No. 13-854

IN THE
Supreme Court of the United States

TEVA PHARMACEUTICALS USA, INC., ET AL.,
Petitioners,
v.

SANDOZ, INC., ET AL.,
Respondents.

On Writ of Certiorari
To the United States Court of Appeals
For the Federal Circuit

Brief for Amicus Curiae
American Intellectual Property Law
Association in Support of Neither Party

Wayne Sobon
President
American Intellectual Property Law Association
241 18th Street
Suite 700
Arlington, VA 22202
wayne@inventergy.com
(703) 415-0780

Q. Todd Dickinson
Executive Director
American Intellectual Property Law Association
241 18th Street
Suite 700
Arlington, VA 22202
tdickinson@aipla.org
(703) 415-0780
Counsel of Record

QUESTION PRESENTED

Claim construction is a question of law to be decided by the trial court. *Markman v. Westview Instruments*, 517 U.S. 370 (1996). Claim construction requires a determination of what the claims would have meant to a person of ordinary skill in the art at the time of the invention. *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). This may involve mixed questions of fact and law. *Markman*, 517 U.S. at 377, 388. Rule 52(a)(6) of the Federal Rules of Civil Procedure provides that "[f]indings of fact . . . must not be set aside unless clearly erroneous." Did the Federal Circuit err in treating all issues of claim construction as conclusions of law that are subject to *de novo* review, or are certain subsidiary factual issues involved in the construction of patent claims reviewed only for clear error?

TABLE OF CONTENTS

Page

QUESTION PRESENTED i

INTEREST OF AMICUS CURIAE 1

I. SUMMARY OF ARGUMENT 1

II. ARGUMENT...5

A. The Federal Circuit's *Cybor* Standard of *de novo* Review of Claim Construction Fails to Comply with Fed. R. Civ. P. 52 (a)(6) 5

B. Claim Construction Falls Between a Pristine Legal Standard and a Simple Historical Fact...7

C. *Markman II* Did Not Resolve the Standard of Appellate Review...............9

D. The District Court's Findings of Fact on Circumscribed Subsidiary Issues Should Be Reviewed Only for Clear Error 10

E. Findings of Subsidiary Fact in Mixed Questions Are Uniformly Subject to Deference on Appellate Review 11

F. Although the Appeals Court is Equally Suited to Review Conclusions Based on Intrinsic Evidence, The District Court Is Better Situated to Make Findings of Fact Based on Appropriate Extrinsic Evidence 13

III. CONCLUSION 17

TABLE OF AUTHORITIES

Page(s)

Federal Cases

Century 21 Real Estate Corp. v. Century Life of Am.,
970 F.2d 874 (Fed. Cir. 1992) 12

Cybor Corp. v. FAS Techs., Inc.,
138 F.3d 1448 (Fed. Cir. 1998) (*en banc*), *Cybor Corp. v. FAS Techs., Inc.* ....*passim*

Ethicon, Inc. v. U.S. Surgical Corp.,
135 F.3d 1456 (Fed. Cir. 1998) 12

Ferag AG v. Quipp, Inc.,
45 F.3d 1562 (Fed. Cir. 1995) 12

In re Gartside,
203 F.3d 1305 (Fed. Cir. 2000) 13

Glasser v. United States,
315 U.S. 60 (1942) 13

In re Huang,
100 F.3d 135 (Fed. Cir. 1996) 11

Key Pharm. v. Hercon Labs. Corp.,
161 F.3d 709 (Fed. Cir. 1998) 14

Kolmes v. World Fibers Corp.,
107 F.3d 1534 (Fed. Cir. 1997) 11

Lighting Ballast Control LLC v. Philips Electronics North America Corp., 744 F.3d 1272 (Fed. Cir. 2014) (*en banc*) 2, 4, 6, 7

Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301 (Fed. Cir. 2009) 13

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

Markman v. Westview Instruments, Inc., 52 F.3d 967 (Fed. Cir. 1995) (*en banc*) 6, 15

Merck & Co. v. Teva Pharm. USA, Inc., 347 F.3d 1367 (Fed. Cir. 2003) 17

Miller v. Fenton, 47 U.S. 104 (1985) 7

Nat'l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc., 166 F.3d 1190 (Fed. Cir. 1999) 13

