up the opportunity to provide greater certainty in the law of claim construction. Nevertheless, it provided certain guidelines that should be the touchstone for district courts and litigants in future claim construction disputes. It is too early to tell whether the guidance provided by the *Phillips* decision is sufficient to lower the very high reversal rate on claim construction issues. That judgment must await future analysis of district court decisions decided

²⁶ *Phillips*, 415 F.3d at 1320.

²⁸ AIPLA Brief at 12.

post-*Phillips* that are reviewed on appeal. However, what can be gleaned from the decision could and should have a positive impact on the law of claim construction and bring greater certainty and predictability to patent litigation. These key teachings of the *Phillips* case will be discussed below.

A. PRIMACY OF INTRINSIC EVIDENCE

The questions asked by the court prompted substantial input by the bar through the 33 *amicus curie* briefs. The majority (24) of the *amice* addressing the question of which should be primary - intrinsic or extrinsic evidence – concluded that the better practice was for the courts to construe claims primarily with reference to the intrinsic evidence, especially the specification and claims. Only four of the *amice* argued that dictionaries should enjoy primacy in the claim construction analysis.

For example, the amicus brief of the American Intellectual Property Law Association (AIPLA) urged that the court always review the intrinsic record in an attempt to identify the meaning of the terms used in the patent, calling it the primary source for claim construction. The brief went on to say that dictionaries and other extrinsic evidence may be relevant but should be used “only with the clear recognition that such definitions are at least two steps removed from the ultimate inquiry.”²⁸ First it noted that a dictionary

definition may not reflect the ordinary meaning in the relevant art at the relevant time. Second, it pointed out that dictionary definitions are not drafted with the patent in mind.

The brief of the Patent and Trademark Office also urged reliance on the intrinsic record because that would provide the greatest likelihood that the claim construction would be consistent with the PTO's interpretation of the claims in issuing the patent. It pointed out that patent examiners and patent prosecutors "rarely, if ever, explicitly rely on dictionary definitions to understand or define claim terms."²⁹ Quoting from the concurring opinion of Judge Ginsburg in *Warner Jenkinson*,³⁰ 's, the PTO said that use of later-selected extrinsic dictionary evidence might, in some instances, unfairly discount the expectations of a patentee who prosecuted the patent with no notice that the later dictionary would apply to give meaning of the terms of the claim.³¹ Said the PTO: "Given the effort to make the significance of claim terms transparent from the specification, the public and the court

²⁹ PTO Brief at 10-11.

³⁰ *Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 41 (1997)

³¹ PTO Brief at 11-12.

should logically first turn to the specification, which *was* considered during prosecution, to help understand the scope of the claimed invention.”³²

In many ways the *Phillips* decision can now be the principal case relied on by district courts and litigants in claim construction arguments; litigants need only sparingly resort to other case authority. Moreover, district courts should rely primarily on intrinsic evidence as the principal tools in determining claim term meanings. This includes reliance on the language of the several claims of the patent because the *Phillips* decision makes plain that the doctrine of claim differentiation is alive and well. An example from the case illustrates this point. The term at issue was the word “baffles.” The claim at issue in the case refers to “steel baffles.” The inclusion of the word “steel” as a modifier for the term “baffles,” said the court, “strongly implies that the term ‘baffles’ does not inherently mean objects made of steel.”³³ Thus, said the court, the “context in which a term is used in the asserted claim can often illuminate the meaning of the same term in other claims [and] the presence of a dependent claim that adds a

³² *Id.* At 12.

³³ *Phillips*, 415 F.3d at 1314.

particular limitation gives rise to a presumption that the limitation is not present in the independent claim.”³⁴

In diminishing, if not dissolving, the import of *Texas Digital* the court may have done much to clarify the arguments that will be made to courts. Some judges, however, think the dismissal of *Texas Digital* will have little impact because the case’s heavy reliance on dictionaries had not routinely been followed by the Federal Circuit, and thus was not routinely followed by district court judges. In a Continuing Legal Education conference shortly after *Phillips* was decided, one judge (agreeing with a trial lawyer) said “It’s a yawn. There’s nothing new.”³⁵ Another district judge, however, said that he was going to be “much more cautious in considering dictionary definitions.”³⁶ There was consensus, however, that *Phillips* “effectively overruled” *Texas Digital* without saying so.

