The Federal Circuit Holds that the Construction of Patent Claims Will Still be Reviewed *De Novo* on Appeal

Alert | Resulting Trend May Still Be Fewer Reversals of District Court Claim Construction Decisions
02.24.2014
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On Friday, February 21, the U.S. Court of Appeals for the Federal Circuit issued a much anticipated en banc decision about the construction of patent claims in litigation. See *Lighting Ballast Control, LLC v. Philips Elecs. N.A. Corp.* The Federal Circuit’s decision surprised many by not altering the rule that the appellate court would continue to review the interpretation of the patent claims’ meaning de novo on appeal.

**LEGAL BACKGROUND**

Since 1996, patent claims have been construed (interpreted, explained, and defined) by district court judges, instead of by juries, based on a U.S. Supreme Court decision holding that patent claim construction is a question of law rather than fact. See *Markman v. Westview Instruments, Inc.* Correspondingly, appeals of district courts’ claim construction decisions have been reviewed de novo, or without any deference, by the Federal Circuit, the federal appeals court that decides all appeals in patent litigation cases. See *Cybor Corp. v. FAS Techs., Inc.*

**LIGHTING BALLAST DECISION AND THE SIGNIFICANCE OF REVERSAL RATES**

In *Lighting Ballast*, the Federal Circuit had signaled a potential change in this long-standing law by agreeing to review en banc its prior decision in *Cybor Corp*. In a split decision, however, the *en banc* court ruled 6-4 in *Lighting Ballast* that the court would not change course by deferring to district courts on any claim construction issue.
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The Federal Circuit had been inundated with 21 amici curiae briefs from 38 entities in *Lighting Ballast*. Those briefs generally advocated for one of three positions: (1) keeping the status quo; (2) providing deference to the district court on all claim construction issues; or (3) providing deference only in certain instances. The proposed middle road (of sometimes deferring to the district court) focused on the situations when fact-intensive inquiries underpin claim construction, namely when expert witnesses testify as to a claim term’s meaning. The majority opinion, written by Judge Newman, dismissed this proposed middle ground as unworkable, reasoning that determining when the basis for claim construction is fact-based, and therefore entitled to deference, would only add to uncertainty. Relying heavily on stare decisis, the court decided instead not to alter the Federal Circuit’s *Cybor Corp.* holding.

In *Lighting Ballast*, both the majority opinion and the dissenting opinion, written by Judge O’Malley, claimed their positions would increase consistency in the determination of a given claim’s meaning. The majority asserted that deference to the district court would lead to forum shopping between district courts and cripple the appellate court when different district courts offered conflicting interpretations of the same patent claim. The dissent argued that statistics have shown high reversal rates of claim construction on appeal, leading to the very inconsistency *Cybor Corp.* was meant to counter.

In response, the majority criticized the dissent’s data as being old and out of step with much lower reversal rates in recent years. Interestingly, both the majority and dissent cited portions of the same scholarly article, J. Jonas Anderson and Peter S. Menell, *Informal Deference: An Historical, Empirical, and Normative Analysis of Patent Claim Construction*, 108 Nw. U. L. Rev. _, 1 (forthcoming 2014).

In a related piece, the same authors (Anderson and Menell) argue that the originally high rate of reversal of claim construction issues on appeal had dropped because, in 2005, the Federal Circuit had debated whether to alter the court’s holding in *Cybor Corp.* See *Appellate Review of Patent Claim Construction: The Reality and Wisdom of a “Mongrel” Standard*. The authors argued that the vigorous debate within the Federal Circuit—coupled with the court nearly reviewing and revising their appellate role in *Phillips v. AWH Corp.* (en banc)—has led the Federal Circuit to be more mindful of reversing district court decisions. The concurrence by Judge Lourie in Lighting Ballast seemed to agree, noting that a change in the rule of *Cybor Corp.* was not necessary because the Federal Circuit currently exercises an important “degree of informal deference.”

**TAKE-AWAYS**

In the end, while the *Lighting Ballast* decision does not change the black-letter law regarding the review of claim interpretation on appeal, the decision does signal a continued trend by the Federal Circuit against rampant reversal of district courts’ claim construction decisions. The Federal Circuit is plainly divided on the issue of deference, with a slim majority favoring keeping the law as-is, and the court is not afraid to
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periodically revisit the issue. With four of the deciding judges favoring deference and one of the six judges who joined in the majority option acknowledging that there is, and should be, “informal deference,” the Federal Circuit is likely to again ratchet down the instances of reversing claim interpretations.

Clients engaged in patent litigation should anticipate that the determination of the meaning of patent claims will not truly be a brand-new issue on appeal, making the claim construction process at the district court level even more critical than before. In addition, the composition of the Federal Circuit panel will make a big difference for the review of district court claim construction decisions on appeal.

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