

# Avoiding Patent Claim Construction Errors After *Phillips*

*Dear Honorable District Court Judges:  
Thank you for carefully applying the patent claim construction methodology from the Phillips decision to our claim-term disputes. The Court of Appeals for the Federal Circuit has taken notice and appears less likely to reverse when the Phillips methodology is followed. The once lofty reversal rates are coming down, our clients are seeing more predictability, and we litigators are feeling better too.*

In a 2004 *The Federal Lawyer* cover article, we pointed out the two very different approaches to patent claim construction being used to review district court decisions, and the mess those differing approaches had created. Scholars asserted that the Federal Circuit had reversed nearly half of all claim constructions, and many trial judges, litigators, and clients believed the reversal rate to be even higher and—to be candid—quite arbitrary. This result came about, in no small part, because the Federal Circuit did not have a consistent methodology for claim construction. Worse yet, as we pointed out in the 2004 article, there were two methodologies that were often at odds with each other: some panels held that the proper method was first to review the patent claims, specification, and prosecution history (intrinsic evidence), whereas other courts went right to determining the ordinary and customary meaning of the disputed claim term (often by consulting dictionaries) before looking beyond the claims. As we described in our earlier article, this split was adding costs to already expensive patent litigation, creating uncertainty, and leaving trial judges feeling that no matter how they construed patent claims the Federal Circuit was likely to reverse the decision or remand the case. Thankfully, the situation changed shortly after our article was published.

In 2005, the entire Federal Circuit addressed the problem head-on when it decided *Phillips v. AWH Corp.* in an effort to clarify claim construction methodology.<sup>1</sup> In that decision, the Federal Circuit instructed courts to look to the claims first, then to the specification (which the court described as the “the single best guide to the meaning of a disputed term”), and then to the prosecution history to determine the meaning

of a disputed claim. The court allowed review of extrinsic evidence such as dictionaries but concluded that the intrinsic record controlled.

The ruling in this case caused us to wonder whether the *Phillips* decision helped trial judges avoid claim construction errors, and a review of recent decisions by the Federal Circuit suggests that the case has done so. What is more interesting is that our review suggests that when the district court’s claim construction is reversed or remanded, the Federal Circuit generally accuses the trial judge of making the same errors warned of in the *Phillips* decision. We also wondered how the post-*Phillips* courts have fared using dictionaries. Our review suggests that district courts can use dictionaries to aid in claim construction as long as the dictionary definition does not contradict the intrinsic evidence.

### Background

A patent is a property right granted by the government that gives the inventor the right to exclude others for a limited time from “making, using, offering for sale, or selling their invention throughout the United States or importing their invention into the United States” in exchange for the public disclosure of the invention. A patent has two distinct parts: (1) one or more claims that describe the scope of the invention and (2) the written description and drawings (often referred to as the specification) that describe at least one preferred embodiment of the invention and enable a person of skill in the art to make and use the invention. These features—along with the documents generated at the time the patentee is seeking its patent from the government (the prosecution history)—make up the intrinsic record of the patent.

The dispute in patent litigation often turns on the meaning of one or more terms in the all-important claims. For example, an infringement analysis consists of construing the patent terms as a matter of law and determining if the device or process that is accused of infringement meets the limitations of the claims as construed. Moreover, there are numerous defenses to patent infringement, including the claim that the patent is invalid, which require construction of the claim terms.

The Federal Circuit, which was created in an attempt to achieve uniformity in patent law, has, with a limited exception, exclusive jurisdiction over appeals dealing with patent issues. The Federal Circuit reviews a district court’s claim construction decision with no

deference—that is, the decision is reviewed de novo. In addition, the Federal Circuit reviews patent cases from other tribunals, such as the International Trade Commission and the Board of Patent Appeals and Interferences. (For simplicity, in this article, all tribunals that send claim construction cases to the Federal Circuit will be referred to as district courts.)

Even though the Federal Circuit might have many reasons for reviewing a district court's claim construction, the following are the most common reasons:

- when a patentee appeals a narrow construction for infringement reasons,
- when alleged infringers appeal a broad construction for infringement reasons,
- when patentees appeal a broad construction for validity reasons, and
- when alleged infringers appeal a narrow construction for validity reasons.