Nautilus, Inc. v. Biosig Instruments, Inc., 572 U.S. ___ (2014), slip op. (June 2, 2014) 13

PPG Indus., Inc. v. Guardian Indus. Corp., 75 F.3d 1558 (Fed. Cir. 1996) 11

Phillips v. AWH Corp.,
415 F.3d 1303 (Fed. Cir. 2005)........6, 8, 13, 14, 17

Retractable Techs., Inc. v. Becton, Dickinson & Co.,
659 F.3d 1369 (Fed. Cir. 2011)..........................2, 6

Salve Regina Coll. v. Russell,
499 U.S. 225 (1991)...15

Sewell v. Walters,
21 F.3d 411 (Fed. Cir. 1994)...............................12

In re Shell Oil Co.,
992 F.2d 1204 (Fed. Cir. 1993)............................12

Southwall Techs., Inc. v. Cardinal IG Co.,
54 F.3d 1570 (Fed. Cir. 1995).............................17

Standard Oil Co. v. Am. Cyanamid Co.,
774 F.2d 448 (Fed. Cir. 1985)..............................17

Union Pac. Res. Co. v. Chesapeake Energy Corp.,
236 F.3d 684 (Fed. Cir. 2001)..............................11

In re Vaeck,
947 F.2d 488 (Fed. Cir. 1991))............................11

Federal Statutes

35 U.S.C. § 103..11

35 U.S.C. § 112..11

Rules

Fed. R. Civ. P. 52..4

Fed. R. Civ. P. 52(a)(6).....................................*passim*

INTEREST OF *AMICUS CURIAE*

The American Intellectual Property Law Association ("AIPLA") is a national bar association of nearly 15,000 members interested in all areas of intellectual property law.[1] AIPLA members include attorneys in private practice and those employed by corporations, universities, and government. AIPLA members represent both owners and users of intellectual property.

AIPLA has no stake in any of the parties to this litigation or in the result of this case, and takes no position on the merits in support of or against any party. Its interest is solely in seeking correct and consistent interpretation of patent law.[2]

I. SUMMARY OF ARGUMENT

This amicus brief challenges the Federal Circuit's practice of reviewing all claim construction

[1] Pursuant to Supreme Court Rule 37.6, the Association states that this brief was not authored in whole or in part by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the Association and its counsel. Specifically, after reasonable investigation, AIPLA believes that (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter; (ii) no representative of any party to this litigation participated in the authorship of this brief; and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

[2] Petitioner and Respondent have consented to the filing of this amicus brief.

decisions under a *de novo* standard of review, *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), including those based on an extensive evidentiary record, *Retractable Techs., Inc. v. Becton, Dickinson & Co.*, 659 F.3d 1369 (Fed. Cir. 2011). This practice has been assailed by segments of the bar, industry, innovators, and by some district courts as increasing uncertainty in patent infringement cases. It is cited as contributing to the high rate of appeals taken in patent infringement cases, to an inability to predict the outcome of patent cases short of Federal Circuit review, and to anecdotal dissatisfaction by district judges for patent cases. Moreover, AIPLA respectfully submits that it is inconsistent with the requirements of Fed. R. Civ. P. 52(a)(6) that no finding of fact may be disturbed except for clear error. Nonetheless, the Federal Circuit recently confirmed its adherence to this practice of *de novo* review in *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 744 F.3d 1272 (Fed. Cir. 2014) (*en banc*), on *stare decisis* and policy grounds.

The parties present this Court with starkly contrasting positions that AIPLA believes take too coarse a view of this issue. Petitioners appear to contend that all issues of claim construction should be considered "findings of fact" subject to review only for clear error under Fed. R. Civ. P. 52(a)(6). Respondents do not go to the opposite extreme of contending that no deference should ever be given on claim construction. Nonetheless, Respondents contend that regardless whether the standard of review is clear error or *de novo* review, the outcome in this case would be the same.

AIPLA respectfully submits that the correct approach lies somewhere in between. Respondents acknowledge that the district court credited Teva's expert witness's testimony. Respondents' Opposition to Petition at 22. This alone establishes an evidentiary basis for some finding of fact, provided the testimony is properly admitted.

