03-1269,-1286

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

EDWARD H. PHILLIPS,

Plaintiff-Appellant,

v.

AWH CORPORATION,

HOPEMAN BROTHERS, INC., AND LOFTON CORPORATION,

Defendants-Cross Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO IN CIVIL ACTION NO. 97-212,
JUDGE MARCIA S. KRIEGER

BRIEF OF *AMICUS CURIAE* PUBLIC PATENT FOUNDATION IN SUPPORT OF DEFENDANTS-CROSS APPELLANTS

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September 16, 2004

CERTIFICATE OF INTEREST

Counsel for *Amicus Curiae* Public Patent Foundation certifies the following:

1. The full name of every party or amicus represented by me is: Public Patent Foundation.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is: Public Patent Foundation.

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

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases

Other Authorities

STATEMENT OF INTEREST

Amicus Curiae Public Patent Foundation ("PUBPAT") is a New York based not-for-profit public-interest legal services organization that represents the public's otherwise unrepresented interests in the patent system. More specifically, PUBPAT represents the public's interests against the harms caused by wrongly issued patents and unsound patent policy. PUBPAT also provides those persons otherwise deprived of access to the system governing patents with representation, advocacy and education. PUBPAT is funded by the Echoing Green Foundation, a not-for-profit grant making organization that has made over $22 million in seed and start up grants to over 380 social entrepreneurs.

In little over a year since its founding, PUBPAT has argued for sound patent policy before the United States Court of Appeals for the Federal Circuit, the United States Patent & Trademark Office, the National Institutes of Health, and the United States House of Representatives Subcommittee on Courts, the Internet, and Intellectual Property. PUBPAT has also requested that the Patent Office reexamine specifically identified patents causing significant harm to the public. The Patent Office has granted each such request. These accomplishments have established PUBPAT as the leading

provider of public service patent legal services and one of the loudest voices advocating for comprehensive patent reform.

This brief is submitted in response to the Court's July 21, 2004 Order and with the consent of the parties.[*]

[*] No part of this brief was authored by counsel for any party and no party, person, or organization contributed besides *amicus curiae* and its counsel. Heather Schneider, a 2004 PUBPAT Summer Associate and student at Columbia Law School, assisted in researching and drafting this brief.

SUMMARY OF ARGUMENT

Validity considerations should not impact claim construction because construing claims narrowly to preserve validity allows patents to have a broader chilling effect on innovation than they deserve prior to claim construction. This undeserved pre-construction chilling effect causes significant public harm by impeding conduct that would otherwise be permissible, if not desirable. Further, allowing validity considerations to impact claim construction encourages patent applicants to use ambiguous claim language, which is harmful to the public's interests.

Claim construction should, however, be impacted by statements patentees make regarding the breadth of their patent claims to the public, potential licensees, or alleged infringers. And, with respect to the validity of a patent in light of prior art that was not of record during prosecution, the patent's claims should be given their broadest possible interpretation, just as they are given by the Patent Office during initial examination.

Lastly, consistent with *Markman*, the Federal Circuit should give deference to subsidiary factual determinations made by trial courts during claim construction by reviewing them for clear error.

ARGUMENT

I. CLAIM CONSTRUCTION SHOULD NEVER BE IMPACTED BY CONSIDERATIONS OF VALIDITY

A. Construing Claims Narrowly To Preserve Validity Allows Patents To Have A Broader Pre-Construction Chilling Effect On Innovation Than Is Deserved, Which Causes Significant Public Harm

Patents inherently chill innovation. Such is the result of the policy bargain implemented by patent law. However, the chilling effect of a patent should be limited to the scope of the invention validly claimed in the patent. Claims that are construed narrowly in order to preserve validity have a greater chilling effect on pre-construction innovation than they deserve because they will chill behavior that falls within a reasonable prediction of the construction of the claims, much of which will later be ruled outside the scope of the claim in order to preserve the claim's validity. Construing a claim to exclude some conduct because including the conduct within the scope of the claim would render the claim invalid impedes pre-construction innovation without providing any corresponding public benefit. *See* To Promote Innovation: The Proper Balance of Competition and Patent Law & Policy, Federal Trade Commission, October 2003, available at http://www.ftc.gov/reports/index.htm ("FTC Report") at 5. In effect, such a construction concedes that conduct reasonably chilled by the patent claim

prior to construction would have been permissible had it occurred. However, the conduct did not occur because it was impermissibly chilled by the public's reasonable interpretation of the patent claims prior to the validity-saving narrower construction.