There are a host of other reasons for the Federal Circuit to review a claim construction—for example, in cases dealing with priority or inventorship or in cases in which a party seeks issuance of a patent.

In 2005, the Federal Circuit decided *Phillips* en banc in order to clarify its claim construction jurisprudence and to determine whether the proper method for claim construction was first to review intrinsic sources or determine the ordinary and customary meaning before looking beyond the claims. Even though the *Phillips* court determined that the former method was proper, the panel was sympathetic to concerns that the review of intrinsic sources first provided an opportunity for district courts to improperly read limitations from the specification into the claims. The Federal Circuit warned that district courts should be cautious not to import limitations into the claims from the specification, such as limiting a claim to a preferred embodiment.

A second question the *Phillips* court addressed was the proper use of extrinsic evidence, such as dictionaries. The Federal Circuit found that dictionaries can be useful in claim construction, particularly if they help the court “to better understand the underlying technology and the way in which one of skill in the art might use the claim terms.” The court warned that “there is no magic formula or catechism for conducting claim construction,” and added that the court is not barred “from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence.”

### The Decrease in the Federal Circuit's Reversal Rate of District Court Decisions

Of 64 published Federal Circuit claim construction decisions applying the *Phillips* decision since mid-2007, the Federal Circuit has affirmed the district

court's claim construction in its entirety in 39 decisions. That means that, in the sample considered for this review, the court affirmed more than 60 percent of the claim construction cases—a vast improvement over the 50 percent or higher rate of decisions that were reversed prior to *Phillips*.<sup>2</sup>

Of the remaining cases in which the Federal Circuit altered the district court's claim construction of at least one term, the Federal Circuit changed most but not all of the claims it considered. In approximately two-thirds of these cases, the Federal Circuit broadened the claims; that is, the panel found that the district court had construed the terms too narrowly—a situation that generally arose when the patentee had lost on infringement and appealed the decision. In most of the remaining cases in which the Federal Circuit altered the district court's construction, the court narrowed the claims and concluded that the district court's claim construction was too broad—a situation that generally arose when the alleged infringer had lost on infringement and appealed the decision. Occasionally, the court altered the claims without specifically broadening or narrowing them, although when the court is dealing with infringement or validity it is usually specifically broadening or narrowing the claims—at least as far as the issues relevant to the parties are concerned.

In about a quarter of the cases in which the Federal Circuit altered the district court's construction, the Federal Circuit did not remand the case back to the district court. Instead, the Federal Circuit was able to decide the dispositive issue without remand. For example, if the record from the district court was complete, the court could decide the issue of infringement without remand by deciding that no jury could find infringement under the broader (or narrower) construction. In addition, when the case may have turned on another issue, even under a broader or narrower construction the Federal Circuit saw no need to remand the case.

From this review, it appears that the guidance the *Phillips* decision offers to district courts has provided greater consistency in decisions involving claim construction, which, in turn, gives litigants more certainty about the probable outcome of patent cases. A more detailed analysis of these cases—especially the cases in which the Federal Circuit reversed the district court—provides a better understanding of *what* the district courts are doing wrong.

### The District Courts' Mistakes

From a review of recent Federal Circuit cases, it appears that district courts have carefully applied the methodology set forth in *Phillips*—reviewing the claim language first, then the specification, then the prosecution history, and finally extrinsic evidence such as dictionaries. In the cases reviewed, the Federal Circuit did not suggest that the district court's specific claim construction methodology was flawed. Instead,

the Federal Circuit took issue with the district court's claim construction on its merits. Thus, the guidance of the court's decision in *Phillips* appears to have provided the consistency in claim construction that had been missing in prior cases.

Nevertheless, the Federal Circuit continues to alter claim constructions made by district courts. In some of the cases, the Federal Circuit did not assign a definite error to the district court—because claim construction is reviewed de novo, the Federal Circuit reviews the case without deference to the district court's decision—but often the court did point to a specific error. Thus, one of the most instructive features that has come from the case review is an understanding of why the district court's claim constructions still are being altered.

