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## FEDERAL CIRCUIT BOOSTS PATENT OWNERS ON CLAIM CONSTRUCTION

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**The US Federal Circuit has quietly revived claim construction standards from the pre-*Phillips* era. Winning a narrowing construction now may be increasingly difficult say Steven Carlson and Uttam Dubal**

### ONE-MINUTE READ

In an *en banc* ruling in 2005 in *Phillips v AWH*, the Federal Circuit sought to clarify the complex body of case law that had developed following *Markman* by adopting a holistic approach to claim construction. The court gave particular emphasis to the patentee's description of the invention in the specification, leading to a renewed focus on the actual invention. Since then, however, courts have quietly been shifting back towards a "heavy presumption of ordinary meaning". The new rule is to apply a fairly rigid rule of ordinary meaning, with only limited exceptions when there has been lexicography or an express disclaimer. The outcome is more broad patent claim constructions, an unusual example of a trend in patent law that favours patent owners, and creates challenges for defendants.

The pendulum is swinging in claim construction law in the United States. Ever since the Supreme Court announced in its 1996 *Markman* opinion that claim construction was a matter for the courts to decide apart from the jury, a complex body of law has developed governing how to interpret the scope of patent claims. These so-called *Markman* rulings have become the cornerstone of patent cases, governing essentially all important issues in a case, such as infringement, validity, damages, enforceability and priority dates. Despite its centrality to patent litigation, claim construction has been a remarkably trendy body of law. It has defied a consistent and predictable legal standard, and has instead undergone fundamental shifts over the years. At present, it appears that claim construction has gone retro. Now, *Markman* law is trending back to where it was in the early 2000s.

What follows is generally good news for parties seeking to enforce patents, and generally bad news

for the defence bar. These days, the Federal Circuit is once again applying a "heavy presumption of ordinary meaning", with tightly proscribed exceptions, which typically results in broad patent claims. Courts have always walked a tightrope between enforcing patent claims at the full breadth of their language, and limiting the claims to the inventions described in the body of patent specifications. These days, the balance is decidedly tipping to the side of broad claims.

This is an important trend for any corporation, individual or attorney that may be facing litigation, seeking to acquire a company with patent assets, or prosecuting patents. In litigation, this trend will tend to heighten the chances of a patent being found to be infringed, but will conversely expose patents to more prior art and the resulting likelihood of their claims being found invalid. This dynamic is mirrored in the merger and acquisition context, where evaluating a patent portfolio now should take into account a greater likelihood that a broad interpretation of the patent assets will apply. And patent prosecutors must assess their duty to disclose in light of a presumptively broad scope.

## Historical perspective

To appreciate the current trend, it helps to take a historical look at the development of claim construction law. Although courts had necessarily developed certain standards for claim interpretation since the inception of patent litigation, it was the Supreme Court's 1996 *Markman* ruling that established claim construction as an independent discipline. The initial years after *Markman* were volatile, with basic questions up-for-grabs, with subsequent flip-flops over the following years. For example, the Federal Circuit sharply discouraged courts from relying on sources of evidence outside the patent record (so-called extrinsic evidence) in its 1996 *Vitronics* ruling, a position which has since been repeatedly and now definitively overruled *en banc*. And in its 1998 *Cybor* ruling, the Federal Circuit established a *de novo* appellate review standard, a decision which appears to be on the verge of being overthrown by another *en banc* ruling.

The early years of claim construction law were highly criticised for producing a high reversal rate, often cited as greater than 50% on matters of claim construction. To regularise the claim construction process, the Federal Circuit devised increasingly structured standards. In the 1999 *Johnson Worldwide* case, the Federal Circuit for the first time established a "heavy presumption" that claim terms carry their ordinary and customary meaning. This statement soon permeated the Federal Circuit's case law, and was extended in 2002 with the holding from *Texas Digital* that the ordinary meaning was derived first-and-foremost from dictionary definitions. The dominant line of cases in the early 2000s (such as in *Omega Engineering v Raytek*) provided for a heavy

### THE RETRENCHMENT: KEY CLAIM - CONSTRUCTION CASES SINCE *PHILLIPS*

*SkinMedica v Histogen* (Fed Cir 2013)

*Plantronics v Aliph* (Fed Cir 2013)

*Thorner v Sony Computer Entm't America* (Fed Cir 2012)

*Biogen Idec v GlaxoSmithKline* (Fed Cir 2013)

*Saffran v Johnson & Johnson* (Fed Cir 2013)

*Woods v DeAngelo Marine Exhaust* (Fed Cir 2012)

*Omega Engineering v Raytek* (Fed Cir 2002)

presumption that claim terms carry their full ordinary and customary meaning, unless the patentee unequivocally imparted a novel meaning to those terms or clearly disavowed claim scope.