As this Court recognized in *Markman*, claim construction is a "mongrel practice." 517 U.S. at 378. AIPLA believes that the ultimate question of claim construction remains a question of law for the trial court to decide and for the appeals court to review *de novo*. Certain subsidiary issues based on the intrinsic evidence are properly considered questions of law that are reviewed *de novo*. Yet, claim construction may involve mixed questions of fact and law. Those subsidiary issues are based on extrinsic evidence and properly should be considered findings of fact subject to review only for clear error. In keeping with this Court's decision in *Markman* and Title 35, United States Code, these findings of fact must be consistent with the language of the claims, the specification, and the prosecution history as understood by one of ordinary skill in the relevant art. While these intrinsic sources serve the public notice function of a patent and are subject to *de novo* review. Nonetheless, if claim construction involves issues of historical fact, or findings based on extrinsic evidence, which could involve the testimony of lay or expert witnesses, or the interpretation of printed publications or patents that are not part of the intrinsic record, AIPLA believes that these limited subsidiary factual findings should be reviewed only for clear error.

This hybrid approach—reviewing findings based on extrinsic evidence for clear error, and reviewing conclusions based on intrinsic evidence de novo—was asserted by the United States and others in *Lighting Ballast*. The Federal Circuit en banc rejected the approach, adhering to *Cybor's de novo* review on policy grounds based on *stare decisis*. Yet, policy is not a sufficient answer to the legal requirements of Rule 52(a)(6). Whether any alternative standard of review is better or easier to implement is not the question. Fed. R. Civ. P. 52(a)(6) mandates the standard of appellate review. The decision was Congress's to make in promulgating Rule 52, and the Federal Circuit is not free to perpetuate a different standard on *stare decisis* grounds.

AIPLA proposes parsing conclusions based on intrinsic evidence, which are reviewed *de novo*, from findings of fact based on extrinsic evidence, which are reviewed only for clear error. Although this distinction was disputed by the *en banc* majority in *Lighting Ballast*, this approach provides a number of benefits. First, it is simple and clear. Second, it complies with the requirements of Fed. R. Civ. P. 52(a)(6) and adheres closely to this Court's guidance in *Markman*. Third, it preserves the paramount role of the intrinsic evidence in providing public notice of the scope of the patent.

If the district court hears extrinsic evidence that is relevant to claim construction and makes factual findings based on it, these findings of fact are reviewed for clear error. The district court cannot, however, rely on such evidence if it would contradict

the intrinsic record, which is critical to the public notice function of a patent. AIPLA respectfully submits that this clear and simple rule would provide substantial guidance to the district courts, comply with controlling authority, and strike an appropriate balance between the trial and appeals court in crediting their respective roles in claim construction.

II. ARGUMENT

A. The Federal Circuit's *Cybor* Standard of *de novo* Review of Claim Construction Fails to Comply with Fed. R. Civ. P. 52 (a)(6)

In *Cybor,* the Federal Circuit ruled that claim construction "is a purely legal question," and "we review claim construction *de novo* on appeal including any allegedly fact-based questions relating to claim construction." 138 F.3d at 1456. This standard of review accords no deference to the trial court's findings of fact. It applies even when the determination of fact is based on extrinsic evidence, and even when it is based on live testimony. *Id.* The Federal Circuit has adhered to this rule even as to findings of fact based on testimony taken at a live evidentiary hearing. *Retractable Techs.*, 659 F.3d at 1374.

The Federal Circuit's *Cybor* holding is founded on a misapprehension of this Court's decision in *Markman II*,[3] is misaligned with this Court's

---

[3] *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) ("*Markman II*").

treatment of findings of fact that are subsidiary or collateral to legal conclusions in other subject matter areas of the law, and is inconsistent with the sound and efficient administration of justice.

The Federal Circuit has addressed this issue repeatedly. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (*en banc*) ("*Markman I*"); *Cybor*; *Lighting Ballast*. The Federal Circuit in *Cybor* interpreted this Court's *Markman II* decision as holding that claim construction is entirely legal. *Cybor*, 138 F.3d at 1456. Although acknowledging that this Court neither addressed nor decided the appropriate appellate standard of review, the *en banc* Federal Circuit, over vigorous dissent, held that *de novo* review applies to all issues of claim construction.