For example, "[o]ne firm's … patent may lead its competitor to forgo R&D in the areas that the patent improperly covers. . . . Such effects deter market entry and follow-on innovation by competitors and increase the potential for the holder of a questionable patent to suppress competition." *See* FTC Report at 5-6. In industries that contain a large amount of overlapping patents (a "patent thicket") a firm can use patents to "extract high royalties or threaten litigation" which can "deter follow-on innovation and unjustifiably raise costs to businesses, and ultimately, to consumers." *See* FTC Report at 7. If a patent is eventually challenged in litigation, and the court interprets the language narrowly to uphold it, then the patentee has gotten the benefit of an expanded chilling effect, without any corresponding benefit to the public or consequence to herself or her patent.

When patent holders have improperly benefited from an overly broad claim scope, the court should not reward them by interpreting the claims to preserve the patent's validity. Instead, the court should stick with a reasonable claim construction and rule the patent claim invalid.

B. Construing Claims Narrowly To Preserve Validity Encourages The Use Of Ambiguous Claim Language

It is in the interests of sound patent policy to require patentees to use clear and unambiguous language in their patent specifications and claims.

> The developed and improved condition of the patent law, and of the principles which govern the exclusive rights conferred by it, leave no excuse for ambiguous language or vague descriptions. The public should not be deprived of rights supposed to belong to it, without being clearly told what it is that limits these rights. The genius of the inventor, constantly making improvements in existing patents, -- a process which gives to the patent system its greatest value, -- should not be restrained by vague and indefinite descriptions of claims in existing patents from the salutary and necessary right of improving on that which has already been invented. It seems to us that nothing can be more just and fair, both to the patentee and to the public, than that the former should understand, and correctly describe, just what he has invented, and for what he claims a patent.

Merrill v. Yeomans, 94 U.S. 568, 573-74, 24 L. Ed. 235 (1877). Ambiguous patents cause public harm by creating uncertainty that requires the public to expend significant resources to ensure they fulfill their duty of due care to avoid infringement. *See* FTC Report, Ch. 3 at 53. Often, in the light of ambiguous claim language, the public will proceed under the most conservative (i.e. broad) construction possible. This chills innovation, increases the cost of goods to consumers due to lessened competition, and deters small and new businesses from entering markets.

By construing claims narrowly to preserve validity, courts improperly reward the owners of ambiguous patents. Under modern case law, courts only interpret claims narrowly to preserve validity when the claim language is ambiguous. *See Liebel-Flarshiem Co. v. Medrad, Inc.*, 358 F.3d 898, 911 (Fed. Cir. 2004) ("[U]nless the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous, the axiom regarding the construction to preserve the validity of the claim does not apply."). Courts will not invoke this axiom when claim language is clear. *See Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.*, 279 F.3d 1357, 1367 (Fed. Cir. 2002) ("Where the meaning of claim language is clear . . . the situation differs. Fairness and the public notice function of the patent law require courts to afford patentees the full breadth of clear claim language, and bind them to it as well.").

If courts are willing to invalidate patents that use clear language based on prior art, then they should not excuse patents that use ambiguous language from the same fate. This gives patent drafters a perverse incentive to not use clear language in their patents because they know that if the patent is involved in litigation and the language is found to be ambiguous, then they may get the benefit of a claim construction that preserves validity, which they will not get if the claim language is clear. As such, a patentee

should not be rewarded for having ambiguous claims by getting the benefit of a validity-saving claim construction.

C. Patentees Who Make Representations About The Broad Scope Of Their Patent Should Be Estopped From Arguing For A Narrower Construction To Preserve Validity

One particular scenario where courts should never construe claims narrowly to preserve validity is when the patent holder has made representations about the breadth of her patent. In such circumstances, a patentee should be held to the statements she makes about the scope of her patent's claims and not be allowed to argue for a narrower construction during litigation to preserve validity. Estoppel is the proper method for preventing patentees from exploiting such double-speak.

