



# JONES DAY COMMENTARY

## INTELLECTUAL PROPERTY

# FEDERAL CIRCUIT BRINGS MORE CLARITY TO RULES FOR INTERPRETING PATENTS

On July 12, 2005, the U.S. Court of Appeals for the Federal Circuit issued its much-anticipated decision in *Phillips v. AWH Corporation*. The court had previously agreed to hear and decide this case *en banc*—before all 12 of its active judges—to settle some conflicting and uncertain rules of law that had emerged from its various three-judge-panel decisions over the years.

The *en banc* opinion was remarkably unanimous; nine of the court's 12 judges joined in the majority opinion, and 11 of the 12 joined in the crucial portions of the opinion that clarified the general legal standards. But it is still telling that, despite the basic agreement on those rules, two judges would have applied the rules to the facts of the case and reached the opposite result.

If this proves anything, it is that the Federal Circuit can announce clear general rules for interpreting patents (as it has attempted to do over the past dozen years in such leading *en banc* cases as *Markman v.*

*Westview Instruments, Inc.* (1995), *Cybor Corp. v. FAS Technologies* (1998), and *Johnson & Johnston Assocs., Inc. v. R.E. Service Co., Inc.* (2002)), but the specific result in a given case will still depend on individual judicial judgments in applying those rules.

## A LITTLE BACKGROUND

This case was about “baffles,” components of an unusual invention—modular, steel-shell panels that could be welded together to form vandalism-resistant walls. This invention was particularly helpful in building prisons; besides ensuring against vandalism, they also insulate against noise and fire.

One aspect of Phillips' patent claims addressed the panels' load-bearing capacity: “further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extend-

ing inwardly from the steel shell walls.” The patent’s written description (the text that precedes the claims in the specification) illustrated several examples of baffle deployment, all of which showed baffles oriented at either an acute or an oblique angle, relative to the face of the wall, and the written description noted that placing the baffles at these non-90-degree angles created an intermediate interlocking, but not solid, internal barrier.

So the district court held that the patent claim at issue—even though it said only “steel baffles extending inwardly”—meant that the baffle had to “extend inward from the steel shell walls at an oblique or acute angle to the wall face” and also had to form part of an interlocking barrier in the interior of the wall module.

## THE CONTROVERSY

This holding set the stage for an appeal involving a continuing controversy among the Federal Circuit’s judges and their panel opinions. Most importantly, the Federal Circuit had developed two divergent strands of precedent on this claim-construction dispute. One, represented by the panel opinion of now-Chief Judge Michel in *Vitronics Corp. v. Conceptronic, Inc.* (1996), held that the specification (the written description of the invention, along with the manner and process of making and using it, as well as the claims themselves) was the primary interpretive guide for claim language.

But another strand had emerged over the years, one emphasizing the dictionary as a primary source of meaning. This strand probably found its high-water mark with Judge Linn’s panel opinion in *Texas Digital Systems, Inc. v. Telegenix, Inc.* (2002), which held that it was improper to consult “the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves.” The *Texas Digital* court instead said that a claim interpreter should turn to the dictionary first. The reasoning behind this ruling was the basic prohibition on “reading limitations into the claims” from the specification, a rule that is easy to state but hard to reconcile with the notion that claims are to be read “in light of” the specification. It is probably appropriate to say that neither of these notions is itself controversial. But the tension between these two rules

is obvious, and what looks like “reading in” a limitation to one person may be merely reading claims “in light of” the specification to another.

## THE *EN BANC* DECISION

And the *Phillips* case was a useful vehicle for addressing this dispute. By adding the “no-90-degree angles” and “interlocking barrier” requirement to interpret the claim term “baffles extending inwardly from the steel shell walls,” had the district court merely read the claim “in light of” the specification? Or had it improperly “read in” a limitation? Obviously, if dictionaries play a primary role, it looks more like impermissible “reading in,” since the dictionary definitions of “baffle” and “extending inwardly” don’t contain angular or interlocking limitations.

Judge Bryson wrote the opinion for the *en banc* court. Parts II and III of the opinion set forth the clarifications of the rules, and were joined by every judge except Judge Mayer.