In highlighting the primacy of the intrinsic evidence the court quoted the *Vitronics* case repeatedly with approval. The extensive quotation from *Vitronics* illustrates that it, too, can be quoted to the district court without

³⁴ *Id.*

³⁵ ALI-ABA Telephone Seminar, “Trial Judges on Patent Claim Construction Post-*Phillips* – 2005” (July 28, 2005) (hereafter “ALI-ABA”).

³⁶ *Id.*

much risk. The court noted that *Vitronics* “summarized” the applicable principles of claim construction and that claim terms are to be given their “ordinary meaning,”³⁷ listed the “sources” of meaning for claim terms as the language of the claims themselves, the specification, and the prosecution history, followed by extrinsic evidence,³⁸ that the specification is “always highly relevant”³⁹ and that the prosecution history “can often inform the meaning of claim language.”⁴⁰ The *Phillips* court also cited *Vitronics* for outlining the proper role of extrinsic evidence: it can help the district court “better understand the underlying technology.”⁴¹ Thus, *Vitronics* continues to be “good law” on claim construction.

Question number two raised by the court in *Phillips* was not extensively discussed because few of the organizations submitting *amicus* briefs favored the *Texas Digital* approach of having dictionaries be primary. Indeed, in answering question three – what role should dictionaries have in

³⁷ *Phillips*, 415 F.3d at 1312.

³⁸ *Id.* at 1314.

³⁹ *Id.* at 1315.

⁴⁰ *Id.* at 1317.

⁴¹ *Id.* at 1318.

the event the specification is primary – the *amicus* briefs were lukewarm at best.

The fourth question posed in the *Phillips* case asked whether the competing claim construction methodologies could be harmonized or treated as “complementary.” The overwhelming number of briefs that addressed this issue rejected the concept of harmonization. Clearly, the bar was urging the court to adopt a single methodology that could be consistently applied and commonly understood. The decision of the court did not squarely reject the *Texas Digital* line of cases, suggesting that the two methodologies can co-exist. Only time will tell how harmonious will be that relationship.

B. EXTRINSIC EVIDENCE IS RELEVANT BUT SECONDARY

Equally important is the fact that the Federal Circuit analyzed and identified what it considers to be the proper use of extrinsic evidence. In doing so it listed five reasons why extrinsic evidence is to be considered inherently less reliable than intrinsic evidence. Thus, in addition to explicitly recognizing that its own precedent “placed too much reliance” on extrinsic evidence, it damned that form of evidence with faint praise by enumerating five reasons courts should be skeptical of it. These reasons are:

- Because it is by definition not part of the patent itself it does not have the virtue of being created at the time of prosecution for the purpose of explaining scope and meaning of claim terms.
- External publications may not be written for persons of skill in the art and therefore may not reflect their understanding.
- Extrinsic expert reports and testimony is generated at the time of and for the purpose of litigation and, thus, can be biased. An affect that can be exasperated if the opinion is offered in a form not subject to cross-examination.
- Because the universe of possible extrinsic evidence is “unbounded,” the parties can pick and choose the extrinsic evidence most favorable to its cause, burdening the Court with the task of filtering the useful from the fluff.
- Undue reliance on extrinsic evidence risks the district court changing the meaning of the claims from that which would be gleaned from the indisputable public record, thereby undermining the public notice function of patents.

Thus, said the Federal Circuit, while it is permissible for a district court to admit that extrinsic evidence, in exercising its discretion and in weighing the evidence the court “should keep in the mind the flaws inherent in each type of evidence and assess that evidence accordingly.” In this part of the opinion the court appeared as much to be writing “Internal Operating Procedures” as it was providing guidance for the bench and bar. Few practitioners, and fewer district court judges, were unaware of the litigation tactics that accompanied such extrinsic evidence. Indeed, the *Texas Digital*

decision had all but created a market for such evidence of questionable value. The case is unlikely to change the practices of district court judges with regard to such evidence as much as it should change the reliance on it by the Federal Circuit.

