

**I Know it When I See it:  
*Phillips v. AWH Corporation*  
and the Continuing Search  
for Interpretative Consistency**

**Thomas M. Fulkerson**  
WILSON FULKERSON LLP  
700 Louisiana Street, Suite 5200  
Houston, Texas 77002-2731  
Phone 713.654.5888  
Fax 713.654.5801  
Email [tfulkerson@wflp.com](mailto:tfulkerson@wflp.com)

**43<sup>rd</sup> Intellectual Property Law Conference**  
November 7-8, 2005  
Plano, Texas

THE INSTITUTE FOR LAW AND TECHNOLOGY  
OF  
THE CENTER FOR AMERICAN AND INTERNATIONAL LAW

**I Know it When I See it:  
*Phillips v. AWH Corporation*  
and the Continuing Search  
for Interpretative Consistency**

I. How did we arrive at *Phillips*?

a. *Markman v. Westview Instruments*, 517 U.S. 370 (1996).

i. Background and history of the case.

Markman invented and patented a device permitting the user to more easily record and track inventory. He obtained a jury verdict for infringement and damages against an infringer, but the trial court entered judgment notwithstanding the verdict on the grounds that the jury's findings were inconsistent with the true meaning of the claim. Markman appealed, and the Federal Circuit affirmed. *Markman v. Westview Instruments*, 52 F.3d 967 (Fed. Cir. 1995) (*Markman I*). The United States Supreme Court affirmed. *Markman v. Westview Instruments*, 517 U.S. 370 (1996) (*Markman II*).

The court held that no clear precedent illustrated that claims construction issues were matters "at law" under the English common law requiring jury trials under the 7<sup>th</sup> Amendment to the United States Constitution. 517 U.S. at 380-81. Similarly, the court held that no clear analog existed in the English common law to the patent claims construction process and that jury trials were not required as a matter of deference to the practice of that analogous proceeding in the common law. 517 U.S. at 386. Though it acknowledged that claims construction involved a "mongrelized" mix of factual and legal issues, the court ruled that the interests of certainty and uniformity in claims construction practice would be best served by "treating" claims construction disputes as questions of law

that could be consistently reviewed by the newly formed federal circuit court of appeals. 517 U.S. at 391.

- ii. *Cybor Corp. v. FAS Techs. Inc.*, 138 F.3d 1448 (Fed. Cir. 1998).

Two years after *Markman* was decided, the federal circuit considered *Cybor Corp. v. FAS Techs. Inc.*, 138 F.3d 1448 (Fed. Cir. 1998). In *Cybor*, the court determined that it would review claim construction attempts by the district courts *de novo*, giving no deference to the deliberations of the trial court. 138 F.3d at 1474, 1455. The majority reasoned that “nothing” in *Markman II* “supports the view that the Court endorsed a silent third option—that claim construction may involve subsidiary or underlying questions of fact.” *Id.* It also believed that the congressionally-announced goal of uniformity, sanctioned by the court in *Markman*, could not be obtained if the federal circuit were “bound” to give deference to a trial judge’s asserted factual determinations incident to claim construction. *Id.*

*Cybor* is anomalous for several reasons. First, whether a “no deference” rule should be adopted was not necessary to the outcome of the decision and thus was not addressed by the parties. 138 F.3d at 1474. Second, *Cybor* overruled a series of federal circuit opinions holding that claim construction decisions involved mixed questions of law and fact and that the appellate court was therefore required to give those fact findings deference. *Fromson v. Anitec Printing Plates Inc.*, 132 F.3d 1437, 1445 (Fed. Cir. 1997) (extensive discussion of expert testimony relied upon by trial court to interpret the term “anodized”); *Eastman Kodak Co. v. Goodyear Tire and Rubber Co.*, 114 F.3d 1547, 1556 (Fed. Cir. 1996) (court approves extensive use of extrinsic evidence regarding rubber crystallization process and defers to trial court as “finder of fact”); *Weiner v. NEC*, 102 F.3d 534, 539 (Fed. Cir. 1996) (quoting the court in *Markman* that claim construction falls “somewhere between a pristine legal

standard a simple historical fact”); *Metaullics Sys. Co. v. Cooper*, 100 F.3d 938 (Fed. Cir. 1996) (majority holding that facts applied by the trial court to claim construction could not be set aside absent abuse of discretion). What is unusual is not that prior precedent was overruled, but that the change was made so rapidly.

The failure of the Supreme Court to give the federal circuit “permission” to defer to district judges is a singularly unimpressive rationale for the court’s adoption of the “no deference” standard. *Markman II* had, after all, referred to the construction process as a “mongrelized” mix of factual and legal determinations and separately noted that the inquiry “falls somewhere between a pristine legal standard and a single historical fact.” 517 U.S. 388, 390. It seems apparent in retrospect that *Markman II* neither addressed or made recommendation on the standard of review of claims construction rulings. Rather, it addressed the only issue before it—whether the litigants were entitled to a jury determination of claim construction. *Cybor*, 138 F.3d at 1474.

Finally, the opinion appears to have been undertaken without a full vetting of its potential consequences. Though the dissent raises a number of potentially significant impacts to the adoption of a “question of law” standard, they are not addressed or discussed in any depth by the majority and were not a focus of briefing in the case. See 138 F.3d at 1474-75 (Rader, J. dissenting).

iii. The practical results of *Markman II* up to *Phillips*.