**Part II.** The court began with three basic principles: (1) The words of a patent claim are to be given “their ordinary and customary meaning”; (2) that ordinary and customary meaning is to be determined starting from the “objective baseline” of “how a person of ordinary skill in the art understands a claim term”; and (3) the person of ordinary skill “is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification.”

While those three general principles went some way toward bringing more clarity to the law, the court added some additional, less surprising points. As to prosecution history—which “consists of the complete record of the proceedings before the [Patent and Trademark Office] and includes the prior art cited during the examination of the patent”—the court said that it, too, should be considered, even though “it often lacks the clarity of the specification and thus is less useful for claim construction purposes” because it is an “ongoing negotiation” between the applicant and the PTO.

As for extrinsic evidence, which is anything external to the patent and the prosecution history, including expert testimony, dictionaries, and treatises, the court called this evi-

dence “less significant” and “less reliable” than the intrinsic patent record. At the same time, however, the court noted that “dictionaries and treatises can be useful in claim construction,” and “expert testimony can be useful to a court for a variety of purposes,” including educating the judge on the technology and how the invention works, as well as “ensur[ing] that the court’s understanding of the technical aspects of the patent is consistent with that of a person of skill in the art,” or establishing that a particular term has a special meaning in the relevant field.

The court summed up: “[B]ecause extrinsic evidence can help educate the court regarding the field of the invention and can help the court determine what a person of ordinary skill in the art would understand claim terms to mean, it is permissible for the district court in its sound discretion to admit and use such evidence. In exercising that discretion, and in weighing all the evidence bearing on claim construction, the court should keep in mind the flaws inherent in each type of evidence and assess that evidence accordingly.”

**Part III.** In this part of the opinion, the same 11 judges (*i.e.*, all but Judge Mayer) addressed the special problem of dictionaries. While not intending to preclude judges from using dictionaries to interpret claim terms, the court held that the “dictionaries first and foremost” rule that many have read *Texas Digital* to mean is simply not correct, because dictionaries contain abstract definitions, not contextual ones. Because patent claims are meant to cover the invented subject matter, and because patent applicants do not create dictionaries to describe their inventions, this approach “too often . . . condone[s] the adoption of a dictionary definition entirely divorced from the context of the written description.”

The court thus endorsed a contextual, patent-focused approach to claim construction but stopped short of prescribing a particular “sequence of steps” or “a rigid algorithm for claim construction.” Dictionaries remain useful tools, as they are for any reader trying to understand a text better, but *Phillips* now returns them to a subordinate role.

**The Result.** Having set forth these principles, nine judges (Judges Newman and Lourie departing from their colleagues on these issues) held that the restrictive meaning ascribed to the claims by the trial court was erroneous, particularly as to the exclusion of baffles disposed at a right angle.

Judge Lourie, joined by Judge Newman, dissented in part as to the result. In their view, the fact “that the specification contains no disclosure of baffles at right angles” was proof positive that the district court’s construction was correct. The fact that the specification further mentioned that the baffles are “disposed at such angles that bullets which might penetrate the outer steel panels are deflected” also demonstrated that correctness, according to these two judges.

**Judge Mayer and Deference.** Judge Mayer, joined by Judge Newman, authored what the media might call a “blistering” dissent. He began: “Now more than ever I am convinced of the futility, indeed the absurdity, of this court’s persistence in adhering to the falsehood that claim construction is a matter of law devoid of any factual component. Because any attempt to fashion a coherent standard under this regime is pointless, as illustrated by our many failed attempts to do so, I dissent.”

Since *Markman v. Westview Instruments, Inc.* in 1995, Judge Mayer has been the loudest proponent for deference, and a relaxed standard of appellate review, in matters of claim construction. In *Phillips*, Judge Mayer crystallized his various objections to the *Markman* regime: It substitutes the “black box” of the jury “with the black hole of this court,” it “treats the district court as an intake clerk, whose only role is to collect, shuffle and collate evidence,” and it ignores the inherently factual nature of the work that a district court does when construing claims—which is “specific, multifarious and not susceptible to generalization” in a way that would cause their resolution in Case A to help guide the result in Case B.

