

HOLISTIC APPROACH WORKS

by Meredith Martin Addy

On July 12, the U.S. Court of Appeals for the Federal Circuit issued its much anticipated en banc decision on patent claim construction, *Phillips v. AWH Corp.*, No. 03-1269. The court properly overruled the dictionary-centric approach suggested by some prior Federal Circuit decisions in favor of a more appropriate "holistic" approach that focuses on the primacy of the intrinsic evidence and the appropriate use of extrinsic evidence. However, the court chose not to address the overriding issue of appellate deference to a district court's claim construction decision. While adoption of the holistic approach is a step in the right direction for claim construction, the court also needs to address the proper level of deference given on appeal.

Prior to *Phillips*, district courts and the bar expressed frustration with the lack of clear guidance from the Federal Circuit on claim construction and with the high reversal rate on appeal. In *Phillips*, the Federal Circuit addressed these concerns by narrowing the field of appropriate approaches. Under the holistic approach, the analysis focuses on the intrinsic evidence: the claims themselves, the patent specification and the prosecution history. Extrinsic evidence, such as dictionaries, treatises and experts, may be consulted, but with restrictions.

The holistic approach to claim construction does not provide the strict rubric some would like to see, and hence critics may argue that it will not provide predictability in claim construction. However, because each patent varies in both subject matter and complexity, rigid rules create too many exceptions. The holistic approach provides guidance about what evidence to consider and the relevant weight of that evidence. It also takes into consideration the uniqueness and complexity of many patent cases. Therefore, for claim construction, a strict rubric is not very practical, and the court was correct in adopting a more flexible approach.

Deference issue is unresolved

The *Phillips* court, however, did not address the deference issue, even though that was one of the questions presented by the court for en banc determination. In fact, the final question of the en banc order stated: "Consistent with Supreme Court's decision in *Markman v. Westview Instruments* . . . and our en banc decision in *Cybor Corp. v. FAS Technologies Inc.*, . . . is it appropriate for this court to accord any deference to any aspect of trial court claim construction?" *Markman* held that claim construction is a question of law for the court, and the en banc Federal Circuit went a step further in *Cybor*, holding that claim construction analysis includes no underlying factual determinations. Hence, without overruling its own en banc decision in *Cybor*, what could the court do in *Phillips*? Perhaps that is why the court did not address this issue at this time.

But the bar appears eager to revisit this issue. Many *Phillips* amicus briefs indicated that claim construction does have some underlying factual issues that deserve some type of deference on appeal. Indeed, in *Phillips*, Judge Haldane Robert Mayer, joined by Judge Pauline Newman, dissented, poignantly arguing for the reversal of *Cybor*. As Mayer pointed out, contrary to the expectation of the court, claim construction decisions have not become more predictable. In fact, somewhere between 30% and 50% of the appealed decisions on claim construction are reversed or remanded for some reason. Hopefully, with *Phillips*' adoption of the holistic approach, this percentage will go down. But those who disagree that claim construction is purely legal argue for more sweeping changes.

Mayer raises a good point in his dissent. Claim construction is done from the perspective of one of ordinary skill in the art and according to the state of the art at the time of the invention. Yet these determinations appear to require factual considerations. In addition, both of these determinations change over time. As Mayer also reflects, the construction of a term in one patent may not be the same as the construction of that term in another patent because claim construction varies based on the intrinsic evidence. Each of these considerations implies that claim construction may indeed have underlying factual considerations.

Because of its flexibility, the holistic approach would be appropriate under a claim construction doctrine that embraced underlying factual considerations. Under such a regime, the district court decision would be entitled to some deference on appeal. Such a mixed question of law and fact, in which the factual determinations were reviewed at the Federal Circuit for clear error, also might be more palatable for district courts and more predictable for litigants.

For now, the de novo standard for claim construction review persists. However, there can be little doubt that deference should be revisited and will provide fodder for lively future debates at the court.

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