The *Phillips* court recognized that “the distinction between using the specification to interpret the meaning of a claim and importing limitations from the specification into the claim can be a difficult one to apply in practice” and warned against limiting the claims to the specific embodiments defined in the patent—a problem with which the district courts still struggle. Most of the district court constructions that were altered were broadened by the Federal Circuit. The district courts' most common error was to construe the terms too narrowly by importing limitations from the specification. This problem was most prevalent when the claim language was broad and the specification disclosed a narrow preferred embodiment. Often, the error was nothing more than the fact that the patent supported a broader interpretation or that there was no basis for additional limitations.

For example, in *Howmedica Osteonics Corp. v. Wright Medical Technology Inc.*, the Federal Circuit altered the district court's claim construction because the Federal Circuit found that the district court had improperly limited the patent to the preferred embodiments in the specification.<sup>3</sup> In construing the phrase “femoral component including at least one condylar element,” the district court had concluded that, in a femoral component with two condylar elements, “both condyles must meet [the required geometric] requirements.” The Federal Circuit disagreed with this conclusion, explaining that the plain language required that only one of the condylar elements meet the geometric limitations and explained that, even though every disclosure in the patent shows two condyles meeting the geometric requirements, preferred embodiments in the specification cannot limit the plain language of the claims.

On the other hand, in cases in which the district courts had erred by construing the terms too broadly, the Federal Circuit found that they had done so generally because they failed to interpret the claims in light of the specification. The most common error the Federal Circuit assigned to the district court when the Federal Circuit narrowed the claims was that the district court had improperly broadened the claims with-

out an appropriate review of the intrinsic evidence. For example, in *Praxair Inc. v. ATMI Inc.*, the Federal Circuit asserted that the district court had erred in its broad construction because it failed to take into account the “fundamental object of the invention.”<sup>4</sup> The district court had interpreted the phrase “flow restrictor” as a requirement that the structure merely “serve to restrict the rate of flow,” explaining that to adopt the alleged infringer's requirement for “severe restriction” would limit the claims to a preferred embodiment. The Federal Circuit disagreed with this interpretation, explaining that the specification indicated that the flow restriction must be sufficient to achieve the overall object of the invention—to prevent a hazardous release of gas. Thus, according to the Federal Circuit, the proper interpretation is “a structure that serves to restrict the rate of flow sufficiently to prevent a hazardous situation.”

Even though these two cases may appear to involve similar situations that inconceivably went different ways, there is a slight but significant difference. In *Howmedica*, the district court had erred by reading in limitations from the specification—something the *Phillips* court warned against. In *Praxair*, the district court had erred by failing to read the claims in light of the specification, which indicated that the disputed claim phrase had a necessary limitation—also an express warning from the *Phillips* decision. This is the crux of the claim construction issue with which district courts will struggle most often—when to read the claims narrowly in light of the specification and when to avoid reading limitations from the specification into the claims. The answer obviously depends on the patent that is at issue in the case, but, as a general rule, courts should avoid reading in limitations to the claims from preferred embodiments; instead, courts should read the specification to see if there is a specific definition or a required limitation.

### Use of Dictionaries

One of the main issues the *Phillips* court considered was when and to what extent extrinsic evidence such as dictionaries can be used. The court explained that dictionaries are “among the many tools that can assist the court in determining the meaning of particular terminology to those of skill in the art of the invention.” According to the Federal Circuit, courts may “rely on dictionary definitions when construing claim terms, so long as the dictionary definition does not contradict any definition found in or ascertained by a reading of the patent documents.”

In the cases reviewed since the *Phillips* decision, the district court's use of extrinsic evidence, such as dictionaries, did not appear to be a source of error. In some of the cases that were reversed, the Federal Circuit noted that the district court had relied on a dictionary, then the Federal Circuit went on to consider that extrinsic source as well. The Federal Circuit did not suggest that the district court had erred by relying

on a dictionary, which is consistent with its decision in *Phillips*, but was careful to instruct district courts that dictionaries cannot be used to contradict the patent. And, in many of the cases in which the Federal Circuit affirmed the district court's claim construction, the Federal Circuit noted with approval that the district court had considered dictionaries.