Following sixteen years of debate over the appropriate standard of review of claim construction, the Federal Circuit recently confirmed the *Cybor* standard of *de novo* review in its *Lighting Ballast* decision, It did so not because of binding legal precedent, or facts establishing that the *Cybor* standard is superior to the alternatives. It did so on *stare decisis* grounds, citing the policies of national uniformity, consistency, and finality. Yet, these policies fail to address the lack of uniformity, lack of consistency, or lack of finality flowing from not knowing what a patent claim means until after the Federal Circuit has issued its mandate or this Court has denied *certiorari*. More important, even were these perceptions accurate—and they are vigorously disputed in some quarters—they cannot trump the legal requirements of Fed. R. Civ. P. 52(a)(6). Even were the Federal Circuit correct that *Cybor* has not

proved unworkable and that any alternative lacks doctrinal consistency in isolating fact from law, *Lighting Ballast*, 744 F.3d at 1283, these policy considerations cannot trump Congress's statutory authority to require that findings of fact not be overturned except for clear error. Fed. R. Civ. P. 52(a)(6).

B. Claim Construction Falls Between a Pristine Legal Standard and a Simple Historical Fact

Cybor perceived that this Court in *Markman II* held that claim construction is a pure question of law. *Cybor*, 138 F.3d at 1455-56. Rather, this Court held to the contrary. Although this Court affirmed the Federal Circuit's *Markman I* decision, it expressly recognized that claim construction is often a mixed question of fact and law, a "mongrel practice." *Markman II*, 517 U.S. at 378. It "falls somewhere between a pristine legal standard and a simple historical fact." *Id.* at 388 (quoting *Miller v. Fenton*, 47 U.S. 104, 114 (1985)). *See also Cybor*, 138 F.3d at 1464 (Mayer, C.J., joined by Newman, J., concurring) (stating that this Court in *Markman* "chose not to accept [the Federal Circuit's] formulation of claim construction: as a pure question of law to be decided de novo in all cases on appeal").

Claim construction inherently involves the determination of mixed fact/law questions. The question for this Court is the degree of each. The legal components include determinations based on the intrinsic evidence, including: (a) the common,

ordinary meaning of the words used in the claims; (b) other words used in other claims in the patent; (c) the specification; (d) the prosecution history; and (e) other patents and printed publications that are cited in the specification and prosecution history, and are part of the intrinsic evidence. These determinations are made as a matter of law, are not subject to Fed. R. Civ. P. 52(a)(6), and are reviewed *de novo.*

In construing claims, a court is not required to accept any extrinsic evidence. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1318-19. If it does accept extrinsic evidence, the extrinsic evidence must not contradict the intrinsic evidence, *id.*, since doing so would undermine the public notice function of the patent. Nonetheless, in appropriate cases in which the court does accept extrinsic evidence, findings of fact may be based on the extrinsic evidence, including: historical facts; the credibility of lay witnesses; expert testimony on relevant issues; and information from other patents, printed publications, and other references that were not cited in the specification and prosecution history and, therefore, are not part of the intrinsic record. To the extent that the district court properly admits and relies upon extrinsic evidence in making findings of fact, these findings should be reviewed only for clear error.

There are relatively limited and circumscribed instances where a district court may use extrinsic information to make "findings of fact" subject to the requirements of Fed. R. Civ. P. 52 (a)(6). This is entirely consistent with this Court's holding in *Markman II*. Because legal issues dominate the analysis, claim construction is an issue of law for the

judge and not for the jury to decide. Because the intrinsic evidence serves a vital public notice function and is equally accessible to the trial and appeals courts, *de novo* review of determinations based on the intrinsic evidence is appropriate. Subject to Fed. R. Civ. P. 52(a)(6), however, any findings of fact made by the district court based on extrinsic evidence are reviewed only for clear error.

