No. 2012-1014

IN THE
United States Court of Appeals
FOR THE FEDERAL CIRCUIT

LIGHTING BALLAST CONTROL LLC,

Plaintiff-Appellee,

v.

PHILIPS ELECTRONICS NORTH AMERICA CORPORATION,

Defendant,

and

UNIVERSAL LIGHTING TECHNOLOGIES, INC.,

Defendant-Appellant.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS IN CASE NO. 09-CV-0029, JUDGE REED O'CONNOR.

CORRECTED BRIEF OF AMICUS CURIAE FEDERAL CIRCUIT BAR ASSOCIATION SUPPORTING NEITHER PARTY

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June 5, 2013

CERTIFICATE OF INTEREST

Counsel for Amicus, the Federal Circuit Bar Association, certifies the following:

1. The full name of every party represented by me is the Federal Circuit Bar Association.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me: N/A.

3. All parent corporations and any publicly held companies that own more than 10 percent or more of the stock of the party represented by me are: None.

4. The name of all law firms and the partners or associates that appeared for the party now represented by me in the trial court or are expected to appear in this Court are: Joseph R. Re, Joseph M. Reisman, and Sheila N. Swaroop, Knobbe, Martens, Olson & Bear, LLP; and Terence Stewart, Federal Circuit Bar Association.

Dated: June 5, 2013

By: /s/ Joseph R. Re
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IDENTITY OF THE AMICUS AND AUTHORITY TO FILE

The Federal Circuit Bar Association ("FCBA") is a national bar organization with over 2,600 members from all geographic areas of the country, all of whom practice or have an interest in the decisions of the United States Court of Appeals for the Federal Circuit. The FCBA offers a forum for discussion of common concerns between bar and Court, litigator and corporate counsel. One of the FCBA's purposes is to render assistance to the Court in appropriate instances, both in procedural and substantive practice areas, whenever the FCBA or the Court believes a contribution can be made.

The FCBA submits this brief in response to the Court's order of March 15, 2013, which invited interested bar associations to participate as *amici curiae* in the rehearing *en banc* of this appeal. The FCBA takes no position with respect to the ultimate merits of this case. Rather, its members desire only to express their view concerning the issues set forth in the order granting *en banc* review.[1]

[1] FCBA states that, after reasonable investigation, it believes that (a) no member of its Board or its Amicus Committee who voted to prepare this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter; (b) no representative of any party to this litigation participated in the authorship of this brief; and (c) no one other than FCBA, or the authors of this brief and their law firms or employers, made any monetary contribution that was intended to fund the preparation or submission of this brief.

I. ARGUMENT

A. This Court Should Overrule *Cybor* And Apply A Clearly Erroneous Standard Of Review To Findings Of Fact

This Court asked three closely related questions.

With Question No. 1, the Court asks whether it should overrule *Cybor Corp. v. FAS Techs.*, 138 F.3d 1448 (Fed. Cir. 1998). The Court should overrule *Cybor* to the extent it held that a *de novo* standard of review applies to ***all*** aspects of claim construction.

With Question No. 2, the Court asks whether it should afford deference to any aspect of a district court's claim construction. This Court should afford some deference to the district court, as set forth in the response to Question 3.

With Question No. 3, the Court asks which aspects of a district court's claim construction should be afforded deference. When a district court correctly determines that the intrinsic evidence is insufficient to construe a disputed claim limitation and relies upon extrinsic evidence to construe that limitation, this Court should afford deference to the district court's factual findings relating to that extrinsic evidence. Such findings should be affirmed unless they are clearly erroneous or inconsistent with the intrinsic evidence.