Patent holders flourished under the *Omega Engineering* standard. For starters, there was a "heavy presumption" that the ordinary meaning of the claims was the proper construction. This ordinary meaning was to be ascertained foremost from dictionaries, not the patent specification.

Furthermore, this ordinary meaning could only be overcome when the patentee imparted a novel meaning to a term (that is, acted as his or her own lexicographer), which has almost never, if ever, been found. Otherwise claim scope could be narrowed from its plain and ordinary meaning if the patentee clearly relinquished claim scope during the prosecution of the patent or in its specification. Thus arose the dominant claim construction rule of the early 2000s, that claims were construed under a "heavy presumption of ordinary meaning" unless the inventor acted as his or her own lexicographer or expressly relinquished scope. The result was that claims were overwhelmingly construed broadly. Patent trolls excelled under this standard, with infringement easier to prove, and patent invalidity always an elusive and risky path.

To the Federal Circuit's credit, the *Omega Engineering* rule is a reasonable attempt at a bright line rule for claim construction to regularise the *Markman* process. The problem with the *Omega Engineering* standard, however, is that it gives limited consideration to what was actually invented. Strict adherence to the *Omega Engineering* rule tends to result in claim constructions untethered to the contribution that the inventor actually made to the art. It was in trying to rein in some of these patent claims, and limit the claim scope to some semblance of what was actually invented, that district courts frequently were admonished for trying to "import limitations" into the scope of the claims from the patent specification, a cardinal sin (or at least reversible error) in claim construction. With some judges at the Federal Circuit more inclined than others to provide such limiting constructions, a dividing line emerged within the court, with arguably panel-dependent standards dictating when claim scope would be limited by the description of the invention.

## The Phillips case

In order to settle on a unified standard for construing claims, the Federal Circuit issued an *en banc* ruling in 2005 in *Phillips v AWH*. A focal point of reform was the overreliance on dictionary definitions, as had been encouraged by *Texas Digital*, and which often had produced strained results. The *Phillips* court rejected a "magic formula" for construing claims in favour of a holistic approach to claim construction. In addressing the various doctrines that could be invoked for construing claims, nowhere was a "heavy presumption of ordinary meaning" mentioned. And the rule of *Omega Engineering* – a presumption of ordinary meaning absent lexicography or a clear disclaimer – was not adopted. Instead, *Phillips* reset the claim construction framework and gave particular emphasis to the patentee's description of the invention in the specification, calling it the "primary basis for construing [patent] claims", and usually "dispositive". Although the particular holding of *Phillips* was to allow broad claim scope in the context of the particular patent at issue, the overall methodology took into greater account the nature of the invention disclosure.

In avoiding a magic formula for claim construction, *Phillips'* holistic approach resulted in somewhat of a kitchen-sink, something-for-everybody ruling. But the import was clear, that simplistic rules for claim construction were out, and a renewed focus on the actual invention was in. And in the months and years following *Phillips*, the Federal Circuit was increasingly inclined to conform claim constructions to what was actually invented. With greater frequency, the Federal Circuit's claim

construction aligned with the invention described in the specification. For example, in *Abbott Laboratories v Sandoz*, the Federal Circuit emphasized that "claims cannot enlarge what is patented beyond what the inventor has described as the invention". And a number of cases concerning the "disavowal" standard tipped in favour of limiting the construction to the embodiments in the specification (for example *American Piledriving* and *Edwards Lifesciences*).

*Phillips* overtly overruled parts of the Court's prior methodology. In particular, it threw out *Texas Digital*'s presumption of a dictionary definition. However, it did not expressly reject the "heavy presumption" of ordinary meaning, and did not expressly refute the rule of *Omega Engineering*. Nonetheless, these prior standards seem in tension with the *Phillips* framework, which rejected a simple formula, and which re-centred the analysis on the invention disclosure. In the years from 2005 to 2012, the standard of a "heavy presumption of ordinary meaning" all but disappeared from the Federal Circuit's opinions.