C. *Markman II* Did Not Resolve the Standard of Appellate Review

The dissent in *Cybor* noted that the Supreme Court in *Markman II* "did not address [the standard of] appellate review of claim construction." *Cybor*, 138 F.3d at 1473 (Rader, J., dissenting). Rather, the issue before this Court in *Markman II* was whether the construction of patent claims should be done exclusively by judges, or whether the Seventh Amendment of the U.S. Constitution mandates that the jury has a role in this process. This Court recognized that allocating all issues of construction to judges promotes uniform treatment of a given patent. *Markman II*, 517 U.S. at 390. Nonetheless, this Court did not address the allocation of responsibility between the trial and appellate courts in the claim construction process.

The Federal Circuit in *Cybor*, however, interpreted *Markman II*'s silence on the standard of review issue as empowering the Federal Circuit to review all subsidiary claim construction issues *de novo*. The Federal Circuit *en banc* majority believed that, by not changing or even addressing the standard

of appellate review, the Supreme Court supported *Markman I*'s conclusion that claim construction is a purely legal issue subject to *de novo* review. *Cybor*, 138 F.3d at 1451, 1456. The *Cybor* concurrence, however, disputes this conclusion. *Id.* at 1464 (Mayer, C.J., joined by Newman, J., concurring) ("Even a cursory reading of [*Markman II*] indicates that the Court meant to determine who should interpret the claims, without mandating a standard of appellate review to be used in all circumstances.").

D. The District Court's Findings of Fact on Circumscribed Subsidiary Issues Should Be Reviewed Only for Clear Error

For the circumscribed instances where findings of fact should be reviewed only for clear error, there is no reason for the appellate review of such issues on claim construction to be treated differently than other mixed questions of fact and law. There are numerous examples where deference is accorded to underlying findings of fact, even where the ultimate question is an issue of law which the appellate court reviews *de novo*. Obviousness is one such example. [4]

---

[4] "A determination of obviousness under 35 U.S.C. § 103 is a legal conclusion involving factual inquiries." *Kolmes v. World Fibers Corp.*, 107 F.3d 1534, 1541 (Fed. Cir. 1997). The Federal Circuit reviews the ultimate legal determination of obviousness without deference, and reviews the underlying factual inquiries for clear error. *See In re Huang*, 100 F.3d 135, 138 (Fed. Cir. 1996).

E. Findings of Subsidiary Fact in Mixed Questions Are Uniformly Subject to Deference on Appellate Review

Other examples include determining compliance with the enablement requirement of 35 U.S.C. § 112, first paragraph,[5] the on-sale bar,[6]

---

[5] Enablement is a question of law reviewed *de novo*, but may involve subsidiary questions of fact. *Union Pac. Res. Co. v. Chesapeake Energy Corp.*, 236 F.3d 684, 690 (Fed. Cir. 2001) ("Enablement is a question of law reviewed by this court independently and without deference."); *PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 1564 (Fed. Cir. 1996) ("Enablement . . . is a question of law which we independently review, although based upon underlying factual findings which we review for clear error.") (quoting *In re Vaeck*, 947 F.2d 488, 495 (Fed. Cir. 1991)).

[6] The determination of whether an invention was placed on sale more than one year before a patent application covering the invention was filed is a legal question based on factual inquiries. The Federal Circuit stated, "The ultimate determination that a product was placed on sale under section 102(b) is a question of law, based on underlying facts. We review the ultimate determination *de novo,* but any subsidiary fact findings must be reviewed, in this case, for clear error." *Ferag AG v. Quipp, Inc.*, 45 F.3d 1562, 1566 (Fed. Cir. 1995).

inventorship,[7] and likelihood of confusion in a trademark case.[8]

Whether a patent contains an enabling disclosure is ultimately a question of law based on underlying findings of fact whether the written description is sufficient to enable a person of ordinary skill in the art to make and use the invention without undue experimentation. *Nat'l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc.*, 166 F.3d 1190, 1195 (Fed. Cir. 1999).