1. Reversal rates estimated at between 35 and 48%.

Interested parties have now “enjoyed” ten years of patent claims construction undertaken by the district court bench. The responses to that process have varied, and while some commentators have contended that the process has been largely

successful, most argue that the extreme reversal rates in the claims construction process illustrate that the system is “broken.” Compare Wolf, *Untangling the Tangled Web: Federal Court Reform through Specialization for Internet Law and other High Technology Cases*, 2002 UCLA JOURNAL OF LAW AND TECHNOLOGY No. 1, n.80, and K. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK LAW REV. NO. 1 (Spring 2005), at 231; M. Banner, *Keeping Current With the Chair*, IPL Newsletter Vol. 21, No. 4, (Summer 2003), at 13, n.17; Christian Chu, *Empirical Analysis of the Federal Circuit’s Claim Construction Trends*, 16 BERKELEY TECH. L.J. 1075, 1104-05 (2001) (arguing that *Cybor* significantly increased reversal or modification of claims construction and that, in the most recent analysis, 44% of claim constructions by the district courts were either modified or reversed entirely) (hereinafter “CHU”); Paul R. Michel, *A Review of Recent Decisions of the United States Court of Appeals for the Federal Circuit*, 48 AM. U.L. REV. 1177, 1191 (1999) (arguing that a serious problem exists with a patent system if seasoned practitioners are unable to predict outcomes based upon a given set of facts). The issue has so energized the intellectual property bar that it has spawned debates over the precise reversal rate by the federal circuit and even websites that isolate and track decisions resulting in the creation of software to predict claims construction outcomes based upon the panel drawn. Compare MOORE, *supra* at 233 with CHU, *supra* at 1104 (Moore claims a reversal rate of 34.5% and Chu 44%, the difference driven by whether summary affirmance decisions are included); and see Nard, *A Theory of Claim Interpretation*, HARVARD JOURNAL OF LAW AND TECHNOLOGY, VOL. 14, NO. 1 (Fall 2000) (describing then current jurisprudence as consisting of

“hypertextualism” and “pragmatic textualism”); *The Federal Circuit Assessment Project*, <http://www/ClaimConstruction.com> (the site contains an ambitious, highly statistical and entertaining attempt to read the judicial “tea leaves” in the claim construction field).

Of the information surveyed, the results of two were the most startling. First, Professor Kimberly Moore’s work indicates that between 1995 and 2003, the reversal rate of claims construction decisions was *worsening*. [Slide.] Worse still, Mark T. Banner, whose statistical work followed Professor Moore’s, revealed that for the first six months of 2003, the federal circuit had reversed district court’s claim constructions *48% of the time*, a figure substantially higher than in the eight-year period previously tracked by Moore. BANNER, *supra* at 12-15.

2. Diminished uniformity and certainty.

The criticisms of the current *Markman* process relate not only to this high reversal rate for claims construction decisions, but the effect it has on litigants and the scientific community. The federal circuit was created to create uniformity and predictability in the patent enforcement process. Congress believed that the wide gulf in the tendency of the regional circuit courts to enforce patents was detrimental to scientific advancement and to the economy as a whole. BANNER, *supra* at 2. The high rate of reversal of claims construction outcomes, however, tends to undermine the very goal set by Congress in mandating the creation of the federal circuit. See, e.g., *Cybor*, *supra* at 1448 (Rader, J. concurring).

Indeed, the uncertainty created by widely divergent views of the patent laws in the circuits, the

compelling motivation for the creation of the federal circuit, has been duplicated by the uncertainty produced by random panel assignments. Instead of concerning themselves about the situs of their appeal, litigants now worry about the constituency of the panel assigned to it.

3. “If we could just get the District Courts to understand claims construction.”

One consistent, and the author believes mistaken, theme in the academic literature is the concept that the high reversal rate is due to the federal circuit’s failure to provide “clear canons of claim construction to aid district court judges.” See, e.g., MOORE, *supra* at 247. Embedded in these theories is the notion that if the CAFC were simply to provide more clarity, the problem of too-common reversal would be resolved.

- II. *Phillips v. AWH* renews the attempt to clarify the rules of claims construction.

- a. *Phillips v. AWH*, 415 F.3d 1303 (Fed. Cir. 2005).

- i. The decision of the trial court.

Edward Phillips invented and patented a modular, steel shell panel that, when welded together with others like it, formed vandalism-resistant walls (“the “798 patent”). For a time, he licensed the invention to the AWH corporation, then terminated their relationship. He discovered that AWH was selling shells that he believed contained his patented technology, and so, in 1997, he filed a patent infringement suit.

The district court’s claim construction focused on the phrase “further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls.” 419 F.3d at 1309. The district court interpreted this

phrase as a “means...for performing a specified function” under 35 U.S.C. § 112(6), requiring the claim to be construed to cover “the corresponding structure, material, or acts described in the specification and equivalents thereof.” Because each of the specifications in the ‘798 patent showed baffles extending inwardly from the shell wall at “oblique or acute” angles to the wall face, the district court held that the claim covered only those shells whose baffles extended from the outside wall at oblique or acute angles and interlocked with one another to give the wall the requisite improved strength. The district court then granted summary judgment of non-infringement for AWH, whose product contained steel baffles that extended from the shell wall at 90-degree angles. 419 F.3d 1209-10.

ii. The panel decision.