B. *Cybor* Incorrectly Held That All Aspects Of Claim Construction Are Subject To *De Novo* Review

In *Cybor*, this Court held that claim construction is a pure question of law, never based on any subsidiary factual findings, and therefore, that all aspects of a district court's claim construction are reviewed *de novo*. 138 F.3d at 1456. That holding is based on a misreading of the Supreme Court's decision in *Markman v. Westview Instruments*, 517 U.S. 370, 116 S. Ct. 1384, 134 L. Ed. 2d 577 (1996), and is inconsistent with governing standards of appellate review. *Cybor* failed to acknowledge that the district court may, in some cases, be required to consider extrinsic evidence and resolve disputed factual issues to construe the claims. In those cases, claim construction cannot be considered a purely legal issue. Rather, it is a legal issue based, at least in part, on subsidiary factual findings. Accordingly, this Court should not apply a *de novo* standard of review to those subsidiary factual findings.

In *Markman*, the Supreme Court held that claim construction was "an issue for the judge, not the jury," 517 U.S. at 391, notwithstanding the Seventh Amendment guarantee that "[i]n Suits at common law . . . the right of trial by jury shall be preserved . . . ." *Id.* at 376 (internal quotations omitted). At no point did the *Markman* Court hold that claim construction is a pure question of law. *See Cybor*, 138 F.3d at 1473, 1478 (Rader, J., dissenting in part). Thus,

Cybor improperly extended the holding of *Markman* beyond its limited context when it addressed the standard of review, and held that all aspects of claim construction are subject to *de novo* review.

Cybor's reasoning is flawed. "Stating that something is better decided by the judge is not the same as saying it is a matter of law." *Highmark, Inc. v. Allcare Health Mgmt. Sys.*, 701 F.3d 1351, 1362 (Fed. Cir. 2012) (Moore, Rader, O'Malley, Reyna, and Wallach, JJ., dissenting from denial of petition for rehearing en banc). That the Supreme Court assigned the task of claim construction to the judge does not compel the conclusion that claim construction is always a purely legal matter, with all of its aspects subject to *de novo* review. Instead, as the *Markman* Court explained, claim construction may sometimes raise a mixed issue, one that involves legal conclusions based on subsidiary factual findings.

The *Markman* Court began its analysis by assessing the historical practices analogous to claim construction. 517 U.S. at 378-84. After observing that "history and precedent provide no clear answers," the Supreme Court turned to "functional considerations" to help determine whether claim construction should be decided by a judge or a jury. *Id.* at 388. In view of those considerations, the *Markman* Court concluded that claim construction was for the judge. As several members of this Court have noted, the complexity of this

analysis is significant. Had the *Markman* Court viewed claim construction as a purely legal issue without any factual underpinnings, its Seventh Amendment analysis would have been simple, because the right to a jury trial does not apply to a purely legal determination. *See e.g., Retractable Techs. v. Becton, Dickinson & Co.*, 659 F.3d 1369, 1374 (Fed. Cir. 2011) (O'Malley, J., dissenting from denial of petition for rehearing en banc); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1330, n.1 (Fed. Cir. 2005) (Mayer and Newman, JJ., dissenting); *Cybor*, 138 F.3d at 1464 (Mayer and Newman, JJ., concurring). It is precisely because of the factual aspects of claim construction that the Supreme Court evaluated "functional considerations" before it ultimately observed that "judges, not juries, are the better suited to find the acquired meaning of patent terms." 517 U.S. at 388.

The *Markman* Court explicitly recognized that the process of construing a disputed claim term following the receipt of evidence was a "mongrel" practice, *id.* at 378, and observed that claim construction "falls somewhere between a pristine legal standard and a simple historical fact." *Id.* at 388; *see also Trading Techs. Int'l, Inc. v. eSpeed, Inc.*, 595 F.3d 1340, 1350-51 (Fed. Cir. 2010). In assigning the task of claim construction exclusively to the judge, the *Markman* Court explicitly acknowledged that factual and evidentiary components may play a role:

> The decisionmaker vested with the task of construing the patent is in the better position to ascertain whether an ***expert's proposed definition*** fully comports with the specification and claims and so will preserve the patent's internal coherence. We accordingly think there is sufficient reason to treat construction of terms of art like many other responsibilities that we cede to a judge in the normal course of trial, ***notwithstanding its evidentiary underpinnings***.

517 U.S. at 390 (emphasis added). Through its reference to the "evidentiary underpinnings" of claim construction, the *Markman* Court recognized that factual issues may need to be resolved in the course of construing a disputed claim term.