To be sure, estoppel routinely bars patentees from making legal arguments that contradict their previous positions. For example, prosecution history estoppel focuses on the patentee's conduct during the prosecution of a patent and "precludes a patentee from regaining, through litigation, coverage of subject matter relinquished during prosecution of the application for the patent." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 734 (2002), *citing Wang Laboratories, Inc. v. Mitsubishi Electronics America, Inc.*, 103 F.3d 1571, 1577-1578 (Fed. Cir. 1997). The purpose of applying estoppel is "to hold the inventor to the representations

made during the application process and to the inferences that may reasonably be drawn from the amendment." *Id.* at 737-38.

In addition, estoppel bars a patentee's infringement claim when a patentee has previously communicated a contrary position to the alleged infringer. *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992). The three elements of equitable estoppel are: (1) one actor communicates something in a misleading way, either by words, conduct or silence; (2) the other relies upon that communication, and (3) the other would be harmed materially if the actor is later permitted to assert any claim inconsistent with his earlier conduct. *Id.* at 1041. If these elements are present, estoppel precludes the patentee from bringing an infringement claim.

The common principle underlying estoppel is that a patentee should be held to the communications she makes that are reasonably relied on by others. This principle applies whether the communications are made during or after prosecution and whether or not they are intentionally misleading. In either case, a patentee involved in litigation is not allowed to contradict previous communications regarding her patent.

Patent holders routinely correspond with third parties regarding the scope of their patent claims by making infringement allegations (frequently

postured as offering a license). In response to such communications, third parties have the right to rely on the patentee's statements regarding claim scope to analyze the asserted patent's validity. If the patentee later decides to sue the recipient of such communications for infringement, she should be estopped from arguing for a narrower claim construction that contradicts the previous statements in order to preserve the patent's validity. Without such an estoppel, the patentee is permitted to profess a broad scope in intimidating communications and later argue for a narrower construction in order to preserve the validity of the patent. This is a perverse gaming and manipulation of the patent system, which is precisely the ill meant to be addressed by estoppel.

D. With Respect To Prior Art Not Of Record During Prosecution, Courts Should Use The Same Claim Construction Standard As Applied By The Patent Office During Examination

Another scenario where courts should never construe claims narrowly to preserve validity is when prior art at issue in litigation was not of record in the Patent Office during prosecution. When a court compares patent claims to newly discovered prior art, it should interpret the claim terms using the broadest possible interpretation that is supported by the specification, just as the Patent Office does during examination or reexamination. This is because, when the prior art produced n litigation to prove the patent invalid

was not cited during prosecution of the patent, the court "is urged, in essence, to reexamine … the patent with significantly narrowed claim scope." *Karsten Mfg. Co. v. Cleveland Golf Co.*, 242 F.3d 1376, 1384 (Fed. Cir. 2001).

During examination, the Patent Office gives claims their broadest possible interpretation consistent with the specification. If a prior art reference that invalidates an issued patent's claims had been of record during examination, then the patentee would have been forced to narrow her claims at that point in time in order to get the patent issued. When claims that would not have been issued over new prior art are narrowly construed during litigation in order to preserve the wrongly issued patent claim's validity, the patentee is given the opportunity to save claims from a validity challenge in litigation that would not have survived a rejection based on the same prior art if made during prosecution.

This is unsound, as claims that could not have survived prosecution should not be allowed to survive a validity challenge in litigation. To avoid this absurd result, courts should use the same standard as the Patent Office when reviewing the validity of a patent with respect to new prior art. However, this construction of claims should only be applied when reviewing

the validity of a patent in light of new prior art during litigation and should not, necessarily, be applied for purposes of infringement.