Initially, a panel of the federal circuit affirmed the summary judgment on grounds other than those used by the district court. *Phillips v. AWH Corp.*, 363 F.3d 1207 (Fed. Cir. 2004). The majority ruled that because the ‘798 patent contained a sufficient recitation of structure, the district court erred by construing the term “baffles” to invoke the “means plus function” claim format. 363 F.3d at 1212. Nonetheless, the panel concluded that because the specification used the term “baffles” restrictively and in a manner that excluded baffles set at 90-degree angles from their source, the district court’s ruling of non-infringement was correct. In particular, the panel relied upon (1) a portion of the specification in which the author spoke of the ability of his invention to “deflect” projectiles such as bullets, a condition that could be produced only if the baffles were set at acute or obtuse angles, and (2) the absence of any reference in the specification to baffles set at 90-degree angles from the shell wall. 363 F.3d at 1213. The dissent argued that the majority had imported a claim limitation from the specifications that was not present in the claim itself. Instead, it relied in part on the parties’ stipulation that a baffle was a means of

“obstructing, impeding or checking the flow of something” to argue that the claim covered any baffle attached to the exterior wall, whatever its angle. 363 F.3d at 1216.

iii. The *en banc Phillips* opinion.

1. Amicus briefing and the expectations of the bench and bar.

Shortly after deciding to consider *Phillips en banc*, the court requested *amicus curiae* briefing on the case, including a request that the bar address the *Markman* process generally. See Attachment 1. In one of its inquiries, the court asked, “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?” Attachment 1, Question 7. The request for briefing was of such magnitude that commentators from both the bench and bar believed that the court was considering overruling its decision in *Cybor Corp.* The bench and concerned trade groups responded with a host of briefing that suggested a variety of specific suggestions with regard to the case at hand, as well as more general suggestions directed to the *Markman* process.

If these friends of the court expected a substantial change of policy from their efforts, they did not receive it. Indeed, the *en banc* decision in *Phillips* addressed only the use of technical and general dictionaries and does not speak to the “deference” issue at all. 419 F.3d at 1328. Compare, e.g., Self-Regulatory Organizations: Notice of Filing of Proposed Rule Changes by the National Association of Securities Dealers, Inc. and the New York Stock Exchange, Inc. Relating to Research Analyst Conflicts of Interest, Exchange Act Release

No. 34-45526, FED. REG. VOL. 67, NO. 50 (Mar. 14, 2002), at 11526.

2. The *en banc* panel reverses the district court, reasserting fundamental construction tenets.

The *en banc* court began by addressing the “means plus function” dispute, concluding that the phrase “baffles” was not “means plus function” language invoking 35 U.S.C. § 112(6). 419 F.3d at 1311. This condition existed because the claim used the phrase “internal steel baffles” and both the claims and the specifications pointed to the structure of a particular physical apparatus spelled out in the specifications. With this decision made, the court turned to the rules of claim interpretation which were to guide its ultimate decision. For the most part, these rules are “old friends” with which every patent practitioner is or should be familiar and are set out below:

- a. “The claims of a patent define the invention to which the patentee is entitled the right to exclude.” 419 F.3d at 1312. They are of “primary importance in the effort to ascertain precisely what is patented.” *Id.*
- b. Claims “are generally given their ordinary and customary meaning.” 419 F.3d 1312, *citing Vitronics Corp. v. Conception, Inc.*, 90 F.3d 1576, 1582 ( Fed. Cir. 1996). Such “ordinary and customary meaning,” however, 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, *i.e.* as of the effective filing date of the patent application.” 419 F.3d 1312, *citing Innova/Pure Water Inc. v. Safari Water Filtration Sys. Inc.*, 381 F.3d 1111 (Fed. Cir. 2004).

- c. The person of ordinary skill in the art would “read the words used in the patent documents with an understanding of their meaning in the field, and [would]...have knowledge of any special meaning and usage in the field.” 419 F.3d at 1313, *citing Multiform Desiccants, Inc. v. Medzam Ltd.*, 133 F.3d 1473, 1477 (Fed. Cir. 1998). A person of ordinary skill, in turn, would read it “in the context of the written description and prosecution history.” 419 F.3d at 1313.
  - d. “Claims must be read in view of the specification, of which they are a part.” 419 F.3d at 1315. The specifications are the “best single guide to the meaning of a disputed term” and “[are]...the primary basis for construing the claims.” *Id.*, *citing Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 452 (Fed. Cir. 1985). This rule, in part, is derived from the legislated requirement that a specification describe the invention in “full, clear, concise and exact terms.” 419 F.3d at 1316; 35 U.S.C. § 112(1).
  - e. “The patentee’s lexicography governs.” *Id.* By this, the court means that when the inventor chooses to use a word or phrase in a manner that is different from its commonly understood meaning, his choice controls.
  - f. “The court should also consider the patent’s prosecution history, if it is in evidence.” 419 F.3d at 1317, *citing Markman*, 52 F.3d at 980.
3. The panel downgrades the use of dictionary-based extrinsic evidence.

The panel took some pain to discuss the role of extrinsic evidence, noting that in certain cases in

which the claim or specification were sufficiently technical, the use of extrinsic evidence would be helpful but also concluding that “it is unlikely to result in a reliable interpretation of the patent claim scope unless considered in the context of the intrinsic evidence.” 419 F.3d at 1319.

The court then engaged in an extensive discussion of *Texas Digital Sys., Inc. v. Telegenix Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), substantially undermining the scope of application, if not the vitality, of that three-year-old ruling. The court explained that extrinsic evidence was particularly useful to avoid “one of the cardinal sins of patent law—reading a limitation from the written description into the claims.” 419 F.3d at 1320, *citing SciMed Life Sys. v. Advanced Cardiovascular Sys. Inc.*, 242 F.3d 1337, 1340 (Fed. Cir. 2001). The court then explained that while “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.” 419 F.3d 1321. The court warned that dictionaries “by their nature, provide an expansive array of definitions” and that “general” dictionaries were the most apt to do so. *Id.* Finally, however, the court commented that it did not “intend to preclude the appropriate use of dictionaries,” particularly for the purpose of “avoid[ing] the danger of reading limitations from the specification into the claim...” 419 F.3d at 1323.

