



## 804 - Defending a Patent Infringement Case: Guiding Your Company Through Unfamiliar Territory

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Robert Latham has been a trial lawyer with Texas-based Jackson Walker L.L.P., and he chairs the firm's intellectual property litigation practice. His intellectual property cases have involved patent, copyright, trademark, unfair competition and trade secret disputes in jurisdictions ranging from California to Massachusetts, in addition to those filed in the four federal districts within Texas and before the International Trade Commission. He is well versed in the handling of patent litigation matters in the Eastern District of Texas in particular – one of the most popular venues for patent litigation. He has tried numerous cases to juries in the areas of intellectual property, media law and commercial disputes.

Mr. Latham's clients in patent litigation matters have ranged from Fortune 500 companies to start-ups in areas such as computer hardware and software, medical devices, publishing, mechanical devices, wireless communication devices, e-commerce and consumer products. He is listed as one of the "Best Lawyers in America" in several disciplines, including intellectual property law, and has been named as a "Texas Super Lawyer" based on the favorable results he has obtained for clients in the courtroom.

Mr. Latham has also held a number of positions in the national and international sports world including a term on the board of directors of the United States Olympic Committee and a term as Chairman of USA Rugby.

Mr. Latham received his B.A. from Stanford University and his J.D. from the University of Virginia School of Law.

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Prior to joining Ericsson, Mr. Vecella was a partner in the Dallas office of Jackson Walker L.L.P. His practice focused on general commercial litigation, with primary emphasis on intellectual property litigation, deceptive trade practices, unfair competition, defamation, and other First Amendment-related litigation. While at Jackson Walker, Mr. Vecella served, at various times, as head of the litigation and intellectual property sections, respectively, and also on the firm's practice management, business development, and recruiting committees.

In addition to national, state, and local bar associations and activities, Mr. Vecella has served as a barrister in the Dallas Inn of Court and as a research fellow of the Southwestern Legal Foundation. He has done pro bono work for the South Dallas Legal Clinic and Legal

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**DEFENDING A PATENT INFRINGEMENT CASE: GUIDING YOUR COMPANY  
THROUGH UNFAMILIAR TERRITORY**



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**DEFENDING A PATENT INFRINGEMENT CASE: GUIDING YOUR COMPANY THROUGH UNFAMILIAR TERRITORY**



**SADDLE UP, YOU'VE JUST BEEN SUED**

- I. Before You Reach the Starting Gate
- A. Take the Reins and Guide the Horse
  - 1. The Early Line

Welcome to the races! You've just received a complaint accusing your company of infringing a patent, which means your job just got somewhat harder. If your company has no experience dealing with patent infringement litigation, it just got a lot harder. But, never fear, the path before you has been taken many times before, and there's no reason why you can't make it a successful, or at least tolerable, experience for your company.

At the outset, make sure that you are ready to get out of the gate fast so you won't be stuck at the rear of the pack. It's extremely important to make an early assessment in response to a patent claim. In-house counsel has the unique opportunity to conduct an early high-level assessment at little to no cost (other than their time), which can save the company legal fees and risk if the early assessment can help direct the defense team where to focus and prioritize. Even if the matter is not resolved amicably by avoiding litigation, the initial investigation will be useful throughout the remainder of the case. There are multiple ways in which in-house counsel can assist in an early assessment, including determining potential exposure, evaluating potential "easy" defenses, prioritizing spend and focus areas, evaluating potentially implicated business relationships, and evaluating counterclaim possibilities.

First, take the time to examine the patent and the plaintiff for yourself. Check the date the patent was filed and the date it was issued and consider ordering the patent's "file history"<sup>1</sup> from the U.S. Patent and Trademark Office. Find out what you can about the plaintiff(s). Are

<sup>1</sup> A patent's "file history" is a collection of all papers exchanged between the patent applicant and the patent examiner while the patent application was being prosecuted at the U.S. Patent and Trademark Office. In the file history, you will be able to read about relevant prior art, the examiner's reasons why the claims might not have been patentable, any narrowing amendments made by the patent applicant, and possibly the reasons why the examiner allowed the claims to issue. The file history will affect how broadly the patent claims are interpreted during litigation.

they a competitor or a "patent troll"?<sup>2</sup> How many times have they sued other defendants based on the same patent? If there is already ongoing or completed litigation involving the same patent and the same general technology, you can bet that your case will involve a lot of the same issues, complications, and expenses. You can determine whether the plaintiff tends to settle cases early or not. You also might be able to save effort and cost by reviewing whatever you can from the docket of the other cases. For example, you could find out what prior art has already been tested and which non-infringement arguments have already been presented. You can save money by making sure you do not duplicate the efforts of defense counsel who have already gone before you.

Also, you should do a corporate wide review of all business or potential business you may have with the plaintiff(s). In large companies, don't be surprised if you are doing business with the plaintiff(s) either as a buyer or a seller (assuming the plaintiff is not a patent troll). You will need to contact the appropriate departments to find this information.

IN THE PLAINTIFF'S SADDLE – SANDISK AND DECLARATORY JUDGMENT ACTIONS: Sometimes the best defense is a good offense. In the event that you have not yet actually been sued but you have received a claim accusing your company of patent infringement, you should consider filing a declaratory judgment action. The Federal Circuit's recent *Sandisk* opinion overturned its precedent and held that an accused infringer no longer has to fear imminent litigation to initiate a declaratory judgment action against the patentee.<sup>3</sup> Thus, you no longer have to wait until the claimant has demonstrated a clear intent to institute an infringement action to show that there is a case or controversy for declaratory judgment purposes. Instead, a case or controversy exists "where a patentee asserts rights under a patent based on certain identified ongoing or planned activity of another party, and where that party contends that it has the right to engage in the accused activity without license."<sup>4</sup> *Sandisk* also suggested that a patentee could avoid this risk by requiring a confidentiality agreement,<sup>5</sup> but there is no requirement that you agree to enter into it. By acting first and filing the declaratory judgment action, you can of course take advantage of choosing the venue for the action.