C. EXPERT WITNESS PRACTICE UNCHANGED

The use of expert witnesses is an example. Some judges refuse to hear experts at all in connection with Markman hearings. Chief Judge Young of the District of Massachusetts is an example. He takes the court at its word – if claim construction is strictly a matter of law, then as such there is no fact-finding involved. The absence of fact-finding means an evidentiary hearing is not needed, and he treats the entire matter like statutory construction. He reads the briefs, listens to the arguments, and decides the case. “I depend on the adversary system to make me knowledgeable. . . . It's not an evidentiary hearing,” he recently said.⁴² The logical consequences of the *Markman* decision and the Federal Circuit cases, according to Judge Young, are that expert testimony is not needed. “To hold a trial on something I'm going to be reviewed *de novo* seems to me to be a

⁴² ALI-ABA.

waste of time. . . . If they want me to make evidentiary rulings, that I'm owed the difference of a trial judge.”⁴³

Judge Young has, on occasion, had court-appointed technical advisers report to the court, but these were used simply to provide knowledge about the technology and the art. While he has done this twice, he cautions that using a court-appointed technical advisor has nothing to do with the construction of the patent claim terms; he has never asked the technical advisor about the claim construction issues.

Other judges will use experts and expert depositions in claim construction; however they are cautious in how they use it. Judge Susan G. Braden, U.S. Court of Federal Claims, Washington, points out that experts can be used to educate oneself about the relevant technology and to assist in determining who is the hypothetical person of ordinary skill in the art. She does not use experts to help interpret the claims. Moreover, she says, trial judges are good at sorting out good experts from bad experts. “Use some

⁴³ *Id.*

common sense here. If you've got a charlatan out there, you don't rely on him.”⁴⁴

Barbara M. G. Lynn, U.S. District Court, Northern District of Texas, agrees. She has used expert testimony in some cases and excluded it in others. The primary use of an expert, she says, is to understand the technology, not to construe the claims.⁴⁵ Judge David J. Folsom, U.S. District Court, Eastern District of Texas, said he routinely allows experts to testify in *Markman* hearings, and he is inclined to give it little if any weight when he issues his ruling. In particular, he finds it useful in determining the character of the person of ordinary skill in the art, an issue often overlooked or treated very briefly.⁴⁶

In sum, the use of experts likely will continue as it had, with some judges hearing expert testimony and others not allowing it. As before, expert testimony will not be the dominant factor in the claim construction

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

analysis. To that extent, the post-*Phillips* world will be very similar to the way it was before *Phillips*.⁴⁷

D. CONSTRUING TO PRESERVE VALIDITY UNCHANGED

The fifth question asked whether the canon of construction that a claim should be construed so as to uphold validity should have any continuing vitality. No clear consensus emerged from the more than 20 *amicus* briefs that addressed this question. Although many argued against a strong rule for a saving construction, most would apply the doctrine only where there are two equally appropriate interpretations for a claim term, one of which would render the claim invalid and the other not. This, for example, was the position taken by the AIPLA.

The American Bar Association, on the other hand, took the position that invalidity issues “should form no part of the claim construction analysis.” The ABA noted that taking validity into account would not comport with the public notice function of claims because, in many cases, prior art is not available to the public and may not even be known until well

⁴⁷ An interesting paper reaching the same conclusion is Adamo, “Much Ado About Nothing: U.S. Claim Construction After *Phillips v. AWH Corp.*”, presented at the 15th All Ohio Annual Institute on Intellectual Property Law, September 22-23, 2005.

into the discovery of the case. Indeed, there is even a category of “secret” prior art, such as prior art under 35 U.S.C. § 102(e) and (g). The ABA called it “manifestly inconsistent with the public notice function” to allow such information to inform the meaning of claims. Of interest to Texas attorneys is the fact that the Houston Intellectual Property Law Association sided with the ABA on this issue. In its view, adopting a saving construction so as to narrowly construe claims in a manner to preserve validity would improperly usurp the role of the jury on that issue.