4. The panel concluded that Mr. Phillips’ “baffles extending inwardly from the steel shell walls” included baffles extending from any angle.

After reciting these general principles, the court turned its attention to the case at hand. It first cited the stipulated definition of the parties that a baffle

was anything that “checks, impedes or obstructs the flow of something.” 419 F.3d 1324. It then compared the contested phrase in claim 1 of the ‘798 patent to dependent claims 2 and 6, reasoning that if the sole purpose of baffles was to deflect projectiles or provide interlocking support structures, the further definition supplied by claims 2 and 6 would be rendered superfluous. 419 F.3d at 1325. Finally, other specifications describing purposes of the baffles such as sound or thermal insulation illustrated to the court that the invention was not limited to baffles made at acute or obtuse angles. 419 F.3d at 1326-27.

b. Reaction to *Phillips* and a brief analysis of certain aspects of it.

i. Mr. Phillip’s case – a pretext for more “teaching.”

Judges Lourie and Newman, whose panel decision was overturned, issued an opinion concurring in part and dissenting in part. They noted that the majority’s almost treatise-like discussion of the *Markman* process was unnecessary to the outcome of the case, noting “[t]he original panel decision of this court...implicitly decided the case based on the priorities that the *en banc* court has now reaffirmed....” 419 F.3d at 1328. Indeed, aside from the use of dictionary definitions by the dissenters in the panel opinion, there seemed little case-driven reason for the court to write extensively upon general construction principals. The court’s decision, therefore, was by its own admission meant to “teach” the district courts once again the “proper” method of patent interpretation so as to “increase the likelihood that a court will comprehend how a person of ordinary skill in the art would understand the claim terms.” 419 F.3d at 1324. In short, the court felt that if it delivered an ever more definitive “how to,” the district courts might begin to “get it right” more frequently.

ii. Reaction by the bench, bar and commentators.

Reaction by the bar has been mixed, but most initial reactions simply reported the opinion. For the most part, the reception of *Phillips*' downgrading of the use of dictionaries as sources of extrinsic evidence has been received favorably. See, e.g. Banner & Witcoff, Ltd. (Bradley C. Wright), *Phillips v. AWH Corp: Which Way Is the Wind Blowing?* (Feb. 8, 2005) <<http://www.bannerwitcoff.com/articles/PhillipsvAWH.pdf>>; Fenwick & West LLP, *Phillips v. AWH Corporation – Revisiting the Rules of Claim Construction: Still No Magic Formula* (July 13, 2005) <[http://www.fenwick.com/docstore/publications/Litigation/Litigation\\_Alert\\_07-13-05.pdf](http://www.fenwick.com/docstore/publications/Litigation/Litigation_Alert_07-13-05.pdf)>; Foley & Lardner LLP, *The Federal Circuit en banc rehearing order in Phillips v. AWH Corp...opens the door to a complete reconsideration of claim construction principles and procedures* (2004) <[http://www.foley.com/files/tbl\\_s88EventMaterials/FileUpload587/120/phillipscas ediscussion.pdf](http://www.foley.com/files/tbl_s88EventMaterials/FileUpload587/120/phillipscas ediscussion.pdf)>; McDermott Will & Emery, *The Federal Circuit Hears Arguments in Philips v. AWH* (Feb. 9, 2005), <[http://www.mwe.com/index.cfm/fuseaction/publications.n ldetail/object\\_id/530828fb-2e55-4158-a668-90e193f83e25.cfm](http://www.mwe.com/index.cfm/fuseaction/publications.n ldetail/object_id/530828fb-2e55-4158-a668-90e193f83e25.cfm)>; Simpson Thacher & Bartlett LLP, *In Phillips v. AWH, the En Banc Federal Circuit Refocuses Claim Construction on a Patent's Intrinsic Evidence* (July 29, 2005) <<http://www.stblaw.com/content/publications/pub518.pdf>>

c. How *Phillips* has been applied.

District courts have almost uniformly reacted to *Phillips* as the most recent authority on claim construction. The vast majority of cases analyze *Phillips* as having reiterated the importance of keeping emphasis on the claims and specification of a patent in claim construction. A list of these cases includes *Johnson Elec. Ind. Mfg., Ltd. v. Ametek, Inc.*, 2005 WL 2076561 (D. Conn.); *Bayer Healthcare LLC v. Abbott Lab.*, 2005 WL 2346890 (D. Del.); *MBO Lab., Inc. v. Becton, Dickinson and Co.*, 2005 WL 2133411 (D. Mass.); *Wyeth v. Teva Pharm. USA, Inc.*, 2005 WL 2175440 (D.N.J.); *Daiichi Pharm. Co., Ltd. v. Apotex, Inc.*, 380 F. Supp. 2d 478 (D.N.J. 2005); *Lasermx, Inc. v. Glatter*,