Before *Cybor* and this Court's decision in *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995), this Court often recognized that issues of fact may arise during claim construction.[2] While the Supreme Court *Markman* decision removed the jury from the claim-construction process,

[2] At that time, the entire process of claim construction was often relegated to the jury. *See Palumbo v. Don-Joy Co.*, 762 F.2d 969, 976 (Fed. Cir. 1985) ("[W]hen the meaning of a term in the claim is disputed and extrinsic evidence is necessary to explain that term, then an underlying factual question[] arises, and construction of the claim should be left to the trier or jury under appropriate instruction"); *Bio-Rad Lab. v. Nicolet Instrument Corp.*, 739 F.2d 604, 613 (Fed. Cir. 1984) (assessing infringement by evaluating "whether reasonable jurors, after reviewing all the evidence, could have interpreted the claims to include" the accused activity).

several current and former members of this Court have continued to emphasize that claim construction may involve factual underpinnings.[3]

Cybor ignored the potential role that factual findings may play in claim construction when it applied *de novo* review to all aspects of claim construction. In so doing, *Cybor* improperly required that this Court review any and all subsidiary factual findings without deference.

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[3] *See e.g.*, *Retractable Techs.*, 659 F.3d at 1373 (Moore and Rader, JJ., dissenting from denial of petition for rehearing en banc) ("we must acknowledge the factual underpinnings of this [claim construction] analysis); *id.* at 1373 (O'Malley, J., dissenting from denial of petition for rehearing en banc) (referring to the "complicated and fact-intensive nature of claim construction); *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039, 1041 (Fed. Cir. 2006) (Michel and Rader, JJ., dissenting from denial of petition for rehearing en banc) (referring to factual determinations made by district court during claim construction); *id.* at 1044 (Rader, J., dissenting from denial of petition for rehearing en banc) (urging court to "accord deference to the factual components of the lower court's claim construction"); *id.* at 1043 (Newman, J., dissenting from denial of petition for rehearing en banc)(deference to the trier of fact is warranted if the meaning of a claim term is recognized as a case-specific finding of fact); *Phillips,* 415 F.3d at 1330 (Lourie and Newman, JJ., concurring in part and dissenting in part) ("we ought to lean toward affirmance of a claim construction in the absence of a strong conviction of error"); *id.* at 1331 (Mayer and Newman, JJ., dissenting) ("there can be no workable standards by which this court will interpret claims so long as we are blind to the factual component of the task"); *Cybor*, 138 F.3d at 1477 (Rader, J., dissenting in part) (explaining the acquisition and evaluation of evidence in claim construction).

C. Findings Of Fact Based Upon Extrinsic Evidence Should Be Affirmed Unless Clearly Erroneous Or Contrary To The Intrinsic Evidence

Claim construction requires the district court to interpret a patent claim from the perspective of one of ordinary skill in the art. *See Multiform Desiccants, Inc. v. Medzam Ltd.*, 133 F.3d 1473, 1477 (Fed. Cir. 1998). While the district court can often accomplish this task upon review of only the intrinsic evidence, there are circumstances where the intrinsic evidence is insufficient to resolve the claim construction dispute. For example, extrinsic evidence may be necessary to resolve disputes over (1) the level of ordinary skill in the art; (2) the ordinary and customary meaning that a person of ordinary skill in the art would have attributed to a disputed claim term at the time of the invention; or (3) the state of the art at the time of the invention. *See Cybor*, 138 F.3d at 1478 (Rader, J., dissenting in part); *Phillips*, 415 F.3d at 1332 (Mayer and Newman, JJ., dissenting). In those circumstances, this Court should afford deference to those factual findings.