The Intellectual Property Owners Association (IPO) generally agreed, saying that the validity analysis should come into play only if the potential basis for invalidity is indefiniteness. Thus on this issue the bar was divided.

The *Phillips* decision retained the doctrine that claims will be construed so as to preserve their validity. While noting that the court has “not applied that principle broadly” and that it has “certainly not endorsed a regime in which validity analysis is a regular complement of claim construction,” the Federal Circuit repeated the view (albeit in *dicta*) that where there is ambiguity in the claim language it should be resolved in a

manner that would preserve the patent's validity.⁴⁸ “That is the rationale that gave rise to the maxim in the first place,” said the court, citing an 1873 Supreme Court case.

In reviewing the facts of the *Phillips* case, however, the court said that the doctrine of construing claims to preserve their validity, “a doctrine of limited utility in any event,” has no applicability.⁴⁹ Thus, while the doctrine is retained (if only by repetition), it has limited strength, is not to be a regular feature of claim construction, and may be limited to instances of claim language ambiguity. Moreover, because it had no role in the holding of the *Phillips* case, the entire discussion is *dicta*.

E. DEFERENCE DISCUSSION DODGED

Question number seven was one of the most promising questions posed by the Federal Circuit. It asked whether it was appropriate for the Federal Circuit to “accord any deference to any aspect of trial court claim construction rulings.” At least 17 of the *amicus briefs* advocated deference, and almost all who answered the question said doing so would be consistent

⁴⁸ *Phillips*, 415 F.3d at 1327.

⁴⁹ *Phillips*, 415 F.3d at 1328.

with the Supreme Court decision in *Markman*.⁵⁰ Interestingly, there was also a clear consensus that giving deference would be inconsistent with the Federal Circuit decision in *Cybor*.⁵¹ The ABA brief on this point is exemplary of this position. Noting that *Cybor* made clear that the Federal Circuit is not required to give deference to trial court rulings on claim construction, it urged the court to reconsider the question and agreed to review “any underlying findings of fact made by the trial court in connection with construing a claim term only by the clearly erroneous standard.” The ABA noted that such an approach is mandated by the express language of Rule 52(a), Fed.R.Civ.P., and would address “some of the now well-documented problems caused the court’s current no-deference approach.” That approach, said the ABA, has led to “substantial uncertainty in patent infringement litigation.”⁵² The “no deference” approach gives parties “every incentive to appeal and less incentive to settle regardless of the outcome at

⁵⁰ See Malloy, “*Plea for Deference*”, *supra* note 4; Hagberg and Pernick, “*Phillips: Resolving (Most) Issues on Construing Patent Claims*,” New York Law Journal (July 28, 2005)(urging Federal Circuit to defer to trial court underlying fact findings in claim construction).

⁵¹ *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998).

⁵² ABA Brief at 17.

trial.” All of this, said the ABA, is further fueled by the court’s “substantial reversal rate.”⁵³

The ABA carefully noted that the Supreme Court decision in *Markman* did not mandate the “no-deference” approach. Rather, the *Markman* decision merely decided that the job of construing the meaning of claim terms was the province of the trial court, not the jury. Indeed, the ABA pointed out, the Supreme Court in *Markman* recognized that the claim construction issue presented a mixed question that “falls somewhere between a pristine legal standard and the simple historical fact.”⁵⁴

The Federal Circuit decided not to address the issue, saying only, “After consideration of the matter, we have decided not to address that issue at this time.”⁵⁵ In doing so it left undisturbed its prior *en banc* decision in *Cybor*.

The refusal of the Federal Circuit to address the question of deference prompted another stinging defense dissent by Judge Mayer, this time joined by Judge Newman. Judge Mayer has consistently argued that claim

⁵³ *Id.*

⁵⁴ *Id.* at 20.