While the ultimate question of law is reviewed *de novo*, the findings of fact are accorded deference and reviewed only for clear error. These findings of fact are reviewed under the "substantial evidence"

---

[7] Whether an individual is truly an inventor is a legal conclusion based upon factual inquiries. *Sewell v. Walters*, 21 F.3d 411, 415 (Fed. Cir. 1994) (inventorship is a question of law, reviewed *de novo* on appeal, with "any facts found . . . in reaching an inventorship holding . . . reviewed for clear error"). This court reviews a jury's findings of fact as to any contribution by a purported inventor to any claim of the patent under a deferential "substantial evidence" standard, and then decides *de novo* whether that rises to the level of inventorship. *Ethicon, Inc. v. U.S. Surgical Corp*., 135 F.3d 1456, 1460 (Fed. Cir. 1998).

[8] "Likelihood of confusion under section 2(d) is determined as a matter of law, on the factual record." *In re Shell Oil Co.*, 992 F.2d 1204, 1206 (Fed. Cir. 1993). "On appeal to this court the Board's conclusion is given *de novo* review as to the ultimate question of likelihood of confusion, and the factual findings on which this conclusion is premised are reviewed for clear error." *Id.; see also Century 21 Real Estate Corp. v. Century Life of Am.,* 970 F.2d 874, 876 (Fed. Cir. 1992) ("This court reviews the Board's fact finding under the clearly erroneous standard. The Board's conclusions regarding confusing similarity, however, are questions of law, which this court reviews de novo.").

standard for jury trials[9] and proceedings in the U.S. Patent and Trademark Office,[10] and under the "clearly erroneous" standard when made by a court.[11]

The ultimate issue of claim construction is the understanding of a person of ordinary skill in the pertinent art at the time the application was filed. *Phillips*, 415 F.3d at 1313; *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. ___ (2014), slip op. at 8-9 (June 2, 2014). Although all issues of claim construction are determined by the court, *Markman II*, 517 U.S. 370, underlying findings of fact based on extrinsic evidence are entitled to deference on appellate review.

F. Although the Appeals Court is Equally Suited to Review Conclusions Based on Intrinsic Evidence, The District Court Is Better Situated to Make Findings of Fact Based on Appropriate Extrinsic Evidence

Institutional considerations also support that deference is appropriate in reviewing subsidiary

---

[9] *Glasser v. United States*, 315 U.S. 60, 80 (1942); *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1309-10 (Fed. Cir. 2009).
[10] *In re Gartside*, 203 F.3d 1305 (Fed. Cir. 2000).
[11] Fed. R. Civ. P. 52(a)(6) ("Findings of fact, whether based on oral or other evidence, must not be set aside unless clearly erroneous, and the reviewing court must give due regard to the trial court's opportunity to judge the witnesses' credibility."); *see generally* Kevin Casey, Jade Camero & Nancy Wright, *Standards of Appellate Review in the Federal Circuit: Substance and Semantics*, 11 FED. CIR. BAR J. 279 (2002).

findings of fact based on extrinsic evidence. The Federal Circuit is equally capable of reviewing conclusions based on the intrinsic evidence which is equally available to the trial and appeals courts. Thus, *de novo* review of conclusions based on the intrinsic evidence is appropriate. Yet, the Federal Circuit's review is limited to a written record and constrained by time and page limits. The trial judge, in contrast, has greater latitude in case management. The trial judge has more flexibility to study the relevant source materials, to receive technology tutorials, and, in appropriate cases, to hear testimony from lay witnesses and experts. This extrinsic evidence is subject to the paramount limitation that it cannot be "clearly at odds with the claim construction mandated by the claims themselves, the written description, and the prosecution history." *Phillips*, 415 F.3d at 1318 (quoting *Key Pharm. v. Hercon Labs. Corp.*, 161 F.3d 709, 716 (Fed. Cir. 1998)). Nonetheless, where live testimony is presented, the trial judge has the opportunity to observe each witness and to assess their credibility. These institutional advantages support deference to the trial court's findings of fact based on this extrinsic evidence.

When the Federal Circuit substitutes its view of the extrinsic evidence for view of the trial court, it deprives litigants of important substantive and procedural protections that the trial court is in a unique position to provide. *Id.* This Court has cautioned appellate courts to defer "when it appears that the district court is 'better positioned' than the appellate court to decide the issue in question. . . ." *Salve Regina Coll. v. Russell*, 499 U.S. 225, 233

(1991). *Cybor* violates this principle. By denying the district court its traditional role as a trier of fact, and by appropriating that role to itself, the Federal Circuit's approach fails to account for the fact that the district court is in a better position to decide these fact issues based on the extrinsic evidence in the first instance.