Even though it is clear that, in a post-*Phillips* world, the use of dictionaries is appropriate at any time during the claim construction process, district courts should be careful that the use of any dictionary definition does not contradict the intrinsic evidence. Courts will be unlikely to err in their use of dictionaries if they first review the claims, then the specification, and then the prosecution history before turning to dictionaries. One can only hope that, after courts have reviewed the intrinsic evidence, they will find that the dictionary definition simply supports the claims construction that was arrived at after reviewing the intrinsic evidence.

### Preference for Broader Claim Constructions

It appears that the *Phillips* decision provided guidance to the district courts that brought about greater consistency in their decisions involving claim construction. This consistency and lower rate of reversal since the *Phillips* case should give litigants more certainty about the outcomes of their patent cases. But even with a clear legal standard, reversals of district court claim constructions continue to be high—probably because claim construction is inherently indeterminate. The fact that claim construction is an issue of law that the Federal Circuit reviews de novo also contributes to the high reversal rate, because no deference is given to the district court's decision. From a review of the recent post-*Phillips* cases, district courts can avoid claim construction errors by following the methodology used in the *Phillips* decision and by avoiding importing unnecessary limitations from the

specification while applying any specific definitions in the specification.

And, when in doubt, rather than flipping a coin, the district court should adopt the broader of two potential claim constructions, bearing in mind that the Federal Circuit has been more likely to alter a claim to make it more broad than less broad. Finally, the district courts can still use dictionaries—provided the definitions they offer do not contradict the intrinsic evidence. **TFL**

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### Endnotes

<sup>1</sup>415 F.3d 1303 (Fed. Cir. 2005) (en banc).

<sup>2</sup>This sample does not take into account any decisions that are summarily affirmed pursuant to Rule 36 (increasing the percentage of decisions that were affirmed) or unpublished decisions (which should have a similar affirmance rate as published decisions).

<sup>3</sup>540 F.3d 1337 (Fed. Cir. 2008).

<sup>4</sup>543 F.3d 1306 (Fed. Cir. 2008).

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## LABOR continued from page 19

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### Endnotes

<sup>1</sup>See 42 U.S.C. § 2000-2(a)(1).

<sup>2</sup>*Webb v. Philadelphia*, No. 07-3081, 2009 U.S. App. LEXIS 7169, at \*6 (3d Cir. Apr. 7, 2009), citing *Shelton v. Univ. of Med. and Dentistry of N.J.*, 223 F.3d 220, 224 (3d Cir. 2000).

<sup>3</sup>See *Sheikh v. Indep. Sch. Dist.* 535, No. 00-1896, 2001 U.S. Dist. LEXIS 17452 (D. Minn. Oct. 18, 2001) (granting summary judgment to defendant-employer because it granted each of plaintiff-employee's requested religious accommodations related to wearing religious headwear).

<sup>4</sup>*Webb*, 2009 U.S. App. LEXIS 7169, at \*6.

<sup>5</sup>*Id.* at \*7, citing *Trans World Airlines Inc. v. Hardi-*

*son*, 432 U.S. 63, 84 (1977).

<sup>6</sup>*Id.* at \*1-2.

<sup>7</sup>See 42 U.S.C. § 2000-2(a)(1).

<sup>8</sup>*United States v. Essex County*, No. 2:09-cv-02772-KSH-MAS (D.N.J.), *complaint filed* June 8, 2009.

<sup>9</sup>*United States v. Bd. of Educ. for the Sch. Dist. of Philadelphia*, Nos. 89-1694, 89-1740, 1990 U.S. App. LEXIS 13629 (3d Cir. 1990).

<sup>10</sup>*Kalsi v. New York City Transit Authority*, No. 94-cv-5757, 1998 U.S. Dist. LEXIS 20062, at \*43 (E.D.N.Y. Dec. 22, 1998).

<sup>11</sup>*Id.* at \*35, quoting *Draper v. U.S. Pipe & Foundry Co.*, 527 F.2d 515, 519 (6th Cir. 1975).

<sup>12</sup>*Riback v. Las Vegas Metro. Police Dept.*, No. 2:07-cv-1152-RLH-LRL, 2008 U.S. Dist. LEXIS 62491 (D. Nev. Aug. 6, 2008).