⁵⁵ *Phillips*, 415 F.3d at 1328.

construction has a factual component –a position not inconsistent with the Supreme Court *Markman* decision and urged by many of the *amicus briefs* in *Phillips*. Indeed, in the original *Markman* decision of the Federal Circuit Judge Mayer argued that claim construction has always been reviewed as an ultimate question of law based on underlying factual determinations. Those factual determinations, he pointed out, were reviewed under the “clear error” standard of review (when found by a court) or under the “substantial evidence” standard (when found by a jury). The key in Judge Mayer’s observation is that appellate review of claim construction decisions frequently involved a high degree of deference to the lower tribunal based on its fact-finding function. Eliminating that deference, he predicted, would make the judicial process a charade⁵⁶:

Indeed, the effect of this case is to make of the judicial process a charade, for notwithstanding any trial level activity, this court will do pretty much what it wants under its *de novo* retrial. We have consistently stressed that the same rules apply to patent cases as apply to all other civil disputes. ... The court subverts this principle and the demands of the Seventh Amendment by the ruse of reclassifying factual questions as legal ones.

⁵⁶ *Markman*, 52 F.3d at 993.

The importance of the deference given by appellate courts to trial court findings of disputed facts was pointed out by Judge Newman in her dissent of the original Federal Circuit *Markman* decision⁵⁷:

I wonder how this new system will work. ... What of the trial process, if trial judge and jury are ciphers upon appellate review?

* * *

In patent cases, no less than for other causes of action, it is the trier of fact on whom the system of justice is founded. The extensive exposition of disputed facts that is available at trial can not be duplicated on appeal. Even were there no constitutional infirmity, I can discern no practical benefit sufficient to justify this court's departure from the established procedures of trial and appeal. Implicit in the appellate process is an expected degree of deference to the trial process. The majority's elimination of the jury as trier of fact, and elimination of the deference owed to the judge upon bench trial of disputed facts, removes from the parties the benefit of the trial process. It distorts the trial/appellate relationship in a manner unique to patent litigation, and manifests a heady misperception of our assignment as a national appellate court.

She doubted that "correct" results were more likely with *de novo* review⁵⁸:

However, the meaning and scope of disputed technologic and other terms of art in particular usage are classical questions of

⁵⁷ *Markman*, 52 F.3d at 1008 (emphasis added).

⁵⁸ *Markman*, 52 F.3d at 999 (emphasis added).

fact. Their nature as fact does not change because their finding, like most findings in litigation, has a legal consequence.

...

The trial process is the vehicle for determining truth. Thus the trier of fact is present in the courtroom along with the witnesses, the advocates, the exhibits, and the demonstrations. Indeed, when the technologic issues are complex, appellate fact finding is probably the least effective path to accurate decisionmaking. And if a factual question is technologically simple, it is not thereby transformed into a matter of law and removed from the trial process. Even were there no constitutional infirmity, *I doubt that the correct resolution of technologic or scientific disputes is more likely to be achieved by removing disputed facts from the procedures of trial and consigning them to the appellate court.* Appellate briefs and fifteen minutes per side of attorney argument are not designed for *de novo* findings of disputed technologic questions

To hammer home the point that these technologic decisions are factual, not purely legal, Judge Newman wrote⁵⁹:

The character of what is a fact does not change even in those special cases that have been held to warrant plenary appellate review? The subject matter that the majority now designates as “law” — the disputed meaning and scope of technologic terms and words of art as used in particular inventions--is not law, but fact. On any definition of fact and law, the question of whether “inventory” as used in Markman’s Claim 1 means only clothing or can include invoices is a question of fact: on Thayer’s criterion of whether the fact exists; on Morris’ criterion of whether there is a need for evidence; on Bohlen’s inquiry of whether the meaning is specific to the situation *sub judice*. The

⁵⁹ *Markman*, 52 F.3d at 1009-10.

meaning of “inventory” is specific to this invention, this patent, this claim, this system, this defendant. Its determination is for the trier of fact.