## Post-*Phillips* retrenchment

In recent years, the law has been steadily retrenching to where it stood before *Phillips*, with the rule of *Omega Engineering* and the "heavy presumption of ordinary meaning" now routinely cited. This trend has been largely without fanfare. Although the Federal Circuit nearly erupted into an *en banc* rematch of *Phillips* in the October 2011 *Retractable Technologies* case, the votes were narrowly lacking to allow full court review. Nonetheless, the judges have continued to press their positions through their subsequent panels decisions, which have been quietly pushing the standard back to the pre-*Phillips* era.

The 2012 case of *Thorner v Sony* is now routinely cited as the governing standard for claim construction. *Thorner* nodded to *Phillips* in stating that claims must be construed from the perspective of a person of ordinary skill in the art, and then cited predominantly to pre-*Phillips* law, holding that the only exceptions to ordinary meaning are when a patentee acts as its own lexicographer or disavows claim scope. That is: "There are only two exceptions to this general rule [of ordinary meaning]: 1) when a patentee sets out a definition and acts as his own lexicographer, or 2) when the patentee disavows the full scope of a claim term either in the specification or during prosecution." And according to the Court, finding a disavowal is an "exacting" standard. This rule is the same standard from *Omega Engineering* and other cases from that time period, and appears to be in tension with the more holistic approach of *Phillips*.

*Thorner* vacated the judgment of non-infringement won by Sony, and remanded for a new trial under a broader claim construction. The case concerned a video game controller wherein the claims required a flexible pad and a plurality of actuators

"attached to said pad". The patent specification referred to some embodiments having an actuator "embedded in" the pad, and disclosed additional embodiments with the actuator "attached to" the exterior of the pad. Although the district court found that this description of the invention limited the phrase "attached to" to refer to an attachment to the exterior of the pad (as opposed to "embedded in" the pad), the Federal Circuit found that these statements in the specification were

### FURTHER READING

[Two approaches to claim construction](#), November 2011

[How to achieve Markman success](#), September 2008

[Phillips wins \\$2 million in damages](#), March 2006

[Setting the course for claim construction](#), September 2005

[Federal Circuit rules against dictionary use](#), July 2005

insufficient to restrict the claim scope to external attachments.

*Thorner* has now been widely cited, with at least 10 subsequent cases relying on it as the proper standard. This includes opinions (both majority and dissent) written by Judges Linn, Moore, Prost, Rader and Reyna. Overwhelmingly, *Thorner* is applied to support a broad claim construction, typically to the advantage of the patentee (although the Federal Circuit has issued narrowing constructions under *Thorner* when the facts so dictated).

Furthermore, starting in 2013, the Federal Circuit has again revived the "heavy presumption of ordinary meaning". Since the start of this year, five opinions have cited to this standard. Again, the *en banc Phillips* opinion, which methodically endorsed various claim construction doctrines as appropriate, never mentioned a heavy presumption of ordinary meaning. Now, however, this standard has been adopted in opinions written by at least Judges Moore, Rader, Reyna and Wallach. For example, in *Plantronics v Aliph*, Judge Wallach found the "heavy presumption of ordinary meaning" unrebutted by positions taken by the patentee in prosecution, that is that the claims were not limited to the embodiments that the patentee elected to pursue after a restriction requirement. Notably, several recently appointed judges (including Judges Reyna and Wallach) appear to be siding with the broader claim construction standards, which may change the dynamic in *en banc* tallies.

The revival of these standards is understandable, because they are an attempt at a regular rule that can be readily cited and applied by the courts. While *Phillips* provided a wealth of general guidance on how to construe claims, it was perhaps deficient in stating a particular legal standard that could readily be used in subsequent cases. And attempts to limit claim scope to the express teachings of the specification may pose a problematic slippery slope of providing protection for only the particular embodiments disclosed. The easier rule from the bench is to apply a fairly rigid rule of ordinary meaning, with only limited exceptions when there has been lexicography or an express disclaimer. And this is precisely what is now happening, with the reemergence of the "heavy presumption of ordinary meaning" and the rule of *Omega Engineering*. Whether or not this is the right approach to promote the goals of patent law will remain a hotly contested question.

## Good news for patentees

Prepare for broad patent constructions. Although many trends in patent law are tipping in favour of defendants, claim construction law for now is swinging in the direction of providing for broad constructions, typically in favour of patentees. This trend, of course, opens up new opportunities for defendants in terms of validity challenges which may become more likely to succeed.



*Steven C  
Carlson*



*Uttam G  
Dubal*

© Kasowitz 2013. Steven C Carlson is a partner, and Uttam G Dubal is an associate, with the firm's IP litigation practice in Silicon Valley, where Carlson is also office managing partner