Specifically, this Court should review such factual findings under Federal Rule of Civil Procedure 52(a), which provides that "findings of fact . . . shall not be set aside unless clearly erroneous . . . ." This standard of appellate review is the rule, not the exception, for any factual finding made by a district court. *See*

Anderson v. Bessemer City, 470 U.S. 564, 575, 105 S. Ct. 1504, 84 L. Ed. 2d 518 (1985).[4]

This standard of review recognizes the core competencies of, and the allocation of resources between, district courts and appellate courts. It also avoids duplicative litigation. As the Supreme Court has observed:

> The trial judge's major role is the determination of fact, and with experience in fulfilling that role comes expertise. Duplication of the trial judge's efforts in the court of appeals would very likely contribute only negligibly to the accuracy of fact determination at a huge cost in the diversion of judicial resources. In addition, the parties to a case on appeal have already been forced to concentrate their energies and resources on persuading the trial judge that their account of the facts is the correct one; requiring them to persuade three more judges at the appellate level is requiring too much. As the Court has stated in a different context, the trial on the merits should be "the 'main event'…rather than a 'tryout on the road.'" (citation omitted).

Id. at 574-75. The *Anderson* Court mandated deference to a wide range of fact findings, encompassing not only credibility determinations, but also findings based upon physical evidence, documentary evidence, and inferences based on other facts:

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[4] In *Phillips v. AWH Corp.*, 415 F.3d 1303, 1331, n.4 (Fed. Cir. 2005), Judges Mayer and Newman, in dissent, properly acknowledged that *de novo* review of factual findings can be appropriate in other areas of law where facts are intertwined with a constitutional standard, such as decisions underlying the First and Fourth Amendments. Claim construction does not implicate a constitutional standard. Therefore, it is inappropriate to subject the subsidiary factual findings that may underpin a claim construction to *de novo* review. *Id.*

> If the district court's account of the evidence is plausible in light of the record viewed in its entirety, the court of appeals may not reverse it even though convinced that had it been sitting as the trier of fact, it would have weighed the evidence differently. Where there are two permissible views of the evidence, the factfinder's choice between them cannot be clearly erroneous. (citation omitted) This is so even when the district court's findings do not rest on credibility determinations, but are based instead on physical or documentary evidence or inferences from other facts.

Id. at 573-74.

A deferential standard of review is also consistent with appellate review of other issues involving mixed questions of law and fact, where it is customary to defer to the district court on the facts underlying its legal conclusions. *See Salve Regina College v. Russell,* 499 U.S. 225, 233, 111 S. Ct. 1217, 113 L. Ed. 2d 190 (1991) ("[D]eferential review of mixed questions of law and fact is warranted when it appears that the district court is 'better positioned' than the appellate court to decide the issue in question or that probing appellate scrutiny will not contribute to the clarity of legal doctrine.").

This Court is quite familiar with applying this standard of review when reviewing appeals from obviousness determinations after a bench trial. In such appeals, this Court reviews the findings of fact under Rule 52(a) for clear error and the legal conclusion of obviousness *de novo*. *See, e.g., Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1987) (on remand from Supreme Court inquiring as to the role of Rule 52(a) in obviousness determinations).

As applied to claim construction, this Court should defer to the district court where the intrinsic evidence does not resolve the dispute, and the district court must consult extrinsic evidence in order to construe the claim. For example, if the specification and prosecution history use a claim term consistently, but provide no guidance as to the meaning of the term, the district court may need to consider extrinsic evidence, such as expert testimony, dictionaries or treatises, to determine how a person of ordinary skill in the art would have understood that claim term. *See Phillips*, 415 F.3d at 1318; *see also Amgen*, 469 F.3d at 1045 (Gajarsa, Linn, and Dyk, JJ., concurring in denial of petition for rehearing en banc). The district court is better situated than this Court to consider such extrinsic evidence and make the relevant, supporting findings. *See Anderson*, *supra*; *Cybor*, 138 F.3d at 1477 (Rader, J. dissenting in part) ("For the complex case where the claim language and specification do not summarily dispose of claim construction issues, the trial court has tools to acquire and evaluate evidence that this court lacks"); *Amgen*, 469 F.3d at 1044 (Rader, J., dissenting from denial of petition for rehearing in banc)("As is often the case, the district court was better positioned than [the appellate court] to reach the proper construction" and "has more tools, more time and more direct contact with factual evidence than this appellate body.").