In this regard, *Cybor* is inconsistent with sound judicial administration. *Cybor* may or may not undermine the benefits of certainty and predictability promised by *Markman II*. *De novo* review encourages the losing party to appeal. Empirical evidence suggests that the Federal Circuit's reversal rate on claim construction issues is substantially higher than that of other circuits generally, and higher than the Federal Circuit's on other issues. Litigants' perceptions that an appellate panel may reach a different result drives unnecessary appeals and increases unpredictability.

"[T]he current *Markman I* regime means that the trial court's early claim interpretation provides no early certainty at all, but only opens the bidding. . . . [A] *de novo* review of claim interpretation is postponed the point of certainty to the end of the litigation process. . . ." *Cybor*, 138 F.3d at 1476 (Rader, J., dissenting). *Cybor* fosters wasteful, expensive litigation and encourages litigants to pursue unnecessary appeals, consuming trial as well as appellate court resources.

Patent infringement and invalidity claims are often tried on claim constructions that are later reversed on appeal. This wastes time and resources

not only of the parties but also of the court and jurors. The cynical adage that "we do not have sufficient time to do it right once but we always have time to do it twice" seems apt. A second trial based on a claim construction modified on appeal is wasteful. Litigants with limited resources can ill-afford a second trial and may be forced to capitulate. The uncertainty of claim construction tends to prolong already expensive litigation creating negotiating leverage for litigants asserting weak positions on the merits. Further, patents are often highly technical documents, written for and interpreted by those of skill in the art, frequently using jargon, technical short-hand or abbreviated discussions, which may require extrinsic interpretation to properly interpret the scope of their claims.

And these problems cannot easily be remedied by intermediate appellate review of claim construction decisions. Interlocutory appeal of claim construction is not available at this time. The district courts consistently decline certification of such appeals. And the Federal Circuit consistently declines to exercise jurisdiction over them.

Review of findings of fact based on extrinsic evidence only for clear error would provide greater certainty and predictability. Although this standard would not affect all claim construction decisions and may in fact affect a relatively small number of them, the Federal Circuit may benefit from a reduction in the number of appeals taken as well as a reduction in the number of issues presented when an appeal is taken.

Reversing *Cybor* will not disturb the judge's role as the final arbiter of claim construction. The Federal Circuit would defer to district court findings of fact based on appropriate extrinsic evidence and still review the ultimate claim construction *de novo*. Where a district court has committed clear error, the Federal Circuit would remain able to rectify the claim construction, while maintaining reasonable consistency across district court decisions.

The Federal Circuit and this Court will continue to guard against the risk that extrinsic evidence "will be used to change the meaning of claims in derogation of the 'indisputable public records consisting of the claims, the specification and the prosecution history,' thereby undermining the public notice function of patents." *Phillips*, 415 F.3d at 1318-19 (quoting *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1578 (Fed. Cir. 1995)); *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 452 (Fed. Cir. 1985); *Merck & Co. v. Teva Pharm. USA, Inc.*, 347 F.3d 1367, 1371 (Fed. Cir. 2003).

III. CONCLUSION

AIPLA respectfully requests that this Court conform the appellate review of district court findings of fact subsidiary to claim construction with the review of other mixed questions of law and fact. AIPLA respectfully submits that findings of fact based on the extrinsic evidence should be reviewed only for clear error. By deferring to the trial court on this limited scope of fact-finding, certainty and predictability would be enhanced. Litigants would know that they can rely on the district court's findings

of fact. And the Federal Circuit would retain its role as the statutory arbiter of the law.

Respectfully submitted,

Wayne Sobon
President
American Intellectual
Property Law Association
241 18th Street
Suite 700
Arlington, VA 22202
wayne@inventergy.com
(202) 557-4228

Q. Todd Dickinson
Executive Director
American Intellectual
Property Law Association
241 18th Street
Suite 700
Arlington, VA 22202
tdickinson@aipla.org
(202) 557-4228
Counsel of Record