Judge Mayer concluded with a sarcastic proposal: Because the Federal Circuit is the last word on claim construction, “all patent cases could be filed in this court; we would determine whether claim construction is necessary, and, if so, the meaning of the claims. Those few cases in which claim construction is not dispositive can be remanded to the district court for trial. In this way, we would at least eliminate the time and expense of the charade currently played out before the district court.”

The *en banc* court declined to take up the issue of deference that so ignited Judge Mayer, concluding that, “[a]fter consideration of the matter, we have decided not to address that issue at this time.” Judge Lourie, in his separate opinion

(joined by Judge Newman), tried to strike a middle ground: “[E]ven though claim construction is a question of law, reviewable by this court without formal deference, I do believe that we ought to lean toward affirmance of a claim construction in the absence of a strong conviction of error.”

**What Next?** As usual, questions remain. Obviously, whether to alter the “no-deference” rule is left for debate on another day. But beyond that, the seeming near unanimity of the Federal Circuit may mask what lies beneath. Even though they looked at the same materials and agreed on the same general rules, Judges Lourie and Newman read the *Phillips* patent to mean exactly the opposite of what the *en banc* court held. This may be little more than a divergence of judicial judgment (reasonable minds may disagree), or it may reflect that Judges Lourie and Newman have an even more generous view of how controlling the disclosures of the specification are, such that the absence of 90-degree angles in the specification or in any embodiment means the absence of 90-degree angles from the claims.

At a minimum, this disagreement demonstrates that future panels may use the specification to craft claim definitions that are narrower than the full panoply of dictionary definitions, using the inventor's specification of what he invented as a guide. The *Phillips* opinion, though, provides no clear rule to delineate when the specification should be used to narrow the ordinary meaning of patent claim language.

But perhaps the most significant development—for immediate purposes, anyway—can be found in the *en banc* court's discussion of extrinsic evidence and “sound discretion.” For a court that explicitly declined to reconsider the standard of appellate review for claim-construction decisions, this reference to “sound discretion” sticks out. Does saying that “it is permissible for the district court in its sound discretion to admit and use [extrinsic] evidence” mean that the Federal Circuit will allow district courts to admit such evidence as a *procedural* matter but still review claim construction *de novo*? Or does it portend an altered regime where, say, a district court hears evidence from scientists, mechanics, or technicians about the level of ordinary skill in the art, makes

a determination of that level, reads the claims through that lens, and is then reviewed on appeal, using a “sound discretion” standard rather than a *de novo* standard? Or perhaps some combined regime, where those subsidiary determinations are reviewed under the “sound discretion” rubric, and then the ultimate determination of what the claims mean is reviewed *de novo*, without deference?

It is, of course, too soon to tell. But the next year or so, as the Federal Circuit endeavors to apply and expand on the *Phillips* decision, will be interesting indeed. It is another reminder that the Federal Circuit is a special court—not just because of its specialized jurisdiction, but because of the subtle (and sometimes not so subtle) divergences in the views of its various individual members. When 99+ percent of its cases are decided by three-judge panels, those subtle differences among jurists take on added importance.

## LAWYER CONTACTS

For further information, please contact your principal Firm representative or one of the lawyers listed below. General e-mail messages may be sent using our “Contact Us” form, which can be found at [www.jonesday.com](http://www.jonesday.com).

### Gregory A. Castanias

1.202.879.3639

[gcastanias@jonesday.com](mailto:gcastanias@jonesday.com)

### Robert C. Kahl

1.216.586.7177

[rckahl@jonesday.com](mailto:rckahl@jonesday.com)

### Kenneth R. Adamo

1.216.586.7120

[kradamo@jonesday.com](mailto:kradamo@jonesday.com)

### Brian M. Poissant

1.212.326.3838

[bmpoissant@jonesday.com](mailto:bmpoissant@jonesday.com)

*Jones Day Commentaries* are a publication of Jones Day and should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information purposes only and may not be quoted or referred to in any other publication or proceeding without the prior written consent of the Firm, to be given or withheld at its discretion. The mailing of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship.