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A PANEL DISCUSSION: CLAIM CONSTRUCTION FROM THE PERSPECTIVE OF THE DISTRICT JUDGE

The Honorable Kathleen M. O'Malley[†]

The Honorable Patti Saris^{††}

The Honorable Ronald H. Whyte^{†††}

JUDGE O'MALLEY

In the early 1960s, there was a comedy album titled “The First Family” that featured the Kennedy Administration. It discussed what life must have been like in the White House with the Kennedys around, and it was actually quite funny. In fact, it was worthy of anything that Saturday Night Live ever did, but without the nasty edge. One of the pieces that I remember most was a skit about the Kennedys playing touch football on the White House lawn. It was not hard to conjure up the image, because just about every picture you ever saw of the Kennedys as a family had them playing touch football on some lawn, or some beach, somewhere.

The Kennedys are playing football on the White House lawn. Bobby turns to Jack and in a heavy Boston accent says, “Well, Jack, why is it that every time we play touch football at the White House we have to play by *your* rules?” Now, of course, you expect John Kennedy to respond that they played by his rules because he was the President. To the contrary, he responded, “We play by my rules because it’s *my* football.”

I am the keynote author for this panel, not because I am better at this, not because I am more talented at this, or more experienced at this. It is actually the reverse. The other two judges have much more talent and experience than I. But Case Law School is *my* football. As a graduate, as a part-time faculty member, and as part

[†] United States District Court, Northern District of Ohio.

^{††} United States District Court, District of Massachusetts.

^{†††} United States District Court, Northern District of California.

of the visiting committee, I get top billing, despite the fact that these two, either one of them, are more deserving.

The title of this Symposium is “The Past, Present & Future of the Federal Circuit.” Theoretically, that would mean that we should go back to 1982 to talk about whatever topic we choose. We have chosen not to do that, however, because there is not much that is important to us as district court judges that predates the *Markman* decisions in the mid-1990s.¹ We are effectively blinded by those decisions. Instead, we have chosen to start our discussion of the past, present and future of the Federal Circuit in the mid-1990s.

The *Markman* decisions and their progeny have had a dramatic impact on patent litigation and on what we do as district judges. Consequently, we will start with claim construction, and discuss the rules that *Markman* spawned, opine on where we think we are today, and question where we might be going. None of the panelists thinks that the development of the law in this area, with all due respect to Judge Paul Michel,² has been exactly linear. Rather, we collectively think that it has been a bit like an ocean: it ebbs and flows, it lurches forward only to reverse course. And, there are undertows and currents that surprise you and take you in odd directions. In fact, sometimes we think that the only thing that really is predictable in this area of the law is that we district judges will likely get it wrong, or at least that the Federal Circuit will say that we got it wrong.

In areas of law where it is difficult to pin down the development of the law, lectures are inadequate teaching tools. Instead, through a series of questions, I would like to touch upon many of the issues we think are important with respect to substantive and procedural developments in the law and to highlight some of the practical problems that we think the development of the law in this area has posed.

To put this conversation in context, the Court of Appeals for the Federal Circuit (“CAFC”) is defined by subject matter rather than geography. It is an unusual Court of Appeals. The hope was that, by funneling all of the litigation in a particular area—especially after the Supreme Court’s decision in *Holmes Group*³—to one particular appellate body, we would get greater clarity and greater predictability in this body of law. While the CAFC’s juris-

¹ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996).

² Circuit Judge, United States Court of Appeals for the Federal Circuit.

³ *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002).

diction is not limited to patent law alone, patent law is the area of law where the CAFC has had the biggest impact, and that is the focus of this Symposium. Within the realm of patent law, the CAFC has had, in our view, its biggest impact in the claim construction area. That is also where we, as district judges, look to the CAFC to give us the most guidance.

Everybody knows that *Markman* put claim construction in the hands of the judge.⁴ You may not know, however, exactly the progression of the case, so I briefly will outline. The district judge in the *Markman* case, believe it or not, wrote a very brief decision in which he said that the jury was wrong.⁵ The district judge, in passing, cited an Eastern District of Pennsylvania case that said, “[c]laim construction is a matter of law for the court.”⁶ The next sentence continued, “A mere dispute concerning the meaning of a term does not itself create a genuine issue of material fact.”⁷ Theoretically, the judge simply found that claim construction is a question of law for the court in the same way that anything else is a question of law for the court when there are no material issues of fact in dispute. The court ultimately disagreed with the jury and set aside the jury verdict.⁸ The case went up to the Federal Circuit based on that decision.

The Federal Circuit, conceivably, could have said judgment as a matter of law made sense if there really were no material issues of fact in dispute. Thus, the whole issue need not have come to a head with *Markman*. The conclusion we are left with is that the Federal Circuit *wanted* to address the issue, as there were other ways the court could have disposed of that one individual case without opening the proverbial Pandora’s box.

The CAFC took the bull by the horns and ran with it in several subsequent decisions. Ultimately, the CAFC reaffirmed the concept that infringement is a two-step analysis—beginning with claim construction, and followed by the question of whether the allegedly infringing device actually reads on those claims as so constructed.⁹ The court then said that claim construction is an issue for the court and not the jury, basing that decision on the conclusion that claim construction is a question of law, not of law-

⁴ See *Markman*, 517 U.S. at 372 (holding that patent claim construction is exclusively within the province of the court).

⁵ *Markman v. Westview Instruments, Inc.*, 772 F. Supp. 1535, 1536 (E.D. Pa. 1991), *aff’d*, 52 F.3d 967 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996) (granting directed verdict for defendants despite jury verdict on patent infringement claims).

⁶ *Id.* at 1536. Note that this decision was written nine years after the CAFC was formed.

⁷ *Id.*

⁸ *Id.*

⁹ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995).

and-fact or of fact alone.¹⁰ Based on that conclusion, the court found that claim construction is subject to *de novo* review.¹¹ The court also reaffirmed the fact that the second step of the infringement analysis is a pure question of fact for the jury.¹²

Markman then went to the Supreme Court.¹³ The Supreme Court agreed with the Federal Circuit, in part. The Supreme Court, for different reasons, said that claim construction is a question for the judge, but based that finding on historical grounds.¹⁴ The Court found that, because claim construction historically had not been an issue that went to the jury, it *could* be a question reserved for the judge.¹⁵

Interestingly, the Supreme Court did *not* say that claim construction was a question of law. In fact, if you read the decision carefully, it is clear the Court went out of its way to *not* say claim construction is a question a law. Instead, the Supreme Court called claim construction a “mongrel practice,” a mixed question of law and fact.¹⁶ The Court essentially said, for both historical and practical reasons, we will agree that claim construction should be done by the judge and not the jury.¹⁷ The Supreme Court also did not address the question of the standard of appellate review to be applied in this context. In fact, it seemed to dance away from addressing that question.

Markman was sent back to the CAFC, who quickly cleaned up what they thought the Supreme Court left unclear. The CAFC, in *Cybor Corp. v. FAS Technologies*,¹⁸ clearly said claim construction is a pure question of law subject to *de novo* review.¹⁹

So that is essentially where we are: The district court is to do claim construction as the first step in an infringement analysis in every patent case. Claim construction is a pure question of law, according to the CAFC, and is subject to absolute *de novo* review, with no deference to the district court’s decision making. We know that much; the rest has been a developing, moving target.

Markman and *Cybor* did not specify things such as when you construe claims, what tools you use to construe the claims, what

¹⁰ *Id.* at 976-79.

¹¹ *Id.* at 979.

¹² *Id.* at 984.

¹³ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

¹⁴ *Id.* at 372-83 (affirming the Federal Circuit court’s decision, but analyzing the case using historical precedents rather than the principle that construction of evidence is a matter for the court).

¹⁵ *Id.* at 387-88.

¹⁶ *Id.* at 378.

¹⁷ *Id.* at 388.

¹⁸ 138 F.3d 1448 (Fed. Cir. 1998).

¹⁹ *Id.* at 1454.

you should and should not consider, how you go about determining the ordinary meaning of words in this context, what weight to give various aspects of the intrinsic/extrinsic evidence, whether any presumptions apply, whether you should consider the allegedly infringing product when you are doing your analysis, or whether, and to what extent, the CAFC might consider any kind of immediate appeal from a claim construction decision.

All those questions, in large measure, have been answered and re-answered, often in conflicting ways. Some clues have been given by the CAFC, and district judges have struggled mightily to answer these and other questions in the almost ten-year period since 1995.

While we cannot touch on everything, I am going to turn to the panel to try to address some of these questions.

First, I want to address some big picture items. We know that, as Judge Giles S. Rich²⁰ is often quoted as having said, “the name of the game is the claim.”²¹ And, we know that it is our job to construe claims.

Do you think, Judge Whyte, that the Federal Circuit has done an adequate job of explaining to us how to do this job?

JUDGE WHYTE: The CAFC has done a pretty good job of explaining to us how to perform claim construction. However, there are some rules that seem to be difficult to reconcile with one another. For example, rules dealing with the question of when to use a specification to help define a word and when a new limitation is imported into a claim are sometimes difficult to apply. By and large, however, the CAFC has given adequate direction. In particular, they have been good at recognizing when district judges and lawyers have been troubled by some of the rules that the CAFC has introduced.

For example, consider *Vitronics*,²² which basically says that you should not use extrinsic evidence to come out with an interpretation that is inconsistent with the specification.²³ That case was interpreted for a long time as saying district judges should not allow expert testimony. Then *Pitney Bowes* and other cases made it clear that that was not what *Vitronics* really stood for.²⁴

²⁰ Former Circuit Judge, United States Court of Appeals for the Federal Circuit.

²¹ Giles S. Rich, *Extent of Protection and Interpretation of Claims—American Perspectives*, 21 INT'L REV. INDUS. PROP. & COPYRIGHT L. 497, 499 (1990); see also *In re Hiniker Co.*, 150 F.3d 1362, 1369 (Fed. Cir. 1998) (holding that the claim is more important than the invention being outstanding in its field).

²² *Vitronics Corp. v. Conceptionics, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996).

²³ *Id.* at 1583.

²⁴ *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298 (Fed. Cir. 1999).

There are areas that continue to be very difficult. My favorite area of confusion deals with the distinction between a question of claim construction and a question of infringement. A quick hypothetical illustrates this problem.²⁵ Assume you have a patent claim that has a limitation for a damping mechanism for a pendulum, and the limitation is a bowl-shaped copper plate. Assume further that the specification shows your traditional round bowl shape. The accused device contains a rectangular cutout of a globe; in other words, a concave plate that is actually rectangular in shape. The dilemma is: should bowl-shaped copper plate be construed by the court as either including or not including a rectangular, concave plate or should the court's claim interpretation be merely "bowl-shaped copper plate" with the jury deciding whether a rectangular, concave plate is bowl-shaped and therefore infringes. Sometimes it is very difficult to tell.

This is one area that is somewhat confusing and difficult, and, of course, it has tremendous importance because one issue is for the judge to decide and the other is for the jury. The bottom line answer is that, by and large, the CAFC has given us some direction and is sensitive to, and tries to address, the issues with which counsel are concerned.

JUDGE O'MALLEY: I am going to turn to Judge Saris, but let me expand the discussion a little. Do you think that, in doing their job, part of the problem is that sometimes the CAFC tries too hard to teach—and says too much in the process?

JUDGE SARIS: When I started doing claim construction, it reminded me of taking the bar exam. When I took it, there was a question that asked what is the least wrong answer to a given scenario. My reaction was, "What kind of perverse profession am I entering into where you're not saying what is the right answer, but the question asks what is the 'least wrong' answer?"

Often when I get to claim construction, I look at the claim terms, the specification, and the prosecution history, and I see a couple of reasonable interpretations. Rarely is there only one possible way to construe a claim. Often, the inventor may have thought one thing, but an expert from MIT disagrees with an expert from Harvard as to what that same term means to one of ordinary skill in the art at some time in the past. There is room for disagreement; consequently, because there are different ways to

²⁵ I have run this hypothetical by a number of people in groups and separately, and I have found that everybody has a definite opinion. People will say to themselves, "Oh, that's obvious." But if you take a vote, people are split down the middle as to what the right answer is.

understand language, we really need to look to certain rules of construction to determine how to construe the claim.

Over the years, I have seen some shifts in how the CAFC goes about this incredibly difficult task. I had a debate last night with someone about whether this is more like a statutory inquiry or a contract inquiry. In some ways, claim construction is more like interpretation of a contract, because you are trying to figure out what a term means by looking at the document as a whole, not at parol evidence.

One approach adopted by CAFC is “holistic.”²⁶ This approach is designed to create internal consistency and coherence. The claim terms serve as the “metes and bounds” of the invention. The district judge tries to determine, looking at the whole set of documents, including the claim language, the specification and the prosecution history, what makes the most sense.

The problem with the holistic approach is that if two or three reasonable interpretations exist, based on the intrinsic record, what I think makes the most sense may not be what someone else thinks makes the most sense. An increasing trend seems to be to put more emphasis on the plain meaning of the claim term, which currently is the CAFC’s predominant position. This approach seems to give more and more emphasis to the plain and ordinary meaning of the claim term as defined in a dictionary unless there are express disavowals in a specification or in the prosecution history.²⁷

The problem I have with this approach is that there is often more than one plain and ordinary meaning for a technical term. When there are different meanings in dictionaries for technical terms, I would not necessarily have the expertise to know which is the right meaning in the context of the patent.

Everyday terms also have different meanings. I have had two cases recently where the lawyers spent hours on what the word “the” meant. However, I have some concerns that this approach puts too much more emphasis on the meaning of a claim term, without making that meaning consistent with the specification and prosecution history.

The third approach was embodied in a series of cases that encouraged judges to look at the specification and find out what was really invented, even if the specification narrowed the claim term. I am not saying I necessarily disagree with this approach; it just

²⁶ R. Polk Wagner, *Exactly Backwards: Exceptionalism and the Federal Circuit*, 54 CASE W. RES. L. REV. 749, 753 (2004).

²⁷ See, e.g., *Tex. Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1202 (Fed. Cir. 2003); *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313 (Fed. Cir. 2002).

does not seem to have much cachet right now. At the end of the day, there seems to be a changing perspective on how to do claim construction.

JUDGE WHYTE: When the CAFC analyzes claim construction, the court tends to ask what the claim puts the public on notice of, not what the inventor thought. The focus is on what the claim tells people skilled in the art.

I would like to emphasize one of Judge Saris's comments. We spend a great deal of time construing terms like "the," "all," "some," and so forth. Should we be doing this, or is this really an infringement question, because those are terms that really have an ordinary meaning? I do not know the answer; I tend to think maybe it is a construction issue. It is a very difficult line to draw.

JUDGE O'MALLEY: You both said some things that lead me to a thought. Sometimes, just when you think you understand, just when you know that there are certain things you just should not do as a district judge—for example you should not take "substantially" and try to define it in numbers, or you should not read temperature degrees into the claims, or you should not put words in a claim that cannot actually be found in that claim—another case comes out of the CAFC that does exactly that, and some poor district judge gets reversed. For instance, the CAFC recently read the word "play" into a claim where the word did not exist.²⁸ I would have thought that if there is one thing I had figured out in the last few years, it is that judges should not import words into claims. Consequently, part of the problem is that, just when you feel like you know the rules, along comes that case that does not seem to follow those rules.

The question is, do you think, as some of the commentators here believe, that part of the problem is that decisions from the CAFC are fairly panel-specific, and depend on whether a given panel is following a tighter methodology, reading the claims more narrowly, or a more holistic methodology, with a broader approach to claim construction? Do you think that it depends on the panel you draw whether you are going to get reversed and whether you can divine specific rules?

JUDGE WHYTE: Claim construction, to some extent, is panel driven. However, coming from the Ninth Circuit, I find it far less so. All the judges are attempting to ask what a claim means to someone skilled in the art, what it means to the public—basically a type of notice question. If you need to bring something in from the specification to construe what the claim means to someone

²⁸ *Alloc, Inc. v. Int'l Trade Comm'n*, 342 F.3d 1361, 1368 (Fed. Cir. 1996).

skilled in the art, that is construing language in the claim. Bringing in a limitation limits the claim more than it should be limited. The CAFC is going to say, "No, you cannot do that because it is bringing in a limitation." Sometimes it appears that the court looks at the result it wants and then looks backwards and uses the rules necessary to get to that result, but the result must be what the claim tells the public or someone skilled in the art.

JUDGE SARIS: One of the key legal developments after *Markman* is the decision by the CAFC to do a *de novo* review of claim construction.²⁹ According to the literature, over fifty percent of all *Markman* hearings now involve the taking of evidence. Even in those cases where I do not hear evidence, I see terrific demonstratives.

Because I am a visual learner, I understand evidence presented to me better when I receive a tutorial by live or video testimony, rather than by a cold affidavit. This is important because a *de novo* standard of review by definition is a fresh look by three people on an appellate level who did not have an opportunity to attend the hearing. If the standard is *de novo*, there may well be different reasonable interpretations of the same claim by the appellate judges. Claim construction does not involve natural law, or even statutory intent. Different people can construe a claim differently. My perspective, which some members of the CAFC agree with, is that there should be more deference given to the interpretation of the trial judge who had the opportunity to see, hear, and look at evidence. There should be more deference particularly when the district judge takes expert testimony or receives other extrinsic evidence. Generally, in other areas of law, like sentencing, there is more appellate deference to the underlying factual analysis than there is to the actual conclusion of law. There has to be a softening of the *de novo* review in claim construction. To the extent that *Markman* hearings start to involve more and more observation on the part of the trial judge, there needs to be more deference for two reasons: to create more predictability, and to bring the standard in line with other areas of the law that recognize the trial judge's unique role.

JUDGE O'MALLEY: Many times judges are asked to construe a term and to define what one of ordinary skill in the art *at the time* would have understood. The problem is that "at the time" may have been fifteen years ago. Figuring out what was really understood or known at the time, and figuring out how to define

²⁹ *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1451 (Fed. Cir. 1998) ("[C]laim construction . . . is subject to *de novo* review on appeal.")

one of ordinarily skilled in a given art are factual inquiries. If we are going to receive evidence from experts in order to determine those things, it is a hard pill to swallow as a district judge that, after seeing the experts, and hearing the experts, our efforts to answer those questions are subject to a completely *de novo* review and a blank record. It is difficult to accept that there is *no* deference given to that factual decision making.

Since you took us there, Judge Saris, let me jump ahead to the impact of *de novo* review.

There have been a lot of studies on reversal rates. Indeed, I have had debates with many of the CAFC judges over what these studies and statistics really show and whether these numbers are accurate. Recently, Matt Powers, an attorney in California, conducted a few studies and came up with some staggering numbers. His numbers show that reversal of claim construction decisions in the last six months is running about seventy-one percent. Over the last year, the reversal rate has been fifty-eight percent.

More conservative numbers from other analyses put the reversal at about forty-seven percent. The average reversal rate in other circuits is about seventeen to twenty percent, depending on what circuit you are in. I have jokingly said that perhaps litigants should want to be on the losing side at the district court level because there appears to be a presumption at the CAFC that district judges generally get claim construction wrong. While that is likely not true, where there is a greater than fifty-percent reversal rate, there are some practical implications.

Judge Whyte, what practical implications do you feel in your ability to handle your cases because there at least is a perception out there that the reversal rate is so high?

JUDGE WHYTE: If the reversal rate is as high as some claim, the easiest thing to do is figure out what your decision is and then write the opposite.

Actually, the reversal rate makes us think through and spend a lot of time on our claim construction orders. The disadvantage to counsel is that sometimes we are slower getting out a claim construction decision than we would like to be, simply because we want to try to make certain that we have done the best we can.

I think, and I have certainly heard a number of federal circuit judges agree, that the CAFC gives some deference to a well-reasoned opinion, as a practical matter. I think that just makes common sense. The bottom line is whether you get it right. If your reasoning is wrong, but you get construction right, you get affirmed. It is truly up to the trial judge as to what he or she uses

to do claim construction. If you want to hear extrinsic evidence, go ahead and hear it. If you want to look in a dictionary, go ahead and look in a dictionary. Do whatever you want, but just get it right.

JUDGE O'MALLEY: Judge Saris, I want to expand on that a little bit so you can segue into something else. On this issue, a lot of lawyers and commentators right after *Markman* told us that earlier claim construction would lead to earlier resolution of cases because cases are likely to settle. After claim construction, people know what claim construction they will be dealing with and are not going to be waiting until trial to know. Do you think the reversal rate impacts not just how you do claim construction, if it does, but how lawyers approach their litigation strategy?

JUDGE SARIS: The high reversal rate, whether it is thirty percent or seventy percent, has an impact on litigation strategy and on the courts in three ways. First, patent litigation is far too expensive. The name of the game is claim construction, and lawyers know litigation will be a long haul because what the district court says ultimately will not determine the issue. I have seen statistics ranging from a run of the mill case costing \$1.2 million to get through *Markman* to a bet-the-company kind of case where lawyers are giving numbers between two and ten million for a case budget on a really important patent.

I was told recently by a good friend who practices in the patent world that the Intellectual Property Association circulates a chart on how much you can expect to spend in any region of the country to get through *Markman*, through trial, and through appeal. This publication has almost become a benchmark. Earlier, I referred to great demonstratives, but those must cost a fortune, and I think people feel as if they have to get the fancy expert and the fancy demonstratives because the name of the game is not only to prevail at the trial court, but also at the CAFC.

Second, parties go through enormous gyrations to get the case to appeal because no one wants to go through the whole trial, only to have the claim construction reversed. The most frequent result is not reversal—which I would be upset about but I could swallow—but “affirmed in part, reversed in part and remanded.” We trial judges all hate the latter because we have to do the entire trial again, and we are not even certain our decision will be affirmed on appeal the second time around. This process creates a feeling of uncertainty. For a while, preliminary injunctions were dead—people were not filing them. Now there is an increase in them, partly because parties can appeal a preliminary injunction and get

a quick read on the claim construction, even if the quick read is not necessarily binding later in the case. I find people agreeing to summary judgments, and litigators waiving validity defenses. Patent litigators want to get that claim construction up to the CAFC because generally the trial court's ruling on claim construction cannot go up on an interlocutory basis.

Third, to some extent, the high reversal rate demoralizes many federal district court judges. Truthfully, the CAFC was created because there was a perception out there that judges hated patents. I have heard Judge Pauline Newman³⁰ talk about this concern, and there is a basis for this legislative concern. Frankly, patents were not doing well in the courts.

Trial court judges do not hate patents. I have never heard that sentiment expressed, but I have heard trial judges claim that they dislike patent litigation, partly because it is hard. Patent litigation is like the neurosurgery of litigation: it is hard scientifically and it is hard legally. Trial court judges kill themselves on a trial, only to feel as though they are just a weigh station along the way to appeal. The lawyers know this and some of them treat us that way. Every single issue is raised; every one is preserved. If there are fifteen claims and fifteen constructions, the odds are favorable that the CAFC will reverse on at least one or two.

The reversal rate has all these impacts on patent litigation. I have heard patent holders who are really upset about the lack of predictability because they feel as if resolution is not even possible until the appellate level. While the creation of the CAFC has done a wonderful thing in terms of protecting patents, we can tweak the appellate review standard to make it more deferential, thereby creating a better level of predictability and less cost.

JUDGE O'MALLEY: In looking at these numbers, I wondered, are we really just so bad at this? Are we district judges just stupid? Because I have a lot of respect for the Federal Circuit judges and I know they look at this very carefully. Perhaps we really do not know what we are doing. Maybe what is happening is that district judges from districts that do not get many patent cases are doing these things for the first time and are making a lot of mistakes. But, some lawyers have looked at this question and concluded that the problem must lie elsewhere. The reality is that the reversal rates in districts with a lot of patent cases—like the District of Delaware, Boston, or the Northern District of California—are actually higher than the average reversal rate overall, probably because there are more cases out of those districts. These

³⁰ United States Court of Appeals for the Federal Circuit.

findings suggest that the relative infrequency with which judges hear patent cases is not determinative of a particular court's reversal rate.

I then asked some lawyers on a panel I was involved in recently whether they thought that judges who do this a lot are getting reversed less. Many said no, because judges who do it a lot can get stuck in time, not recognizing that the CAFC keeps moving. There are judges who say, "*Vitronics* says I cannot listen to an expert, and that is what I think the law is." They forget that *Pitney Bowes* and other subsequent cases have explained that that is *not* what *Vitronics* meant. Sometimes, it is the newer judges who are coming at it first who are actually better, because they are looking at the law as it appears to exist today.

There does not seem to be a real logical explanation for why we district judges seem to be getting it wrong.

This fact poses some problems; I have been told by lawyers, for instance, that it is hard to go back to your client and say, "You know, we really should settle this case because this judge gave us this claim construction," even if they think the judge's decision was well-reasoned and well-thought out, because, again, when reasonable minds can differ, the likelihood that the CAFC will differ appears to be extremely high.

If we have some district judges who are getting it wrong, it leads to the question of whether we should have specialized courts at the district level. The typical responses to this recurring question are that (1) we should have a specialized district court for patents, or (2) at the very least we should handpick patent-friendly judges who exclusively hear patent cases at the district court level.

I know, Judge Saris, that you have some pretty strong feelings about this one so I am going to go to you first.

JUDGE SARIS: It would not be a good idea to have specialized courts comprised of one trial court judge or a set of judges in Washington handling all patent cases. The trial bar tends to like judges who can try cases, and as a result, there should be more trial judges on the Federal Circuit. We need to find some judges who do not mind, or who generally like, patent cases and are willing to do patent litigation.³¹ We should encourage those judges to take some cases from other districts. I have taken cases from other districts, which I have enjoyed. I like the quality of patent litigation and the lawyers who appear before me. Perhaps we should cultivate judges who are willing to hear patent cases, maybe

³¹ A lot of my colleagues hate patent cases. *Hate* them. They say, "I tell you what, if you do my patent case, I'll do five ERISA cases."

through changing the venue laws a little. In conclusion, it would be a mistake to have one centralized court in Washington.

JUDGE O'MALLEY: Judge Whyte, do you have any thoughts on that issue?

JUDGE WHYTE: In terms of specialized trial courts, I have a couple of thoughts that are somewhat inconsistent. First, the situation is unique in the sense that we have attorneys prosecuting patents who are required to have a special license, and we have to go to a specialized Court of Appeal, and yet the trial court where perhaps most of the action takes place is a generalized court with no particular specialty. If I took a vote of district court judges, it would be overwhelmingly against having any kind of specialized courts—judges like their jobs in large part because they get a variety of business.

The other thought would be that it is hard to justify—and maybe that does not really go to the question. It would be hard to justify having a specialized securities fraud court, specialized discrimination court or civil rights court, specialized ERISA court, or a specialized environmental court. We get some very complicated issues in a lot of areas and I am not sure it makes sense to carve out one and say that it deserves to have judges who particularly want to do them or who have some different qualifications.

JUDGE O'MALLEY: Does the fact that so many district judges, at least in the Federal Circuit's view, seem to be getting claim construction wrong, impact the way you view claim construction by another district judge? So, for instance, you have a patent holder that comes before you and sues Company B. Previously they had sued Company A. After a claim construction decision by a district court, that earlier case settles. Now the plaintiff is before you and argues that you should just use that *old* claim construction from the *other* district court even though it is a different defendant. They might even go so far as to argue that you are collaterally estopped, or that this patent holder is collaterally estopped from arguing a different construction. Given the fact that we know that claim construction A might have been reversed by the CAFC if an appeal had been taken, would you be inclined to accept the proposition that you should adopt the other district judge's claim construction?

JUDGE WHYTE: I am somewhat reluctant to answer whether I would be inclined to accept the proposition that a judge should immediately adopt another district judge's claim construction. I am not certain what the law is on collateral estoppel, but my gut tells me that, if there is not a final judgment, it would not be col-

lateral estoppel. My reaction to the issue without researching it is that I would give a lot of thought, and perhaps some presumption, to the notion that the claim construction was right, but I would want to do my own construction. If you are a judge who has a patent case and there is a new judge who comes on and you have to develop a case list for that new judge, it is unfair to pass a patent case on to a new judge where a claim construction has been done because judges should live with their own claim construction.

JUDGE O'MALLEY: The law in this area is very mixed, and right now it has emanated completely from the district courts. In some district courts, there have been one or two cases holding that collateral estoppel applies. In other words, the judge says, "I am not even going to hear argument." The better view seems to be that, absent an appellate decision, collateral estoppel does not apply.

The real question—I will go to you, Judge Saris, and then we will move on—but the real question is do you have a fear of relying on the decisions of other district judges because you know that the CAFC reversal rate is what it is?

JUDGE SARIS: Interestingly, this scenario has never been before me. More frequently, my cases involve a patent holder suing several alleged infringers in my district, and each case is drawn to me as a related case. In terms of Judge O'Malley's hypothetical, I will return to my original thought that frequently there is more than one reasonable interpretation. If I think the original judge was reasonable, I will attempt to adopt that construction because uniformity and consistency are good for the system. If there are two reasonable interpretations and I think that the other judge's interpretation is one of them, I will try to adopt that interpretation, but probably only after another claim construction hearing.

JUDGE O'MALLEY: In trying to reach uniformity, and trying to reach the answers as quickly as possible, several of us have attempted to convince the CAFC to take interlocutory appeals of certain claim construction decisions—those that are really critical, that are case-dispositive and that are done early in the decision making process. The CAFC has adopted what seems to be a firm policy against taking interlocutory appeals, however.

What do you think about the need for an interlocutory appeal process given the importance of claim construction to so many cases and given the threat of reversal after a long trial? I am going to go first to you, Judge Whyte.

JUDGE WHYTE: Interlocutory appeals are generally a mistake; they add another layer to the litigation. Yes, maybe there is a

unique case where it would be worth doing, but despite the fact that there may be a high percentage of reversals on claim construction, I am not sure overall it would be efficient to have interlocutory appeals. Patent cases tend to be slow enough as they are, and there is generally a need to have decisions somewhat quickly. Interlocutory appeals probably would slow down the process and make it more expensive. It might be that in some cases you could avoid trying the case twice, but the benefits of not doing it outweigh the detriments.

Along this line, I found it interesting that when *Markman* first came out, the general thought was we must do claim construction very early in the process and once that is done, claim construction is done—the case will settle because there is usually not much of a debate as to what actually is in the accused device. I remember being on a panel in Chicago with a Federal Circuit judge, and somebody raised the question of why the CAFC will not take interlocutory appeals on claim construction. The judge's answer was that he wanted to wait and see the whole picture. My reaction to that was "Gee, there is this push from the CAFC to do claim construction early, and yet my claim construction is going to be reviewed on a full record and not the record that I looked at when I did the claim construction." It always struck me as odd that, on the one hand, claim construction was to be done very early, yet, on the other hand, it was to be reviewed after there was a lot more evidence in the record.

I see some inconsistency, but by and large I think that interlocutory appeals, although they have some appeal, would end up being uneconomical in that they would prolong the litigation and increase the expense.

JUDGE SARIS: In reference to Judge O'Malley's question concerning the need for an interlocutory appeal process given the importance of claim construction and the threat of reversal, the answer derives from the culture of the district. The District of Massachusetts is the fourth largest patent court in the country. Our culture is that we write a lot. Although this slows things down, it also means that there is a greater chance of getting summary judgment, either for the plaintiff or the defendant, on infringement or validity. Summary judgment is one appeal mechanism; other districts, I am told, only rarely grant motions for summary judgment and decide legal issues in post-judgment motions.

I am not certain if there is as much a need for an interlocutory appeal mechanism in our district because the summary judgment tool is a realistic one. In other situations, where you are going to

have an early *Markman* decision but you are not realistically going to get a chance to win a motion for summary judgment, I can understand why some lawyers would really want an interlocutory appeal.

JUDGE O'MALLEY: This leads me to another issue: Several practitioners are particularly concerned because they fear that the CAFC's reversal rate will prompt district judges to grant summary judgment when they might not otherwise have done so. The judge will grant summary judgment on the theory that, "I do not want to try this case twice, just send it up. Let the Federal Circuit tell me whether I got the claim construction wrong by making the infringement decision on the summary judgment."

Luckily, we district judges have not been the victims of the constant statistical analysis that has plagued the CAFC. Nobody can come up with a real statistical analysis to show me that this concern is a real one, and I really do not believe it is happening on a regular basis. While I can see that the temptation would clearly be there, I do not think that most judges would give in to that temptation.

Let me now shift to a process question. As mentioned earlier, *Markman* does not tell you *when* to perform claim construction. While some cases have hinted that the best practice is to do it early, no one has ever said we have to do it at a particular point in time. In fact, the CAFC still has not said we have to do it prior to trial.

When do you Judges do claim construction, and has your view changed over the last ten years?

JUDGE WHYTE: When *Markman* first came out, I certainly thought that performing claim construction early on was the preferred practice. I now think that is both unrealistic and unworkable. Claim construction should be done after there has been at least initial discovery on both infringement and validity contentions so that everyone, including the judge, has a good feel for the case—perhaps after basic discovery has been done, allowing some expert testimony. Doing claim construction right before trial is unfair to the litigants because they ought to have some time to prepare knowing what the court's claim construction is.

As a practical matter, however, if you do the claim construction too early, the attorneys are not as focused, and there is going to be a request to construe much more language in the claim than there will be if you do it later. Knowing a little bit about the infringement and validity contentions helps focus your claim construction because you know the case better. There is always a

problem that, as you progress in the case, you learn more. I certainly have looked back at some claim constructions and changed them saying, "Now that I understand more, I just do not think that the claim construction I did is right."

Additionally, if you do claim construction earlier, you do two constructions—the initial claim construction and then your final construction. If you do it later, then you only do one; there has to be some balance. I do not agree with the judges who want to do it right before trial, or as they are formulating jury instructions at the close of evidence. But at the same time, early is unrealistic.

JUDGE O'MALLEY: So do you do it in conjunction with summary judgment motions?

JUDGE WHYTE: I have not in the past, but I have changed my practice in the sense that I now tell counsel that I want to do it at the same time, generally.

JUDGE O'MALLEY: Would you still have a hearing then?

JUDGE WHYTE: Yes.

JUDGE O'MALLEY: And at that hearing would you hear from experts?