II. CONSISTENT WITH *MARKMAN*, THE FEDERAL CIRCUIT SHOULD GIVE DEFERENCE TO SUBSIDIARY FACTUAL DETERMINATIONS MADE BY TRIAL COURTS DURING CLAIM CONSTRUCTION BY REVIEWING THEM FOR CLEAR ERROR

It is consistent with *Markman* for the Federal Circuit to accord deference to subsidiary factual determinations made during claim construction. The Supreme Court indicated that claim construction is a mixed question of law and fact. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 378 (1996) (referring to claim construction as a "mongrel practice"); *Id.* at 388 (claim construction "falls somewhere between a pristine legal standard and a simple historical fact") (*quoting Miller v. Fenton*, 474 U.S. 104 (1985)); *Gasperini v. Center for Humanities, Inc.*, 518 U.S. 415, 443 (1996), Stevens, J., dissenting (referring to *Markman* as one of "[t]hree times this Term we have assigned appellate courts the task of independently reviewing similarly mixed questions of law and fact").

Although mixed questions of law and fact are subject to independent appellate review, the trial court's findings may still be entitled to deference. *See, e.g., Salve Regina College v. Russell*, 499 U.S. 225, 233 (1991) ("[D]eferential review of mixed questions of law and fact is warranted when

it appears that the district court is 'better positioned' than the appellate court to decide the issue in question or that probing appellate scrutiny will not contribute to the clarity of legal doctrine.") (*citation omitted*); *Ornelas v. United States*, 517 U.S. 690, 699 (1996) (Although reasonable suspicion and probable cause are reviewed de novo on appeal, "a reviewing court should take care both to review findings of historical fact only for clear error and to give due weight to inferences drawn from those facts by resident judges and local law enforcement officers.").

Therefore, it is consistent with Supreme Court precedent for this Court to accord deference to factual determinations made during the claim construction process. This is also consistent with the concurring and dissenting opinions in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998). *See* 138 F.3d at 1462, Plager, J., concurring ("common sense dictates that the trial judge's view will carry weight"); *Id.* at 1463, Bryson, J., concurring ("with respect to certain aspects of the task, the district court may be better situated than we are, and that as to those aspects we should be cautious about substituting our judgment for that of the district court"); *Id.* at 1464 ("[A]ll that Markman stands for is that the judge will do the resolving, not the jury. Wisely, the Supreme Court stopped short of authorizing us to find facts de novo when evidentiary disputes exist as

part of the construction of a patent claim and the district court has made these findings without committing clear error."); *Id.* at 1473, Rader, J., dissenting ("Because jury involvement remained the focus of *Markman I*, the Supreme Court did not address appellate review of claim construction. Instead the Supreme Court repeatedly intimated that claim construction was not a purely legal matter."); *Id.* at 1480, Newman, J., additional views (the Supreme Court recognized the factual component of claim interpretation" and declined to affirm the Federal Circuit's fact/law theory).

Therefore, the Federal Circuit should acknowledge that the majority opinion in *Cybor Corp.* improperly departed from precedent that applied a clearly erroneous standard to factual findings made during the claim construction process. *See Fromson v. Anitec Printing Plates, Inc.*, 132 F.3d 1437, 1448 (Fed. Cir. 1997) (affirming the district court's claim construction as a matter of law based on findings of fact that were not clearly erroneous); *Metaullics Sys. V. Cooper*, 100 F.3d 938, 939 (Fed. Cir. 1996) (consistent with *Fed. R. Civ. P. 52(a)* a district court's findings of fact during claim construction should only be set aside for clear error). Such a ruling will advance the public interest by increasing the reliability of trial court decisions and by reducing the number of appeals, as litigants will recognize that trial court decisions will go undisturbed in the majority of cases.

There are many subsidiary factual determinations made during claim construction by trial courts that should be given deference unless based on clear error.

1. What is the dictionary definition of a claim term?

Trial judges are currently free to use dictionaries at any time to help determine the plain meaning of claim terms. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1584 n. 6 (Fed. Cir. 1996); *Cybor Corp.*, 138 F.3d at 1459. If this Court continues to hold that dictionaries are a proper claim construction tool, then the trial court's dictionary selection and choice of definition should be given deference because those decisions rely critically on the facts of the case. In different cases involving different patents different dictionaries may very well be most appropriate. If a trial court adopts a dictionary definition from a particular dictionary, the Federal Circuit should not use a different dictionary or select a different definition on appeal unless the trial court's decision was clearly erroneous, because the trial court has the benefit of a full record and of live witnesses to assist it in making such determination.

2. Did the patentee act as her own lexicographer?

A patentee may "use terms in a manner other than their ordinary meaning, as long as the special definition of the term is clearly stated in the

patent specification or file history." *Vitronics*, 90 F.3d at 1582. Whether or not a patentee has acted as her own lexicographer is an inherently factual issue that is best decided by a trial court with the benefit of a full record and live witnesses. As such, the trial court's decision regarding whether a patentee has acted as her own lexicographer should be accorded deference and only reviewed for clear error.

3. Did the patentee explicitly disavowal claim scope during prosecution?

An integral part of claim construction involves review of the prosecution history, because it "contains the complete record of all the proceedings before the Patent and Trademark Office, including any express representations made by the applicant regarding the scope of claims." *Id*. If the prosecution history is submitted into evidence and the court finds that the patentee expressly disclaimed a particular claim interpretation, that decision should be given deference unless clearly erroneous as it, too, is an inherently factual inquiry best addressed by the trial court.

4. What is the scope and content of the prior art?

During claim construction, the trial court may examine the scope and content of the prior art cited in the file wrapper since it "gives clues as to what the claims do not cover." *Vitronics*, 90 F.3d at 1583, *citing Autogiro*

Co. of America v. United States, 181 Ct. Cl. 55, 384 F.2d 391, 399 (Ct. Cl. 1967). When this same exact issue is addressed as part of an obviousness determination, it is considered an underlying question of fact. *Graham v. John Deere*, 383 U.S. 1, 33 (1965). Therefore, when it is addressed during claim construction, the trial court's finding should similarly be given deference and reviewed for clear error.

5. What is the level of ordinary skill in the art?

In construing patent claims, trial courts need to understand the level of ordinary skill in the art. *Vitronics*, 90 F.3d at 1584. Again, when this issue is addressed as part of an obviousness determination, it is considered an underlying question of fact. *Graham v. John Deere*, 383 U.S. at 33 (1965). Therefore, when it is part of claim construction, the trial court's finding should be given deference and reviewed for clear error.

6. Which expert witness is the most credible?

In some cases the court may seek expert testimony and other extrinsic evidence to understand the meaning of a claim term to one of ordinary skill in the art. *Vitronics*, 90 F.3d at 1584. If the trial court is required to make a credibility determination between two expert witnesses, that decision should be accorded deference. *See Cybor Corp.*, 138 F.3d at 1463, Bryson, concurring (In cases where claim construction turns on a credibility

judgment between two competing expert witnesses, "it would be entirely appropriate -- and consistent with our characterization of claim construction as a question of law -- to factor into our legal analysis the district court's superior access to one of the pertinent tools of construction.")

7. What are the best tools to use to construe the claims?

In the end, the question that matters is "What do the claims mean?" *Cybor Corp.*, 138 F.3d at 1462-63, Plager, concurring. In answering that question, it is appropriate and preferable for a trial court to decide for itself, and for each specific case, which of the available claim construction tools and techniques can produce the best answer. The District court's claim construction, rather than the appeals process, should be the "main event" for determining the meaning of the claims. *Cybor Corp.*, 138 F.3d at 1462-63, Rader, dissenting. And although trial judges must follow the general framework for claim construction set by this Court, they are still in the best position to evaluate the process and evidence most likely to lead to the best construction of the claims at hand. The facts of each case will make a difference and, as such, the tools and process chosen by the trial judge to help her develop an understanding of the claims should be given deference by this Court.

CONCLUSION

The Court should hold that validity considerations are not to impact claim construction, that estoppel prevents patentees from arguing for a narrower claim construction than they previously communicated, and that claims are to be given the broadest reasonable construction when reviewed for validity in light of previously unseen prior art.

Further, this court should give deference to the numerous subsidiary factual determinations made by trial courts during claim construction.

Respectfully submitted,

September 16, 2004

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CERTIFICATE OF COMPLIANCE

I hereby certify that this brief is double-spaced (except for headings), appears in 14-point Times New Roman type, and contains 3,851 words according to the word processor used to prepare it. It therefore complies with FRAP and Federal Circuit Rules 28, 29 and 32 and this Court's July 21, 2004 Order limiting it to 5,000 words or less.

September 16, 2004

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CERTIFICATE OF SERVICE

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