2005 WL 1981571 (S.D.N.Y.); *Z4 Techs., Inc. v. Microsoft Corp.*, 2005 WL 2304993 (E.D. Tex.); *Microunity Sys. Eng'g, Inc. v. Dell, Inc.*, 2005 WL 2986026 (E.D. Tex.); *Gobeli Research Ltd. v. Apple Computer, Inc.*, 2005 WL 2050084 (E.D. Tex.); *Tantivy Communications Inc. v. Lucent Techs. Inc.*, 2005 WL 1925911 (E.D. Tex.); *Maxma v. ConocoPhillips Inc.*, 2005 WL 1690611 (E.D. Tex.); *Baldwin Graphic Sys., Inc. v. Siebert, Inc.*, 2005 WL 1838451 (N.D. Ill.); *Allure Home Creation Co., Inc. v. Zak Designs, Inc.*, 2005 WL 1924323 (D.N.J.); *Logan v. Hormel Foods Inc.*, 2005 WL 2171893 (S.D. Tex.); *Excellent Inventions LLC v. FKA Distrib. Co.*, 2005 WL 1667810 (S.D. Tex.); *Dananberg, D.P.M v. Payless Shoesource, Inc.*, 2005 WL 1863502 (D.N.H.); *Winn, Inc. v. King Par Corp.*, 2005 WL 2033531 (E.D. Mich.); *Amerifab, Inc. v. Voest-Alpine Indus., Inc.*, 2005 WL 1827907 (S.D. Ind.); *Roche Diagnostics Corp. v. Apex Biotechnology Corp.*, 2005 WL 2363068 (S.D. Ind.); *IP Innovation L.L.C. v. Sony Elec. Inc.*, 2005 WL 2035578 (N.D. Ill.).

They also recognize the Federal Circuit's mandate to also look to the prosecution history of a patent as part of the intrinsic evidence to determine whether a patentee had disclaimed a particular definition for a disputed term during the prosecution of the patent.

The one notable variance amongst district court decisions has to do with how to treat extrinsic evidence in claim construction analysis. While most courts recognize that *Phillips* clarified that courts are not to blindly rely on dictionary and treatise definitions to the contradiction or exclusion of what is described in the specification of a patent, decisions part on their interpretation of this caution. These cases fall into two general categories. The first category contains decisions where courts view *Phillips* as having almost precluded the use of extrinsic evidence. See, e.g., *Daiichi Pharm. Co., Ltd. v. Apotex, Inc.*, 380 F. Supp. 2d 478, 487 (D.N.J. 2005) ("The second, and perhaps more important reason why the Court rejects Apotex' proposed construction is the recent and much-anticipated **Phillips** decision, in which the Court of Appeals for the Federal Circuit, sitting en banc, issued a strongly worded caution

against the blind use of dictionary definitions in claim construction analysis.”) (emphasis in original). These courts have made great efforts to confine claim construction analysis to only the claim language and specifications. See, e.g., *Wyeth v. Teva Pharm. USA, Inc.*, 2005 WL 2175440, \*7 (D.N.J.) (“Because the meaning of the term can be ascertained from the intrinsic record, the Court will not rely on extrinsic evidence that suggests a broader construction. See *Phillips*, 415 F.3d at 1324 (prohibiting the use of extrinsic evidence to contradict the unambiguous meaning provided to a claim term by the intrinsic evidence)). In some instances, these courts have also looked to the prosecution history for guidance when a party has argued that the patentee disclaimed a particular interpretation in the patent’s prosecution. See, e.g., *Bayer Healthcare LLC v. Abbott Lab.*, 2005 WL 2346890, \*5-9 (D. Del.) (analyzing thoroughly patent prosecution history to conclude that disputed term “gear” excluded in its interpretation “chain”).

The second category consists of decisions where courts have emphasized that while *Phillips* did caution against blind reliance on extrinsic evidence, the decision does not preclude using extrinsic evidence for claim construction, so long as the extrinsic evidence comports with the language in the claim and specifications. See, e.g., *Zoran Corp. v. Mediateck, Inc.*, 2005 WL 2206725, \*12 (N.D. Cal.) (using American Heritage Dictionary definition in claim construction analysis of disputed term, noting “Plaintiffs’ protests aside, *Phillips* does not prevent a court from referring to a dictionary definition, so long as that definition is given the proper weight”).

Of course, not all decisions fit neatly into either of these categories, as some courts gave lip service to *Phillips* but confidently relied on extrinsic evidence in their claim constructions, reasoning that their reliance did not contradict the mandates of *Phillips*. See, e.g., *Freeman v. Gerber Prods. Co.*, 2005 WL 2277410, n.2 (D. Kan.) (responding to accused’s mention of *Phillips* in its reply brief, where accused points out that *Phillips* overruled *Texas Digital Systems*’ “dictionary first” approach to claim construction, by explaining “[i]n this case, the court certainly relied on dictionary definitions in construing the

claims, but it by no means did so divorced from the intrinsic record...the court is unpersuaded that is *Markman* ruling is contrary to *Phillips*.”).

The problem of *de novo* review has not gone unnoticed, however. Indeed, at least one district court has commented on the federal circuit’s “unwillingness...to...give any deference to the claim construction findings of District Courts” as a reason to refuse to follow colleague district courts in their common construction of the term “frame” in the context of reading glasses. *Aspex Eyewear, Inc. v. Altair Eyewear, Inc.*, 2005 WL 2230453, \*6-7 (S.D.N.Y.). In *Aspex*, several eyewear patents were in dispute; however, one of the more hotly contested terms was “frame.” The plaintiff argued that “frame” did not have to include a bridge and rims around the lenses, while the defendant argued that the language of the claim required the “frame” to have both a bridge and rims. In an effort to persuade the Southern District of New York to adopt its proposed claim construction, the plaintiff pointed to several district court cases in which courts had construed the term “frame” to not require the presence of rims. Not persuaded, the Southern District of New York responded:

First, these decisions were made before the Federal Circuit clarified the principles of claim construction in *Phillips*. Second, the unwillingness of the Federal Circuit to itself give any deference to the claim construction findings of District Courts further dissuades this court from giving significant precedential value to judgments of its colleagues. See *Cybor Corp. v. FAS. Techs.*, 138 F.3d 1448, 1455 (Fed. Cir. 1998) (the Supreme Court endorsed this court’s role in providing national uniformity to the construction of a patent claim, a role that would be impeded if we were bound to give deference to a trial judge’s asserted factual determinations incident to claim construction). Evidently, the Federal Circuit believes that it is its responsibility—not the collective responsibility of federal courts—to ensure uniformity of claim construction, and the Federal

Circuit will likely have the opportunity to bring uniformity to the construction of the claim language at issue in this case.