<sup>2</sup> "Patent troll" is a derogatory term used to describe entities that enforce their patent rights in an opportunistic and aggressive manner. Patent trolls typically do not manufacture any products and, instead, obtain license fees from accused infringers as their only means of income.

<sup>3</sup> *Sandisk v. STMicroelectronics Inc.*, 480 F.3d 1372 (Fed. Cir. 2007).

<sup>4</sup> *Id.* at 1381.

<sup>5</sup> *Id.* at 1375 n. 1.

## 2. What are the Stakes?

You should also determine your potential exposure in the event that the case proceeds and a jury awards damages against your company. Doing this first helps you determine where to focus your defenses, whether you should try to settle or fight, and what you report to management.

First, consider the potential royalty base. Find out what products are accused and get the sales totals for such products. Then, find out the exposure period. When did the patent issue? Did the plaintiff comply with its marking requirements?<sup>6</sup> This can be huge. Often, you can answer this question yourself by asking your engineers to identify the products of the plaintiff that probably embody the patented technology, and then check their products. This method isn't foolproof, but it gives you a good idea. If the plaintiff didn't comply with marking requirements, then you may have just eliminated six years of potential damages. In addition, if the patent has more years left before it expires, ask your engineers how long they plan on producing the accused products and/or utilizing the accused technology. Also, keep in mind that when you refer to "utilizing the technology," you mean anything close to the asserted patent claims, without taking into consideration claim construction arguments, non-infringement positions, or invalidity positions that might be taken. You may find out that your company will not be selling that technology much more in the future or that you plan on significantly redesigning it due to market influences alone.

Also, check and see if the patent has any foreign counterparts. Then see where you manufacture and sell the accused technology. It's quite possible that you'll find you can reduce your potential exposure when you learn some of the products are sold and manufactured overseas. There are more detailed legal issues that can come into play here, but knowing this information will still give you a better view of what your exposure is.

In addition, some companies do business with the U.S. government. If this is the case, check to see if any of the accused products are sold to the U.S. government either as a direct sale or as a subcontractor to a prime contractor who sells to the U.S. government. If so, it is likely that such products are sold under "Authorization and Consent," which means the contractor has the authorization to use any patents. If the plaintiff wishes to sue one of these authorized contractors for damages, they must actually sue the U.S. government. This doesn't happen very often.

Finally, keep in mind that your potential exposure may not be solely limited to the case at hand, or the accused technology. Your business relationships with manufacturers, vendors, partners, distributors, shareholders, and other entities may be implicated.

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<sup>6</sup> 35 U.S.C. §287(a) states that if a patentee fails to mark its patented articles with the relevant patent number, then it cannot recover any damages for infringement until that date on which the infringer was given actual notice of its infringement. Exceptions to this requirement apply if (a) the plaintiff never produced a patented article, or (b) the patent contains only method claims.

Now – some good news! After the Supreme Court's decision in *eBay v. MercExchange, L.L.C.*, 126 S.Ct. 1837 (2006) [see Appendix A], it is considerably less likely that a permanent injunction will issue in a patent infringement case where the plaintiff does not actually practice the technology claimed in the patents. The possibility of being hit with a permanent injunction after a finding of patent infringement is daunting for most companies – even more so than the specter of a damages award. Prior to *eBay*, permanent injunctions were often issued as a matter of course after a finding of patent infringement. The Supreme Court's *eBay* decision recognized the reality that some parties asserting patent infringement do not suffer irreparable harm in the event that those patents are infringed. This is particularly true when the plaintiff is a "patent troll" or any entity that merely licenses its patents rather than exploits them. In other words, continued infringement of the patents doesn't cause the plaintiff to lose market share, so it is harder to presume that there will be ongoing, unquantifiable harm. While this is bad news for these types of plaintiffs, it is great news for you and your company when you face an infringement suit brought by them. The Supreme Court's *eBay* decision also made it more difficult for a plaintiff to obtain a permanent injunction when the infringing item is just one component in a larger product. Now that the trend is moving away from automatic permanent injunctions, you can assess your company's potential exposure in many infringement cases without considering this harsh penalty to be an inevitability. Of course, if you are in the posture of a plaintiff asserting a claim against a competitor for infringement of a patent you practice, then the *eBay* decision does not eliminate your ability to obtain an injunction.

## 3. Insurance and Indemnification

Do you have business liability insurance that covers patent infringement claims? Many modern business insurance policies incorporate coverage for intellectual property exposure. Some cover the costs of defense alone, some indemnify in the event damages are awarded, and some even provide funds to support pursuing infringement claims against other companies. Those policies that reimburse for defense costs typically also cover the costs of pursuing counterclaims and instituting reexamination proceedings against the asserted patent. Keep in mind that while most policies do not cover patent claims, they do cover tort related claims that are sometimes joined with the patent claims, such as deceptive trade practices or unfair competition. Thus, you may actually have coverage because of the secondary claims made against you.

Are the accused infringing products manufactured by your company or are they provided by an outside vendor? If a third party is involved in the manufacture of the goods, do you have an indemnification agreement with that party? Consider writing to your suppliers and asking for indemnification. Also, for future reference, you may want to make sure that your indemnification agreements have the right language to protect you in case of later disputes.

## 4. Studying the Track Ahead

Evaluate any potential "easy" defenses and strategies you might have. For instance, is your company already a licensee of the asserted patent? This analysis can be more complex than it may seem as it is common these days for patents to be resold and for the licensed entities to

pass through multiple corporate owners. Did your company produce any products or designs that were available before the patent's priority date and could be prior art? If the plaintiff is a competitor of yours and you have been in the business for awhile, it's quite possible that you are one of the best sources for prior art in the world. Do you have any patent applications, patents, or publications that could be prior art? In addition, if you are now using the same design of the accused technology that you used before the patent's priority date, you have a clear non-infringement position.

Furthermore, if you know that the plaintiff was aware that you were using the accused technology for a long time, you might be able to claim laches, or an unreasonable delay in bringing suit, which renders the patent unenforceable. If you have been in contact with the plaintiff before and it gave you the indication that your use of the accused technology was acceptable, you might be able to argue acquiescence or consent, which also renders the patent unenforceable. Are there any antitrust implications, or is the plaintiff unfairly using its patents to restrain trade?

Another tactical strategy is to consider going on the offensive. If the plaintiff is a competitor of yours, can you counterclaim for infringement of one of your patents? Sometimes turning the situation around to put the patentee on the defensive is an effective maneuver.

You will also need to start assembling the right team of people and key contacts within your company to assist you. First, you need to get management to direct personnel to help you in the investigation. This is an obvious point, but one that needs to be stated because you are going to be asking people to spend a lot of time helping you and forcing them to put aside their "day jobs" for awhile. The people you need on your team include, first, a finance person to help you determine the sales information pertaining to the accused technology. You also need a supply chain person to help you with business relationships and terms and conditions. Lastly, and probably most importantly, you need one or two key engineers who can study the patent and work with you to identify non-infringement arguments and sources of prior art. If you can find the right engineer to help you, he essentially comes at no cost and probably knows the industry and the products better than any expert you might retain.

As you progress down the track, you should also continually reassess potential exposure and the status of the potential defenses. As the case goes on, things will change. These ongoing assessments should probably include regular (e.g., weekly or biweekly or monthly) status calls with management.

## B. Understanding The Track Conditions

### 1. Where the \*&%\$ is Marshall, Texas??

Marshall, Texas (Population 23,900) is located on Interstate Highway 20 approximately 39 miles west of Shreveport, Louisiana and directly within one of the busiest patent infringement venues in the country – the Eastern District of Texas. In June of 2007, 48 patent infringement cases were filed in the Eastern District of Texas, more than double the number filed in any other

single jurisdiction.<sup>7</sup> Why is this? For one thing, the Eastern District of Texas has adopted a set of Patent Rules which provide for special, streamlined procedures for patent infringement cases. The Patent Rules of the Eastern District of Texas provide for an extremely fast pace with inflexible deadlines and harsh penalties for those who engage in tactics of delay and obfuscation. In addition, the judges of this district are well schooled in patent law and won't shy away from hearing a case to its conclusion, regularly denying motions for summary judgment. Perhaps most tellingly, nationwide plaintiffs are victorious in 59% of cases that proceed to a verdict. In the Eastern District of Texas, that percentage increases to 78%.<sup>8</sup>

Recognizing that the odds would seem to be against your company before you even set foot in the Eastern District of Texas is helpful. Also, because the courts in the Eastern District of Texas are all located in relatively small communities (other than Marshall, Texas, the Eastern District of Texas has courts in Beaumont, Lufkin, Tyler, Texarkana, and Sherman, TX, with a new division set to open in Plano, TX later this year), the circle of patent attorneys, litigators, experts, and judges, are well known to each other. Don't be surprised if the plaintiff's damages expert is also the personal accountant for members of the jury panel.

If you find yourself sued in the Western District of Wisconsin, the setting will be different, yet remarkably the same. Madison, Wisconsin is a considerably bigger city than Marshall, having a population of about 225,000. Madison is 77 miles west of Milwaukee, 122 miles northwest of Chicago, and, like Marshall, Madison is also located in the center of the patent litigation universe. The presence of the University of Wisconsin-Madison and Madison's expanding biotech and startup community are big factors in contributing to this atmosphere. The Western District of Wisconsin has only two sitting district judges and one magistrate judge, but together they ensure that patent infringement suits go to trial within about a year. They are a no nonsense kind of district, known to schedule trial conferences at 6:30 A.M. and postpone lunch breaks until 2:30 P.M. Discovery deadlines are non-negotiable and, like the Eastern District of Texas, plaintiffs prevail at a rate much higher than that nationwide. So if you find yourself in Madison before either Judge John Shabaz or Judge Barbara Crabb, be ready to get down to business quickly.

Other popular patent venues can be found in the Eastern District of Virginia, the Northern District of Illinois, and districts within California and New York. In general, the qualities that all of these districts share are their willingness to hear patent cases, their adoption of specialized patent rules, their lack (in some instances) of a large criminal docket, and their ability to wrap up an entire patent infringement case at a faster pace.

Some favored patent infringement venues have recently fallen out of favor with a number of academics and legal professionals who see them as a haven for "patent trolls" that are contributing to the destabilization of the entire patent system. Supreme Court Justice Scalia

<sup>7</sup> Transcript of U.S. House Judiciary Committee's Debate on Patent Reform Act of 2007 (July 18, 2007).

<sup>8</sup> *Id.*

recently referred to the Eastern District of Texas as a “renegade jurisdiction” during oral arguments in *MercExchange, L.L.C. v. eBay, Inc.*, NO. 05-130, March 29, 2006, in discussions of whether or not an injunction should presumptively issue upon a finding of willful infringement:

**COUNSEL FOR EBAY:** We're in a world where if a patent holder files a lawsuit in Marshall, Texas, no patent has ever been declared invalid in that jurisdiction, and no patent has ever been found not to infringe. And then you take that finding automatically and you turn it into an injunction. Any person who has been threatened under those circumstances and told that we're going to face a lawsuit in Marshall, Texas is going to have a very different negotiating posture than in a situation where –

**JUSTICE SCALIA:** You know, I mean, that's -- that's a problem with Marshall, Texas, not with the patent law. I mean, maybe -- maybe we should remedy that problem.

**MR. PHILLIPS:** Well, I hope you –

**JUSTICE SCALIA:** But I don't think we should write -- write our patent law because we have some renegade jurisdictions.

The result is that U.S. Congress is now considering significant patent law reforms, including changes that would limit the jurisdictions in which a patent infringement suit could be brought. These proposed changes would effectively prohibit patent plaintiffs from “forum shopping” in order to bring suit in a favorable, pro-plaintiff jurisdiction. The proposed patent law reforms are discussed in greater detail below. In particular, the proposed changes would make it much more difficult for a plaintiff to sue your company for patent infringement in a distant jurisdiction having little contact to your operations. In the meantime, however, get used to the idea of defending your company’s technology in a small town you’ve never heard of before.

**OFF THE BEATEN PATH – THE ITC:** IP disputes involving imported goods can be brought before the International Trade Commission (“ITC”). This is a complex and challenging venue in which to pursue a case against an infringer, but the results can effectively exclude the infringer from importing its infringing goods into the U.S. Patent infringement disputes brought before the ITC involve Section 337 of the Tariff Act. Deadlines are short, with two week trials expected within 180 days of the start of the case, and the ITC generally makes its determination within one year to 18 months. A detailed response to the initial complaint is

due within 20 days,<sup>9</sup> and a party can also move for summary judgment 20 days after the complaint is served.<sup>10</sup> The ITC does not have the power to award damages, only injunctions in the form of an exclusion order, but this can be a very effective tactic against a foreign manufacturer. If you find yourself defending patent infringement claims in the ITC, make sure you work with attorneys who have been there before. The level of detail and timeliness required is unlike that required in the U.S. District Courts.

## 2. What are the Local Rules?

How will the local rules in a specialty patent venue such as the Eastern District of Texas affect your strategy? First of all, expect to both receive and provide a great deal of information very quickly. An initial Case Management Conference (“CMC”) will likely take place within 4 months after the case is filed. No later than 10 days after the CMC, the plaintiff’s Infringement Contentions are due.<sup>11</sup> Forty-five (45) days later, the defendant’s Invalidity Contentions are due.<sup>12</sup> The local rules require that these contentions contain a significant amount of detail, including claim charts.<sup>13</sup> Although these contentions are still commonly referred to as “Preliminary,” this is misleading. The contentions are final and can be changed only in limited circumstances. Some amendments can be made without leave of court as a result of later claim construction rulings, but other amendment and supplementation requires a showing of good cause.<sup>14</sup>

These early deadlines mean that (1) your expenses will go up fast, forcing you to make a decision about settlement earlier than you are used to, and (2) the plaintiff’s minimum settlement demands will go up swiftly after the CMC, based on the amount of work they have to put into their Infringement Contentions. In order to put together a set of Invalidity Contentions that will stand up throughout trial, subject to limited amendment, you will need to put a great deal of effort into prior art searches, analysis, and claim chart drafting within the first 4-5 months.

In addition, many specialty patent venues, including the Eastern District of Texas and the Western District of Wisconsin, have a “no excuses” policy when it comes to complying with

<sup>9</sup> 19 C.F.R. §210.13(a).

<sup>10</sup> 19 C.F.R. §210.18(a).

<sup>11</sup> Eastern District of Texas Local Patent Rule (“P.R.”) 3-1.

<sup>12</sup> P.R. 3-3.

<sup>13</sup> P.R. 3-1, 3-2, 3-3, and 3-4.

<sup>14</sup> P.R. 3-6.



disclosure requests. Parties must disclose all information that supports, deserves consideration, is likely to influence, or is reasonably necessary to prepare, evaluate, or try a claim or defense.<sup>15</sup>

The Local Rules in the Eastern District of Texas also place restrictive page limits on summary judgment motions and claim construction briefing. The total page number of all summary judgment motions cannot exceed sixty (60) pages, excluding attachments.<sup>16</sup> Furthermore, a party's responses to those summary judgment motions cannot exceed sixty (60) pages total.<sup>17</sup> Reply and sur-reply briefs cannot exceed 20 pages total.<sup>18</sup> Thus, in addition to working quickly, you must also be focused, succinct, and to the point in both deciding which defenses are worthy of a summary judgment motion and in drafting the motion itself. Claim construction briefs cannot exceed thirty (30) pages, excluding attachments.<sup>19</sup> However, the courts in the Eastern District of Texas are generally more lenient with regard to this page limit.

The adoption of specialized local patent rules is not universal. For example, the Western District of Wisconsin has not adopted local patent rules, but the Western District of Pennsylvania has. The local patent rules in the Western District of Pennsylvania also call for an early disclosure of Asserted Claims and Infringement Contentions, within thirty (30) days of the Initial Scheduling Conference.<sup>20</sup> Non-Infringement and Invalidity Contentions are due within fifteen (15) days after receipt of the Asserted Claims and Infringement Contentions.<sup>21</sup> Both require a great deal of detail, along with claim charts.<sup>22</sup> Amendments to these contentions are permissible so long as they are made in a timely fashion, in good faith, and without purpose of delay, such as in response to a claim construction ruling.<sup>23</sup>

In general, the use of specialized patent rules is helpful to your cause because it facilitates the orderly exchange of patent-specific information in a timely manner. You should remember that, if you happen to become involved in a patent infringement suit in a venue that does not have local patent rules, the parties can often stipulate to the use of another court's set of local rules.

<sup>15</sup> Eastern District of Texas Local Rule ("L.R.") CV-26.

<sup>16</sup> L.R. CV-56.

<sup>17</sup> L.R. CV-56.

<sup>18</sup> L.R. CV-56.

<sup>19</sup> L.R. CV-56 and P.R. 4-5(e).

<sup>20</sup> Western District of Pennsylvania Local Patent Rule ("L.P.R.") 3.2.

<sup>21</sup> L.P.R. 3.4.

<sup>22</sup> L.P.R. 3.2 and 3.4.

<sup>23</sup> L.P.R. 3.7.

### C. Hire the Proper Jockey (Outside Counsel)

Despite your willingness and ability to handle the preliminary aspects of a patent infringement suit, hiring outside counsel is often a necessity. You may have no interest, time, or resources to handle the initial analyses of the claim and the preparation for a possible trial. You might also prefer to hire an experienced litigator with knowledge of patent law who can represent you throughout the trial itself. Hiring outside counsel early also means that, in the event that settlement negotiations break down, your trial team will be acquainted with all of the issues from a very early stage.

Hiring outside counsel for a patent infringement case is not significantly different from hiring outside counsel for any other case. However, familiarity with patent infringement litigation, and preferably with the ins and outs of litigating a case in patent litigation havens, should be a primary consideration. In some cases, the patent being asserted against you has already been asserted against other defendants. The law firms representing those defendants may already have a solid amount of knowledge about both the patent and the relevant technology. Their previous clients may also have an opinion as to how effective the attorneys have been.

Keep in mind the logistics of the case. How far away is the outside law firm from the venue and from your corporate office? Your outside attorneys will need to travel to both on a fairly regular basis, particularly as the trial advances. Does your outside counsel have a good relationship with local counsel, or can they serve as local counsel themselves? As already mentioned, small towns that have recently become hubs of patent litigation activity will typically have a small, close knit community. Certain local attorneys will be well known, and well liked, by the local judges. They may also have appeared in certain courtrooms so much that they understand every last detail about a judge's preferences and dislikes. If your outside counsel are familiar with the venue, they will likely recommend a local law firm that they have a good relationship with as local counsel.

An outside law firm with which you have a good prior relationship is always a good option, particularly if it has prior patent litigation experience. You already understand each others' payment and billing methods, and you won't have to worry about clearing potential conflict issues. In addition, if the law firm has been working with you for some time, its attorneys may already be somewhat familiar with your technology and may already have access to a lot of relevant documents. It's also important to connect with a firm that you know shares your philosophies with regard to strategy, staffing, and expenses, not to mention one whose attorneys are easy for you to work with. Patent infringement litigation is a long, complex, and expensive undertaking, and the last thing you want is to be stuck in it with a group of attorneys you simply don't see eye to eye with.

### D. How Much Are You Willing to Wager?

Litigating a patent infringement case all the way through a jury verdict can easily cost up to \$5 million in fees and expenses. Before you hire outside counsel you should preferably already have prioritized your spend and focus areas. It is acceptable, and even expected, to

request an itemized budget from your outside counsel trial team early in the case. The breakdown can be according to time, such as the first 6 months of litigation, and also according to major milestones, such as the projected cost for preparing discovery requests, taking and defending depositions, and claim construction briefing. Breaking down the budget by objective will help you identify and prioritize those steps that involve the biggest expenses. Knowing how much you expect to spend during the early months of the case will help you in your settlement negotiations as well. You should also discuss staffing to ensure that you have enough people on the case, but not too many, and the ones with the right background for the case.

Unfortunately, if you are on the fence about settlement, it isn't really feasible in a fast-moving patent case to let the case drift along slowly while you consider your options. Your Invalidity Contentions are due within a few months of the beginning of the case, which means you will need to consider commissioning prior art searches as soon as possible.

Although it probably doesn't require further emphasis at this point, patent litigation is remarkably expensive. Reported multi-million dollar budgets are staggering, particularly in view of the fact that very few cases actually make it to trial. So why is this the case? First of all, the discovery process is generally very time-consuming. The issues being tried in the case will not only involve the activities of the alleged infringer, but also the conception and prosecution of the patented invention, which requires tracking down the inventor's activities, as well as the conception and development of any potential prior art, which could originate from any source in any country. As Judge Leonard Davis of the Eastern District of Texas stated in *Network-1 Security Solutions, Inc. v. D-Link Corporation*:

Patent litigation is quite different from personal-injury or products-liability cases...Witnesses in patent cases are typically more dispersed. There are the inventors who created the patented invention and the attorneys who prosecuted the patent application, who may or may not have ties to the plaintiff. The inventors and designers of the defendant's accused products are also important. Of immense importance, and usually unknown at the beginning of the case, are witnesses with personal knowledge of relevant prior art. Such witnesses are usually not affiliated with either party and have the possible power of proving the plaintiff's patent invalid. There are witnesses relating to sale and distribution of the accused products, which are relevant to damages...Documents, prototypes, and witnesses are typically located throughout the country and the world in patent cases.

*Network-1 Security Solutions, Inc. v. D-Link Corporation*, 433 F.Supp.2d 795, 802-803 (E.D. Tex. 2006).

In addition, because the technology is likely to be complicated and unfamiliar, special steps will need to be taken to explain it to both the judge and jury. Expert witnesses are a

necessity. Furthermore, you will probably want to create special demonstrative evidence, such as computer animations and interactive models, that will assist in explaining the technology.

Although, as Judge Davis remarked above, patent infringement litigation is very different from personal-injury cases, that doesn't mean it is any less inflammatory or any less likely to raise significant feelings of personal affront amongst defendants, including the management of your company. For one thing, patents can be innocently infringed. So even if your company was entirely unaware of the patent it is allegedly infringing, it could still be held liable for infringement. In addition, with the advent of the patent troll, many infringement suits brought these days are little more than a thinly veiled shakedown. Knowing that you are confronted with astronomical litigation expenses, plaintiffs can bring suit based on only arguably valid and remarkably broad patent claims. Although such an idea is personally abhorrent to many businesspeople, and a number of U.S. legislators, such is the state of the current patent system. Having a litigation budget printed out in black and white may assist in bringing the decision-makers back to reality and making the matter a business decision again.

II. And They're Off!

A. Who's On Your Side?

Plaintiffs in patent infringement suits, particularly small companies and patent trolls, rarely sue only a single defendant. This can be a cost-saving strategy for the plaintiffs, as it permits them to recycle a great deal of documentation in the early stages of the cases. Most importantly, though, it sets the plaintiffs up for "divide and conquer" tactics against the defendants. By targeting the larger, more profitable defendants for settlement first, and even by offering special, reduced settlement figures, the plaintiffs are then able to put additional pressure on the remaining defendants to settle as well.

In multiple defendant patent infringement suits, joint defense agreements have become increasingly more common. One of the primary benefits is cost sharing. The costs and results of the same prior art search, which is clearly relevant to all defendants, can be shared equally amongst a group of defendants. The same is true for the expenses of pursuing any common objective, such as researching and briefing other invalidity arguments, unenforceability through inequitable conduct, and laches. These agreements also allow for the cooperation of multiple attorneys, any of whom might be able to provide a new insight, lead, or argument that might not have been considered otherwise.

However, there are numerous pitfalls to be aware of when entering into a joint defense agreement. First, the group members need to agree on how costs will be handled. If one legal activity is considered to benefit one group member more than the others, does that group member owe more? Also, what if one group member settles before the others? If one member agrees to share in the costs of a prior art search, then settles before the results are obtained, is that member still required to chip in? Second, inevitably, there will be issues that come up in which the interests of one member will conflict with the interests of another member. One problem area is in claim construction. Each member will want the claims to be construed in a manner that

prevents their accused technology from infringing. These proposed constructions may not be compatible with each other. The defense agreement can be structured so that each member submits its own briefing with regard to claim construction and other matters, eliminating the need for there to be a consensus, but maintaining a joint defense between parties asserting mutually exclusive positions may be somewhat tricky.

Perhaps most importantly, it must be recognized that defendants in the same patent infringement suit, and thus in the same joint defense group, are likely to be direct competitors. This makes the situation very delicate when it comes to sharing information. Group members may be unwilling to share information about settlement offers they have received, as well as how those settlement offers relate to their profits and past settlement practices. They may also have a history of litigation or general disagreement amongst themselves, which adds a level of complication to all aspects of the group defense, particularly the reasonable resolution of any cost sharing disputes.

Although joint defense agreements are commonly entered into and are a very cost-effective way to manage the early stages of litigation, you should remember that ultimately your loyalty belongs only to your company. And you should also remember that, unless the joint defense agreement somehow prevents it, the other members of the group likely won't hesitate to take advantage of an opportunity to help their company at the expense of the group. For example, unless there is a provision in the agreement that requires all group members to share all prior art, there is nothing to stop one group member from locating a particularly relevant piece of prior art and taking it directly to the plaintiff to pursue a more favorable settlement. In addition, group defense agreements are particularly susceptible to "divide and conquer" methods on the part of the plaintiff. If one group member settles, the costs of the group defense go up proportionately for each remaining member. The bottom line is to utilize the group defense strategy for its cost-saving benefits but always keep an eye on your individual goals.

#### B. Rein In Your Documents

Another important issue to consider at the outset of patent infringement litigation is document preservation. You will definitely want to make sure that your employees are notified to preserve any of the types of documents that you might have to produce during discovery. If you don't have a document retention policy in place already, this step becomes even more important. In addition, if you do have a records retention policy in place, once you become aware of the pending patent infringement litigation, you will likely need to contact your records management team to inform them to modify the current policy. Remember that records retention policies typically allow you to destroy some documents legally, so long as your policy is consistent and reasonable, if there is no threat of litigation pending. With the pending suit, all bets are off and there should be no more destruction of relevant documents even pursuant to your policy.

One way to handle the issue of document preservation at your company is to circulate a "litigation hold" memo [see Appendix B]. A "litigation hold" refers to the suspension of your company's document retention and destruction practices for any documents that may be relevant

to a lawsuit. The "litigation hold" memo may be directed from outside counsel to in-house counsel, from in-house counsel to all employees, from managers to employees, and/or from attorneys to IT personnel, to outline which information might be relevant to the litigation and the preferred methods for preservation. The format of the memo will differ depending on the intended audience, but it should preferably include information about the pending litigation, information on why document preservation is important, and a list of those types of documents that should be retained.

In addition, you should always keep in mind the recent changes regarding electronic discovery. Amendments to the Federal Rules of Civil Procedure now require you to address your electronically-stored information ("ESI") very early in the case. This will require you to be in touch with your company's IT personnel immediately and to decide who will be designated as the company's 30(b)(6) representative on this issue. You will also need to identify the location of your company's ESI and you should be prepared to confer with opposing counsel over the preferred form of production. You may not be required to produce ESI that is not readily accessible due to undue burden or cost, but it must still be preserved. Getting a handle on your company's ESI as early as possible will greatly assist in this endeavor.

Discovery in patent infringement litigation can be very different than in other types of litigation. In many cases, it is your company's most sensitive, original technology (and especially source code) that is the most important evidence for consideration. The details of this technology must be produced – despite the concerns of your engineers and management about its sensitivity. Protective orders will help alleviate some concerns, but you will find that it is a tricky proposition for the parties in the lawsuit to decide how to treat each others' highly confidential information. Cooperation and agreement are vital because you could face crippling "death penalty" sanctions for failing to produce information such as source code.

Consider the recent Sanctions Order handed down by the Eastern District of Texas in *Juniper Networks, Inc. v. Toshiba America, Inc.*, No. 2:05-CV-479 (July 11, 2007). Judge Ward held that the attorneys for defendant Toshiba had "willfully and intentionally" violated the court's amended discovery order regarding the production of BIOS source code. While the attorneys represented that some of such source code was "unavailable," it was actually both available and in the possession of Toshiba. Judge Ward sanctioned Toshiba by (1) giving Toshiba half the voir dire time that plaintiff would be given, (2) removing 2 of Toshiba's 4 juror strikes, (3) giving Toshiba half the time for opening statements and one third the time for closing statements as the plaintiff would be given, (4) denying Toshiba the opportunity to provide any expert testimony on non-infringement, save cross-examination of the plaintiff's expert, (5) stating that he would instruct the jury of the willful withholding of documents and telling them they could consider this behavior in credibility determinations, and (6) awarding attorneys fees and costs that plaintiff incurred as a result of the discovery abuses. If this doesn't emphasize the importance of timely production of source code, nothing does.

### C. Handicapping – Use of Opinions of Counsel

Opinions of counsel are generally obtained by those sued for patent infringement in order to refute accusations of willful infringement, and with good reason. If the jury finds that a patent was willfully infringed, it is within the judge's discretion to increase the damages award up to three times. A well-reasoned opinion of counsel explaining why a patent is either invalid or not infringed can therefore support the argument that the accused infringer was not acting recklessly without regard to the possibility of infringement. Inquiries into willfulness at trial generally focus on the reasonableness of the accused infringer's beliefs and actions. Thus, the reasonableness of an accused infringer's reliance on advice of counsel is also fair game in a patent infringement suit.

The added level of complication to obtaining an opinion of counsel, therefore, is the waiver of attorney-client privilege that accompanies it. If an advice-of-counsel defense is asserted, the defendant waives privilege as to both attorney-client and work product communications regarding the subject matter of the opinion.<sup>24</sup> Why is this? Because these communications are evidence of what the defendant actually knew about infringement – a relevant and non-privileged topic.

So how far does this waiver of privilege extend? What attorney-client communications and attorney work product will you be expected to turn over? To answer these questions, you need to remember that the waiver extends to any communications regarding the subject matter of the opinion, not just to the opinion itself. Thus, if you obtain two opinions of counsel and rely on one and discard the other, be prepared to turn over all privileged communications regarding the discarded opinion as well. It relates to the same "subject matter" as the opinion you relied on. The waiver with regard to attorney work product is not as broad. It extends only to documents that are a communication directly to a client or documents that discuss a communication with a client. Presumably, it does not extend to the attorney's non-communicated analysis and mental impressions, but if it even references a discussion with a client, it may be discoverable.

It should be noted that the waiver does not extend to all defenses if an advice-of-counsel defense is asserted for one defense only. For example, if an opinion of non-infringement is the only opinion relied upon, the scope of the waiver applies only to non-infringement and not to invalidity or unenforceability. On the flip side, however, if a joint defense agreement is in place and one defendant chooses to rely on an opinion of counsel for one defense, then all communications regarding that subject matter made from the attorney to that defendant, including those on which other defendants were copied, must be produced. Communications amongst the joint defense group members regarding that subject matter might also be discoverable.

<sup>24</sup> *In re EchoStar Communications Corp.*, 448 F.3d 1294, 1302-03 (Fed. Cir. 2006) [see Appendix C].

Until very recently, some jurisdictions construed the waiver of privilege to include communications and communicated work product between *trial counsel* and a client regarding infringement when the advice-of-counsel defense is raised. Such an interpretation was applied by at least one Judge in the Eastern District of Texas.<sup>25</sup> The Federal Circuit's recent ruling in *In re Seagate Technology, LLC*, Misc. Docket No. 830 (Fed. Cir. Aug. 20, 2007) is good news for patent infringement defendants because it rejects this broad application. The Court in *Seagate* recognized that an extension of the waiver to trial counsel would result in not only the discovery of communications and communicated work product, but allow depositions of trial counsel and potentially make trial counsel a witness against their own client.<sup>26</sup> The Court did recognize that there would be instances where the extension of the waiver to trial counsel would be appropriate and stated that trial courts "remain[ed] free to exercise their discretion in unique circumstances to extend waiver to trial counsel, such as if a party or counsel engage[] in chicanery," but, as a general rule, held that asserting the advice-of-counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel or work product immunity with respect to trial counsel.<sup>27</sup>

The Federal Circuit's opinion in *Seagate* is also significant in that it overrules its prior decision in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983) regarding the standard for evaluating willful infringement and awarding enhanced damages. *Underwater Devices* created an affirmative duty of care for defendants accused of willful patent infringement, "Where . . . a potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether or not he is infringing. Such an affirmative duty includes, *inter alia*, the duty to seek and obtain competent legal advice from counsel *before* the initiation of any possibly infringing activity."<sup>28</sup> *Seagate* rejected this affirmative duty and held "that there is no affirmative obligation to obtain opinion of counsel."<sup>29</sup> The Court also raised the standard of proof of willful infringement by holding that enhanced damages require "at least a showing of objective recklessness."<sup>30</sup> This new standard overrules the duty of care announced in *Underwater*, which set a lower threshold for willful infringement that was more akin to negligence.<sup>31</sup>

The *Seagate* decision will likely have a broad positive impact for patent infringement defendants. It not only lifts the burden of monitoring communications between trial counsel and

<sup>25</sup> *Network-1 Sec. Solutions, Inc. v. D-Link Corp.*, No. 6:05-cv-00291, slip op. at 8 (E.D. Tex. April 19, 2007) [see Appendix D].

<sup>26</sup> *In re Seagate Technology, LLC*, Misc. Docket No. 830, slip op. at 21 (Fed. Cir. Aug. 20, 2007) [see Appendix K].

<sup>27</sup> *Id.* at 18 & 21.

<sup>28</sup> *Id.* at 7 (quoting *Underwater*, 717 F.2d at 1389-90).

<sup>29</sup> *Id.* at 12.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at 11.

the client but also raises the threshold for willful infringement, which will likely create lower damages awards in patent cases.

#### D. Charging Ahead – Reexaminations

A relatively inexpensive way to challenge the validity of a patent your company has been accused of infringing is by initiating a reexamination proceeding at the U.S. Patent and Trademark Office. Unlike in a patent infringement case, in which patent invalidity must be shown by “clear and convincing” evidence, in a reexamination, it must be shown by a “preponderance” of the evidence. The majority of reexaminations are sustained and result in, at the least, the introduction of limiting claim amendments into the patent. To initiate a reexamination, you will have to locate a piece of prior art that was not considered by the Examiner during prosecution and submit a claim chart arguing why the prior art affects the validity of the patent.

There are some disadvantages to the reexamination process, however. First, if the patent survives or is only slightly amended, its perception of validity in an infringement suit will be even more greatly enhanced. Thus, it may take more than clear and convincing evidence to invalidate it. In addition, although there is now a process for an “inter partes” reexamination in which the challenger is allowed to participate, the degree of participation is very limited. There is no discovery and you may be precluded from asserting similar arguments in later litigation. Nevertheless, by putting the plaintiff on the defensive and forcing it to defend its patent, you may gain a strategic advantage. If you have a particularly strong invalidity argument, it may be worth a shot.

### III. Jockeying For Position

#### A. Expert Witnesses

One mantra to remember in patent infringement cases with regard to expert witnesses is to “hire early and often.” Expert testimony is invaluable in explaining the complexities of the technology to both the judge and the jury and is, in fact, required by the Federal Circuit in cases in which the subject matter is “not easily understandable.”<sup>32</sup> It is advisable to hire multiple expert witnesses to address multiple issues. For instance, you may engage one expert to discuss invalidity, if, for example, he or she has great knowledge of the way the technology has developed over time, and another expert to discuss infringement, if, for example, he or she has great knowledge of how the current technology works. Alternatively, if there is more than one patent being asserted against your company, you may engage a different expert to discuss both infringement and invalidity of each patent. Finally, you will need a damages expert who understands your accused technology and can, in simple terms, minimize its economic impact with regard to your overall profits.

