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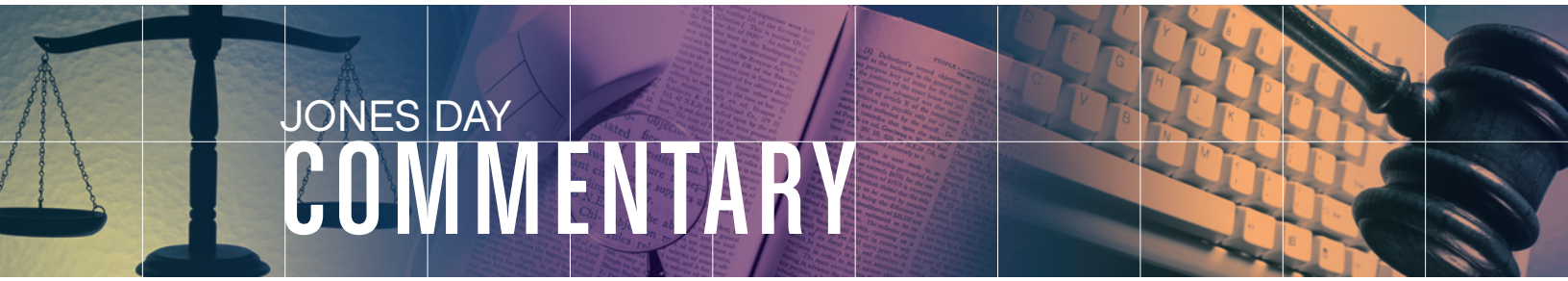

INTELLECTUAL PROPERTY

PETITION FOR CERTIORARI FILED IN *AWH CORP. V. PHILLIPS*

There has been another development in the closely watched *en banc* Federal Circuit case on the rules of patent claim construction: On November 14, 2005, AWH Corporation filed a Petition for Writ of Certiorari in the U.S. Supreme Court in which it asked the high court to review the Federal Circuit's *en banc* decision in *Phillips v. AWH Corporation* (the subject of two prior *Jones Day Commentaries*). As we have noted before, the claim-construction issues presented in this case have implications that reach far beyond the specific case. Now the Supreme Court has an opportunity to decide whether to enter the fray, but only on the question of the proper standard of appellate review.

A LITTLE (REFRESHER) BACKGROUND

The case concerned "baffles," components of the unusual invention of modular, steel-shell panels that can be welded together to form walls. The panels have special resistance to vandalism (*i.e.*, bullets and bombs), noise, and fire, making the panels particularly useful in prison construction. The patent claims in this case concerned the panels' load-bearing capacity, comprising "internal steel baffles extending inwardly from the steel shell walls." The dispute regarded whether baffles with 90-degree angles instead of the oblique or acute angles employed by Phillips' design fell within the patent's ambit. The trial court held that even though the patent stated that the baffles "extend[ed] inwardly," only interlocking acute and oblique angled baffles were covered by the patent's claim (and therefore not the 90-degree/right angles).

THE FEDERAL CIRCUIT DECISIONS

Phillips appealed, and a panel of the Federal Circuit affirmed the trial court's claim-construction ruling on April 8, 2004. After the Federal Circuit granted a request for rehearing *en banc* and vacated the panel decision, it asked that the parties address a series of questions in connection with the claim-construction issue, including whether it is "appropriate for this court to afford any deference to any aspect of the trial court claim construction rulings?" After considering

the parties' arguments and no fewer than 35 *amicus curiae* briefs, the *en banc* court issued its decision on July 12, 2005. The court resolved an ongoing dispute between a competing line of Federal Circuit panel decisions concerning whether the contextual meaning of terms within the specification of the patent, or the customary dictionary meanings, should be the primary focus of claim construction. A substantial majority (11-1) of the *en banc* court held that the specification, and other "contextual" intrinsic evidence, rather than dictionaries, should be the primary source for determining a term's "ordinary and customary meaning." But in rendering its decision, the court specifically declined to address the question it had asked regarding how much deference should be due a district court in its claim-construction rulings, something for which the dissenting opinion took the majority to task. The dissenting opinion reasoned that greater deference should be shown to the trial courts in their claim-construction rulings than that afforded by the majority's decision to continue the regime of nondeferential *de novo* review.

THE PETITION FOR WRIT OF CERTIORARI

AWH's petition for certiorari presents one question, focusing exclusively on the standard of review for trial court claim-construction determinations. Decrying the Federal Circuit's request for briefing on the standard-of-review issue and subsequent "side step" of the issue, AWH urges that the Court should grant certiorari because (i) the matter is ripe for determination, (ii) the *en banc* Federal Circuit has previously addressed the standard of review three times and is unlikely to revisit the issue soon, if ever again, (iii) patent appeals are consolidated in the Federal Circuit, and thus there can be no future "percolation" within the circuits, (iv) the reversal rate in the Federal Circuit of district courts on patent claim-construction issues is three times that of other circuit court reversals, and (v) the Federal Circuit's approach conflicts with the Federal Rules and Supreme Court precedent.

WHAT NEXT?

The Supreme Court customarily avoids granting certiorari to decide an issue that the lower court did not. At the same time, however, it may be more accurate to say that the Federal Circuit *did* decide the issue, by refusing to reconsider its longstanding precedent holding that claim-construction decisions are reviewed *de novo*, without deference. And the Supreme Court often waits until the courts have had repeated experience applying a rule before agreeing to review the propriety of that rule. (This is commonly referred to in U.S. Supreme Court practice as "letting the matter percolate.") At bottom, then, the Supreme Court simply must decide whether to exercise its unreviewable discretion to resolve the standard-of-review question, and whether the particular characteristics of this case make it well-suited or ill-suited as a vehicle for deciding this issue.

If the Court were to accept the *AWH Corp.* case for review, it might then create a bit of a conundrum for companies and trade associations faced with deciding what their position on this issue should be, or whether they should even take a position on this issue, whether in an *amicus* brief or otherwise. Although the petition refers to several prominent intellectual property groups—such as the ABA's Intellectual Property Section—as supportive of deferential review of claim construction, individual businesses or trade associations may not entirely agree with those groups, or with each other. This raises the stakes both for groups and businesses that may have active, pending, or potential litigation, and for which a ruling will have great import. That is, businesses and associations with intellectual-property interests should think carefully about where they want the Supreme Court to come out on this issue (if at all).

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