*Id.* at \*7.

In sum, the reaction by the district courts has already diverged from *Phillips* by shades and degrees in the few months since *Phillips* was decided. Time will tell how much more divergent the courts become on claim construction post-*Phillips*.

### III. Why *Phillips*' effort to enforce precision will not work.

After reviewing the jurisprudential history preceding it, as well as the reaction of litigants and the accumulated experience after *Markman*, *Cybor* and *Vitrionics*, the speaker at least has concluded that *Phillips* will not make the claims construction process easier or more predictable for litigants. This section explains why.

- a. The opinion does not offer and cannot offer the district court "hard" guidance.

*Phillips* speaks, as it must, in generalities: generally, the claim takes precedence, followed by the specification and extrinsic evidence. This being said, however, the choice of which specific guideline provided by the court is to be applied and how it is to be applied and prioritized against its kin is left to the district bench. The district court must decide *which* of the many guiding principles and evidentiary sources identified in *Phillips* are to be applied, the *order* in which to apply them, and the *weight* to be given them. Indeed the court itself recognized that "there is no magical formula or catechism for conducting claim construction. Nor is the court barred from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence." 419 F.3d 1324. Given this broad language, district courts are unlikely to feel obliged to religiously follow the rank ordering provided in the opinion or, more importantly, to believe that if they follow *Phillips*' amorphous roadmap, they will be safe from reversal.

- b. The opinion wrongly assumes that district courts are unwilling or unable to follow the federal circuit's rules.

The *en banc* panel concludes its lengthy discussion of construction rules by explaining that its writing is designed to increase the likelihood that the district courts will conduct their claim construction properly. 419 F.3d at 1324. The federal circuit appears to be proceeding on the fundamentally wrong-headed notion that because the district court's approaches and resulting opinions frequently *differ* from theirs, they are automatically *wrong*. To the contrary, as the subsequent passages illustrate, the consistent and enduring differences of opinion between district courts and the federal circuit do not result from contrariness or ignorance on the part of the district bench, but of the very human and complex nature of the *Markman* claims construction process.

- c. The high reversal rate for claim construction is driven by the fact-intensive and complex nature of the finding, coupled with the absence of topic-specific precedents.
  - i. In most pure questions of law, courts have three advantages: (1) the decision is a binary or "yes/no" decision; (2) the decision will be based on fixed and unchanging historic inputs, such as legislative history; and (3) the district court will be aided by decisions of other courts considering identical matters. See, e.g., *Cort v. Ash*, 422 U.S. 66 (1972) (whether federal statute creates private right of action for one affected by its violation); *Cannon v. University of Chicago*, 441 U.S. 677 (1979) (applying *Cort v. Ash* test to Title IX); *Gebser v. Lago Vista I.S.D.*, 524 U.S. 474 (1998) (applying *Cort v. Ash* to determine whether Title IX created private right of action for high school student for sexual harassment by teacher).
  - ii. Claim construction affords the district court none of these comforts. Instead, each determination is a "one of a kind" call. The construction will be made on potentially unique technology or at least on a unique description of inventive

material, and the district court will undertake it without the benefit of any useful precedent interpreting *that claim*.

- iii. Claim construction uses English, which is inherently less exact than the concepts it attempts to capture. [Slide comparison.]
- iv. Most importantly, claim construction decisions are the result of a decision-making matrix consisting of (a) the selection of criteria to be considered in reaching the decision, (b) deciding who is right or wrong within those criteria and (c) weighting the selected criteria against one another to reach an ultimate decision. [Slide presentation.]
- v. The decision also fails to appreciate the economic dynamic driving the process.
  - 1. When sued for infringement, defendants identify “what we do.” They then urge definitions that, if applied, will result in a ruling of non-infringement. Plaintiffs resist. Since the average dollar value of litigated patent claims is quite high, substantial assets are employed in the process. [Slides.]
  - 2. The result is that each side seeks a presentation of a claim construction “matrix” that favors it and gives “reasonable” arguments for its choices.
  - 3. Variances in the quality of advocates and of the trial court produce an ordinary and predictable number of radical departures from how a “normal” decision maker would interpret the claim. [Slide.]
- vi. Finally, the decision ignores the human element. Human factors research reveals the existence of two factors that defy easy categorization and management.

First, a continued loss of “locus of control” results, in virtually all cases, in reduced focus and volition by the party who has lost control over the outcome in question.

Stone, G. & Jackson, T; *Internal-External Control as a Determinant of Effectiveness of Modeling and Instructions*, JOURNAL OF COUNSELING PSYCHOLOGY No. 22, at 294-98 (1975). Judges are human, too, and if left with no option but to wait for the CAFC to decide their cases, will do so.

Moreover, the makeup of the audience receiving these judicially constructed rules as well as the evidence being applied to them inevitably shapes outcomes. Any seasoned trial lawyer will vouch for the radical differences in juries separated by geography, income and culture. What reason exists to believe that district judges are immune to these very human differences in perception?

#### IV. What to do?

- a. Option One: Adopt and rigorously apply an abuse-of-discretion standard.
  - i. The *de novo* standard is born of a disconnect in the basic logical syllogism found in *Markman*. [Slides.]
  - ii. What is the abuse of discretion standard?
    1. Its standard formulation:

Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses. FED. R. CIV. P. 52(a). A district court's decision made under an abuse of discretion standard is to be set aside "only if the district court acted arbitrarily and unreasonably and without reference to any guiding principles." *Restaurant Assocs. Inc. v. Board of Adjustment of the City of Fort Worth*, 91 Fed. Appx. 958, 2004 WL 539091 (March 18, 2004).
    2. Matters to which the abuse of discretion standard is applicable.

The abuse of discretion standard is applied to the overwhelming majority of district court decisions. Under the Federal Rules of Civil Procedure and the Federal Rules of Evidence, all of the following potentially critical decisions are judged by an abuse-of-discretion standard: (a) whether a party is necessary to the fair adjudication of the dispute; (b) the length and conduct of *voir dire* and whether the use of jury strikes conforms to constitutional standards; (c) whether evidence of a certain type or quality is to be admitted; and (d) how the jury is to be charged. See *PaineWebber, Inc. v. Cohen*, 276 F.3d 197, 200 (6<sup>th</sup> Cir. 2001) (“[a] district court’s finding that a party is necessary to join to an action...pursuant to Rule 19(a) of the Federal Rules of Civil Procedure...will not be set aside unless we find an abuse of discretion”); *Paine v. City of Lompoc*, 160 F.3d 562, 564 (9<sup>th</sup> Cir. 1998) (“district judge has broad discretion in how to conduct the voir dire, and we review only for abuse of discretion”); *U.S. v. Sprick*, 233 F.3d 845, 852 (5<sup>th</sup> Cir. 2000) (abuse of discretion standard for evidentiary rulings); *U.S. v. Redd*, 355 F.3d 866, 873 (5<sup>th</sup> Cir. 2003) (“When a challenge to jury instructions is properly preserved for appeal, we review the challenged instructions for abuse of discretion”).

- iii. The statistical results of the application of an abuse-of-discretion standard. As one might expect, decisions reviewed under the abuse-of-discretion standard are very rarely overturned. One source has estimated that fewer than 30 of the 10,000 cases reviewed for the admission or exclusion of evidence were overturned because of the failure to admit or improper admission of evidence. Harris, James, *Appealing Evidence*, THE JOURNAL OF THE SECTION OF LITIGATION, AMERICAN BAR ASSOCIATION, VOL. 22, No. 4 (Summer 1996), at 32.
- iv. Is making the district judge “king” a good or bad thing?

1. On a “micro” level, it increases the ability of litigants to handicap the outcome of their case. No longer would litigants face a nearly 50% probability that they may be required to re-trying their suit. When they receive a claim construction, they have a far greater knowledge that this construction will be the final one in the case. This certainty empowers all parties to make faster decisions concerning possible resolution of the case.
  2. The process is likely to be less costly in that reversal and re-trial of key claims construction issues.
  3. On a “macro” level, it places far greater power over the patent enforcement process into the hands of a “generalist” rather than a “specialist.” Only three of the current 15 justices sitting on the United States Court of Appeals have scientific training and background. The qualifications of the remainder are practically indistinguishable from those of their district court counterparts. Oddly, it is these judges with a technical background who favor giving deference to the district bench.
  4. The vagaries of assignment to a particular bench would be no different for patent cases than for any other litigant.
- b. Option Two: Permit an interlocutory appeal of the claims construction decision while maintaining *de novo* review.
- i. Currently, interlocutory appeals of claim construction orders are not available. See *e.g.*, \*6 (considering a motion for reconsideration of claim construction and explaining that claim construction order “is not a final judgment or order” and is therefore reviewable by the district court at any time before final judgment because “[d]istrict courts have the power to reconsider their interlocutory rulings at their discretion until a final

judgment has been entered in the case.”) (internal cites omitted).

- ii. If the courts continue to adhere to a *de novo* standard of review, they should permit interlocutory appeal of *Markman* rulings.
  1. The current system drastically shifts the balance of negotiating power within a case. A substantial majority of patent cases settle before proceeding to trial. As any experienced litigator will advise, the terms of such a settlement are heavily influenced by trial court rulings in the pretrial phase. Nowhere is this truer than in the patent litigation context. Claims construction rulings often dramatically alter the probability of success or failure in a patent case. In eight-, nine- and ten-figure patent claims, these changes in the probability of outcome [see slide] also substantially alter the settlement value of a case. For the litigant that is not well heeled, the prospect of continuing litigation for years before relief can be granted from an errant claims construction ruling is particularly daunting.
  2. The current system also drastically increases cost. Because the district court is reversed in between 20% to 47% of patent cases, litigants are wasting their time with the first trial of their case. They are frequently required to spend years litigating based upon a certain perception of the patent’s meaning, only to find that it means something different, something that will require them to, if not start from “go,” substantially re-try their case. Patent litigation is not cheap, with one estimate placing the cost of an average patent case to each party at \$5,000,000. Such costs are compounded when parties fully litigate their cases, only to be forced in a high percentage of them to re-litigate the matters in interest.

c. Option Three: Fewer precedential opinions.

i. FED. CIR. R. 47.6(b):

Rule 47.6(b) permits the Federal Circuit to affirm or overturn the opinion of a district court in a non-precedential opinion. The ruling then serves as law of the case and is effective for *res judicata* and collateral estoppel purposes, but otherwise does not set precedent for third-party litigants.

ii. Less is more. One problem faced by the district courts is not that there is too little guidance by the federal circuit, but that there is too much of it. According to Professor Moore's work, between 1995 and 2003, some 548 "precedential" opinions were issued by the federal circuit. As any experienced counsel handling *Markman* proceedings will attest, this cacophony of rulings promotes chaos by permitting advocates to find solace in the most extreme positions in at least one of these 548 published and presumably binding precedents.

iii. By reducing precedential opinions to those cases in which issues are actually outcome determinative and squarely presented to the court, two immediate objectives can be accomplished:

1. The court benefits from focused advocacy. The two centuries of experience with an adversarial system of justice does make one thing clear: those with the greatest economic stake in an outcome make the clearest and most comprehensive arguments for their position. Clearly any court, the federal circuit included, can benefit from this focus.