By making patent cases different from other types of civil cases, and by separating them from the mainstream of judicial thought, the *Markman* decision would create a “different, and uncertain, appellate role” for the Federal Circuit, said Judge Newman⁶⁰:

The Federal Circuit is responsible for establishing consistent national law in its areas of assigned subject matter. The court early in its existence took note that patent cases were only one of many areas of commercial dispute, only one of many areas of intellectual property dispute, that are tried in the district courts. We have striven to assure that unnecessary burdens are not placed upon the district courts of the nation by virtue of the separate path of appellate review of patent cases. We acted to assure that the same procedures would apply in the trial of patent cases as in other civil actions. ... Thus the litigation process that served other civil disputes also served in patent litigation. Today’s ruling, with its departures from the rules of evidence, its changed standards of deference and review, its conflict with established jury and bench procedures, challenges the principle on which this comity was based.

Patent cases are not unique in their usage of specialized terms and words of art, in their reliance on technologic or scientific evidence, in their dependence on findings of technologic fact. Evidentiary conflicts with respect to technology and science arise in a variety of cases; and the conflicting testimony of expert witnesses is ubiquitous. Trial judges have extensive experience in assuring a fair trial, and finding, within human

⁶⁰ *Markman*, 52 F.3d at 1025.

limitations, the truth. Today this court severs patent cases from all others, requiring different (and uncertain) procedures at trial, taking unto ourselves a different, and uncertain, appellate role.

It is this “different, and uncertain” role that, by the time of the *Phillips en banc* order, had resulted in nearly ten years of confusion referenced by Judge Mayer in the earlier quote.⁶¹ Thus it was no surprise that Judges Mayer and Newman dissented from the decision of the *en banc* majority in *Phillips* to refuse to reconsider the *Cybor* case and reject the “no deference” policy. Said Judges Mayer and Newman⁶³:

But after proposing no fewer than seven questions, receiving more than thirty *amici curiae* briefs, and whipping the bar into a frenzy of expectation, we say nothing new, but merely restate what has become the practice over the last ten years—that we will decide cases according to whatever mode or method results in the outcome we desire, or at least allows us a seemingly plausible way out of the case.

* * *

Eloquent words can mask much mischief. The court’s opinion today is akin to rearranging the deck chairs on the Titanic—the orchestra is playing as if nothing is amiss, but the ship is still heading for Davey Jones’ locker.

⁶¹ *Supra*, page 2.

⁶³ *Phillips*, 415 F.3d at 1334-35.

Whether the Federal Circuit will, in the future, revisit the issue posed by this question is uncertain. Clearly the bar expected it and the majority of the *amicus* briefs urged a reversal of the position taken in *Cybor* through inclusion of formal deference to the construction analysis. If claim construction continues to be considered purely a question of law, this seems improbable. Changing the view to have claim construction be, for example, a question of law with factual underpinnings may be the most logical approach, but is not one currently in the law of claim construction.

V. CONCLUSION

For now the full impact of the *en banc* decision in *Phillips* is undecided. To be sure it clarified some areas of the law that appeared uncertain, but most of the uncertainty appeared to be manifest in the decisions of the Federal Circuit rather than in the realities of district court practice. To the extent the uncertainty about the proper role of extrinsic evidence existed, it merely serve to increase the reversal rate at the Federal Circuit and substantially increase costs of patent litigation with no apparent beneficial aspects.

Whether the degree of fine tuning, or perhaps more correctly “re-tuning,” of the claim construction analysis provided by *Phillips* can have a

favorable impact on reversal rates remains to be seen. If patent litigation does not become more predictable, and claim construction does not become more uniform in approach, and if the Federal Circuit continues to refuse to revisit the issue of deference to be accorded district court claim construction analyses, the only recourse available to the patent community will be to appeal to a higher body –either the Supreme Court or the Congress. Ironically, with all of the emphasis today on legislative patent reform, the one issue not addressed in the hundreds of pages of legislative proposals endorsed by every major patent bar group in the country is a fix to the problem of claim construction. We can hope – but would be foolish to predict – that *Phillips* has provided all the correction needed.