JUDGE WHYTE: Usually, I will allow one expert per side. If it is a case that involves technology that is substantially different among the claims, I might allow more than one. About a half a day or a day for a claim construction hearing is not unreasonable because it is such a critical aspect of the case. Although you have to be careful when you utilize expert testimony, having two experts explain how the patent works gives you a better understanding of what you are dealing with. It is also helpful to have not only the attorneys there, but the experts as well, so you can say, "Okay, you told me a widget means this. What do you think about that?" It is amazing how issues disappear.

JUDGE O'MALLEY: Judge Saris, how about you? Have you changed your view of when you should do claim construction?

JUDGE SARIS: I have partially changed it. I used to do it earlier as well, because litigants would say, "Judge, if you just construe this claim we will settle." Well, that did not usually happen. And then invariably I would construe the language and then we hit validity and someone would say, "Got you. You said this, and if you said that, that means that this anticipated that or this makes that invalid." And then there is that subsidiary set of doctrines I never know what to do with which is, "If there are different reasonable interpretations, you should not interpret it in a way that would push it into invalidity." But nonetheless, it is true, if I come back to my basic theory, which is that on very tough patents rea-

sonable experts and people can construe them differently, that doctrine does come into play and a patent examiner would not have construed it in a way that bumped it into prior art if you assume the patent examiner had some knowledge of the field.

Now, I generally only do it in the context of a motion for summary judgment (unless, of course, there is a serious press for a preliminary injunction, when it sometimes is a little murkier). Finally, it is unfair to do claim construction on the morning of trial, because that puts everyone in a bind.

JUDGE O'MALLEY: Judge Saris, there is case law out there that implies that claim construction analysis should be done in a total vacuum, that you should *not* consider the allegedly infringing device or product, that you should *not* consider questions of validity and you should put blinders on when doing this analysis.³² Of course, as Judge Whyte said, blinders that the CAFC does not have to wear when they rethink what we have done.

So I take it that you, despite the fact that somebody can cite those cases to you, would ignore that law?

JUDGE SARIS: Yes. I tried it that way. And also there is a little bit of an Article III issue, which is, when they come up with fifteen different claim constructions they want you to do, but in fact only one of them has an impact in terms of validity or anticipation or whatever, if you construe one claim one way, and it turns out therefore it is anticipated, why do I have to construe the next thirteen?

I do not want to be there and I think it is unfair to put me there. I will not be there. I have too little time and too many cases.

JUDGE O'MALLEY: The last time I had lawyers cite some of this language, picking it out, claiming I should construe all these things in a vacuum, I cited them back to language I picked out of some CAFC cases that say you should only construe claims that are actually in controversy.³³ I asked them, "How do I know if I am following that rule if I follow your rule, which says that I am not allowed to know what is in controversy?" Doing claim construction completely in a vacuum does not make sense, and while I have heard lawyers espouse reasons why they think that it does, in

³² See, e.g., *NeoMagic Corp. v. Trident Microsystems, Inc.*, 287 F.3d 1062, 1074 (Fed. Cir. 2002) ("[C]laims may not be construed by reference to the accused device."); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 996 n.7 (Fed. Cir. 1995) ("A claim must be construed before determining its validity.")

³³ See, e.g., *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (holding that only terms in controversy need to be construed, and only to the extent necessary to resolve the controversy).

the long run, that might be part of the reason you are seeing reversals—we are not giving ourselves the full picture we need.

JUDGE WHYTE: I do not think there is any case, and I could be wrong, that says you cannot consider extrinsic evidence. There are no cases that flat out prohibit your doing that. There may be problems with relying on extrinsic evidence, but I think you can consider anything you want.

JUDGE O'MALLEY: The one meaning we clearly can draw from these high reversal rates is that something needs to be done. As a practical matter, trying to be a trial lawyer and trying to be a trial judge in that setting is extremely difficult.

As to whether judges should be allowed to opt out of patent cases—to create a *de facto* group of people who enjoy these types of cases—a similar proposal was made in Cleveland by a group of patent lawyers who said, “Why can’t we just get the three or four of you who don’t scream at us when we walk in to do all these patent cases.” The real problem is more institutional. It is probably true that there are judges who would be happy to have the other judges step off the wheel if they wanted to accept more patent cases in lieu of something else. The problem is the slippery slope argument. Where does that stop? Can we now say, “I would like to get off the wheel on my death penalty cases,” or “I’d like to get off the wheel on this antitrust matter”? You do not want a situation where you so narrow the scope of judges who are willing to do complex cases that you essentially know going in what judge you are going to draw.

We ought to further examine the possibility of having a process by which willing judges can at least take on some of these cases. I know that Judge Patti Saris’s district has openly said they will take patent cases transferred to them. However, a court cannot transfer cases internally just because the cases are patent cases. Courts transfer cases because their docket is overwhelmed or because of a conflict. The court simply cannot say, “Oh, get rid of this one.” This is an institutional problem that may be impossible to overcome.

[The preceding discussion was followed by an audience question and answer session, on file with the Case Western Reserve Law Review.]