Nonetheless, the legal rules governing claim construction limit the circumstances where deference should be afforded a district court's factual findings. The intrinsic evidence is the most probative evidence of a claim term's meaning, and a district court may rely upon extrinsic evidence only when the intrinsic evidence is insufficient to construe the disputed claim term. *See Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582-83 (Fed. Cir. 1996). And where extrinsic evidence is consulted, factual findings based on that evidence must not conflict with the intrinsic evidence. *Id.* at 1583-84; *see also Markman*, 52 F.3d at 981 (explaining that extrinsic evidence should not be used to vary or contradict the terms of the claims). Accordingly, any factual finding that contradicts the intrinsic evidence amounts to legal error and thus should be afforded no deference. *Id.* at 1584; *see also Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1578 (Fed. Cir. 1995). Thus, when a factual finding is not inconsistent with the intrinsic evidence, this Court should defer to such a finding under the clear-error standard of review.

D. Review Of Subsidiary Fact Findings For Clear Error Will Improve Appellate Review

The application of the clear-error standard of review will benefit appellate review. Under the currently applied, blanket *de novo* review of claim construction, many district courts are reluctant to consider relevant extrinsic

evidence, out of concern that this Court will disregard such evidence on appeal. *See* Jonas Anderson and Peter S. Menell, *Informal Deference: An Historical, Empirical and Normative Analysis of Patent Claim Construction*, Northwestern University L. Rev., Vol. 108, Forthcoming (September 20, 2012) at 63-64, *available at* SSRN: http://ssrn.com/abstract=2150360. Such evidence should be considered, where appropriate, to assist the district court in learning how those of skill in the relevant art understand the claim terms. Encouraging a district court to consider such evidence, when appropriate, will benefit the district court's analysis. *Amgen*, 469 F.3d at 1043 (Newman, J., dissenting from denial of petition for rehearing en banc); *Cybor*, 138 F.3d at 1480-81 (Newman and Mayer, JJ., dissenting) (discussing the potential value of extrinsic evidence in claim construction).

Also, by applying the clear-error standard of review, this Court will encourage the district courts to articulate the complete factual bases for their claim constructions. Under the currently applied *de novo* standard, the district court is mindful that its analysis will carry little, if any, weight on appeal. The district court has little or no incentive to articulate its rationale for claim construction. This has resulted in opinions in which district courts pronounce claim constructions without identifying any evidence or providing any analysis to support those constructions. *See* Anderson and Menell at 64, n.292

(collecting district court opinions on claim construction with minimal or no analysis). Appellate review of such a construction is often difficult. *See Cybor*, 138 F.3d at 1474-75 (Rader, J., dissenting in part) (suggesting that *de novo* review may encourage trial courts to "hide the ball" with respect to their real reasons for claim construction). By reviewing subsidiary fact findings for clear error, this Court would encourage the district courts to be more forthcoming in identifying the evidence and analyses that led to their constructions. This will result in a more robust record, better suited for review on appeal.

II. CONCLUSION

For the foregoing reasons, this Court should overrule *Cybor*'s application of *de novo* review to the factual findings that may, in certain cases, underlie a district court's construction of disputed claim terms. The Court should instead apply a clearly erroneous standard of review to subsidiary factual findings that are not inconsistent with the intrinsic evidence. This approach will bring the review of claim construction in line with the appellate review of other factual findings. It will also encourage the district courts to consider extrinsic evidence

when necessary and to more thoroughly and forthrightly develop the record supporting their claim construction rulings.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: June 5, 2013

By: /s/ Joseph R. Re
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CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B)(i). This brief contains 3,325 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).
2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). This Brief has been prepared in a proportionally spaced typeface using Microsoft Word 2003 in 14 point font New Times Roman.

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: June 5, 2013

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I certify that on June 5, 2013, this CORRECTED BRIEF OF AMICUS CURIAE FEDERAL CIRCUIT BAR ASSOCIATION SUPPORTING NEITHER PARTY was filed electronically using the CM/ECF system, which will send notification of such filing to counsel of record who are registered for CM/ECF, as follows:

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