2. The "white noise" produced by the number of claims construction opinions issued by the court is dramatically reduced. Best of all, this result can be accomplished with absolutely no major change in policy, but by a more strenuous application of rules already in place.

- d. Other options: Specialty courts. There have been suggested any number of more radical changes in the patent litigation process, ranging from the appointment of panels of “experts” to handle patent cases to the creation of a separate bench consisting of attorney/judges having substantial technical backgrounds. These are well beyond the scope of this paper and likely to be accomplished only by congressional, perhaps even constitutional, amendment to the current scheme.

Westlaw.

376 F.3d 1382

376 F.3d 1382, 71 U.S.P.Q.2d 1765  
(Cite as: 376 F.3d 1382)

▼

**Briefs and Other Related Documents**

United States Court of Appeals,  
Federal Circuit.  
Edward H. PHILLIPS, Plaintiff-Appellant,  
v.  
AWH CORPORATION, Hopeman Brothers, Inc., and Lofton Corporation, Defendants-  
Cross Appellants.  
**Nos. 03-1269, 03-1286.**

July 21, 2004.

Appealed from United States District Court for the District of Colorado, Judge Marcia S. Krieger.

Carl F. Manthei, Attorney at Law, of Boulder, CO, filed a petition for rehearing en banc for plaintiff-appellant.

Mark W. Fischer, Faegre & Benson LLP, of Boulder, CO, filed a response to the petition for defendants-cross appellants. With him on the response was Scott Holwick.

Before MAYER, Chief Judge, NEWMAN, MICHEL, LOURIE, CLEVINGER, RADER, SCHALL, BRYSON, GAJARSA, LINN, DYK, and PROST, Circuit Judges.

RADER, Circuit Judge, concurs in a separate opinion.

MAYER, Chief Judge, dissents in a separate opinion.

ORDER

PER CURIAM.

A combined petition for panel rehearing and rehearing *en banc* having been filed by the Plaintiff-Appellant, and a response thereto having been invited by the court and filed by the Defendants-Cross Appellants, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the petition for rehearing *en banc* having been referred to the circuit judges who are in regular active service, and a poll having been taken

IT IS ORDERED THAT:

- (1) the petition for rehearing is denied;
- (2) the petition to rehear the appeal *en banc* is granted;
- (3) the judgment of the court entered on April 8, 2004, is vacated, and the opinion of the court accompanying the judgment, reported at 363 F.3d 1207 (Fed.Cir.2004), is withdrawn.

This court has determined to hear this case *en banc* in order to resolve issues concerning the construction of patent claims raised by the now-vacated panel

majority and dissenting opinions. The parties are invited to submit additional \*1383 briefs directed to these issues, with respect particularly to the following questions:

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, 116 S.Ct. 1384, 134 L.Ed.2d 577 (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?

This case will be heard *en banc* on the basis of the briefs already filed and any additional briefs addressing the questions set forth above. An original and thirty copies of all additional briefs shall be filed, and two copies served on opposing counsel. Such additional briefs shall be filed simultaneously by the parties, sixty days from the date of this Order, and shall not exceed 7,000 words in length.

*Amicus curiae* briefs may be filed by bar associations, trade or industry associations, government entities, and other interested parties. In particular, the United States Patent and Trademark Office is invited \*1384 to submit an *amicus curiae* brief. *Amicus* briefs shall be limited to 5,000 words, and shall be filed within sixty days from the date of this Order. *Amicus* briefs shall comply with Fed. R.App. P. 29 and Federal Circuit Rule 29. In order to reduce the number of redundant briefs, the court requests that, whenever possible, *amicus* participants advocating similar positions file a joint brief.

Both the parties' briefs and the *amicus* briefs shall be limited to the issue of claim construction, and shall not address the issue of whether the plaintiff-appellant's trade secret misappropriation claim was barred by the statute of limitations.

Oral argument will be scheduled by a later order.

RADER, Circuit Judge, concurring in this court's order to rehear the appeal *en banc*.

To provide completeness in the *en banc* proceeding, this court should receive commentary on the following question as well:

Is claim construction amenable to resolution by resort to strictly algorithmic rules, e.g., specification first, dictionaries first, etc.? Or is claim construction better achieved by using the order or tools relevant in each case to discern the meaning of terms according to the understanding of one of ordinary skill in the art at the time of the invention, thus entrusting trial courts to interpret claims as a contract or statute?

MAYER, Chief Judge, dissenting.

Until the court is willing to reconsider its holdings in Markman v. Westview Instruments, Inc., 52 F.3d 967 (Fed.Cir.1995) (en banc), *aff'd on other grounds*, 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996), and Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448 (Fed.Cir.1998) (en banc), that claim construction is a pure question of law subject to *de novo* review in this court, any attempt to refine the process is futile. 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.

376 F.3d 1382, 71 U.S.P.Q.2d 1765

**Briefs and Other Related Documents (Back to top)**

- 03-1286 (Docket)  
(Mar. 12, 2003)
- 03-1269 (Docket)  
(Feb. 25, 2003)

END OF DOCUMENT