<sup>32</sup> *Centricut, LLC v. Esab Group, Inc.*, 390 F.3d 1361, 1370 (Fed. Cir. 2004).

You may find that, particularly in specialized technologies, the pool of experts is rather small. For that reason, you are better served by hiring your expert(s) as early as possible. An expert witness who is considered to be a pioneer or a leader in his field and who produces an impressive curriculum vitae will be less susceptible to challenges to his qualifications, but you must act fast to retain him or her. Furthermore, an expert witness who has previously appeared before the judge hearing your case, and with whom the judge has a good relationship, is also a valuable find.

Qualifications, work experience, and publications are all very important things to take into consideration when locating your experts. But one of the most important, and sometimes overlooked, aspects is his or her demeanor and trial experience. Can you expect your expert to remain cool under pressure while being cross-examined? Does your expert appear to be someone that potential jury members will listen to and trust? Alternatively, does your expert have so much trial experience that he or she actually sounds like a lawyer, or someone the jury might not identify with? Is your expert from New York while the jurors will be from Tyler, Texas? While you want someone who will remain calm, you also want someone who will be trustworthy and likeable.

Before selecting your expert witnesses, you should also take the time to review all of their prior testimony and publications in order to locate any potentially impeaching or contradictory material. If you would like for your expert to opine that combining A, B, and C features into one machine would have been an obvious invention in the field, you don’t want to find an article by your expert extolling the unexpected genius of just such an invention. While this seems like a very expensive and time-consuming activity, it can be well worth the effort. Opposing counsel will certainly be scrutinizing your expert’s qualifications and statements for just such a valuable piece of information. At the very least, you should be prepared to rebut these damaging attacks on his or her credibility.

You can locate experts in many places and from many sources. Asking outside counsel is a good idea because they may have already worked with certain experts, such as damages experts, that they recommend. Expert witness groups can also be consulted. Your own engineers might also be able to identify experts in the industry. Finally, don’t forget about using the internet and legal research engines, such as Lexis or Westlaw.

#### B. Fact Witnesses

As Judge Davis mentioned in his 2006 *Network-1* opinion quoted above, your fact witnesses may come from every corner of the country. Obviously, one important source is your own company. You might want to consider using one person with relevant knowledge about a great deal of the company’s inner workings as your “designated testifier.” You may also want to present testimony from current or former employees regarding how the accused technology was independently developed. All of your witnesses should, ideally, be at ease with discussing their designated topics and be viewed as credible in front of a jury. You may find that many of your fact witnesses will have a great deal of insight and technical expertise with regard to the technology at issue. If that is true, you might want to consider using one or more them as expert

witnesses, and paying them accordingly. In addition, some of your most powerful fact witnesses may be those individuals involved in the development and promotion of any prior art that you are using in your invalidity arguments. They may have valuable firsthand knowledge about the state of the art at the time the prior art was developed, including what was considered innovative and what was commonplace, and may be able to help you frame potential obviousness arguments.

#### C. Protective Orders

One of the very first issues you may deal with in going forward with patent litigation is putting a protective order into place. Protective orders are standard in this kind of litigation, but patent cases are also notorious for requiring lengthy complicated negotiations in settling on a protective order. Many patent courts now have a variety of forms and boilerplate provisions that parties can utilize in order to minimize the disagreements. Some courts even have confidentiality rules worked into their local rules. For example, Patent Local Rule 2.1 in the Northern District of Georgia deals with the production of confidential information prior to the entry of a protective order, providing that it should be marked "Confidential," with access to it being restricted to attorneys only.

The default protective order from the Western District of Pennsylvania is attached [see Appendix E]. You will note that it provides for two tiers of confidential information – "Confidential Information" and "Confidential Attorneys Eyes Only Information."<sup>33</sup> It also prohibits the use of any confidential information in any patent prosecution or patent licensing.<sup>34</sup> The default protective order also provides for the access of two in-house attorneys to materials designated "Attorneys Eyes Only."<sup>35</sup>

Protective orders become even more tricky between multiple defendants and the members of a joint defense group. In these circumstances, the defendants are often less worried about how the confidential information will be used by the plaintiff and more worried about how it will be used by the other defendants. This could result in protective orders being adopted that have four or more levels of confidential status. The different levels generally distinguish between information that can be disclosed to in-house attorneys only or to other in-house personnel. Bars against use of the information in patent prosecution are even more important and could result in various additional provisions. For example, the bar on the use of this information might have a time limit. Or it might pertain only to some inventions. If it is defined very broadly, it might prevent in-house attorneys involved in litigation from later participating in any patent prosecution.

In some patent litigation cases involving multiple defendants, the protective order might provide for the use of an escrow agent for some kinds of confidential information, such as source

<sup>33</sup> Western District of Pennsylvania, Protective Order, Paragraph 2.

<sup>34</sup> Protective Order, Paragraph 6.

<sup>35</sup> Protective Order, Paragraph 8.

code. This can be important if the companies' most prized and valuable intellectual property and trade secrets are at issue. One option for limiting the number of attorneys, staff, vendors, and other agents who actually come into contact with this valuable information is to provide for one escrow agent who maintains the information at an escrow facility. If someone needs to access the information, and is able to prove that he or she is entitled to do so, then the examination of the information takes place at the facility under strict security. Providing for this kind of escrow arrangement can help alleviate the fears of many defendants.

#### D. Stipulations

Due to the complexity of the material that is likely to be produced during a patent infringement case, the discovery process will typically be lengthy and expensive. In some cases, if the plaintiff is a company that will also have to produce a massive quantity of documents regarding its development of the patent, you may be able to agree on a series of discovery stipulations that will save both sides some time and money. Thus, you could agree to limit the number and length of depositions. You could also agree that searches of electronic documents and records be set up using particular keywords, to eliminate the need for an actual person to review each one to determine its relevance. You could also stipulate to particular claim constructions, particularly if the patent claims at issue have been construed in prior litigation. While this kind of cooperation could significantly reduce both sides' discovery expenses, it is obviously less likely to occur when your company is being sued by a patent troll without significant documentation issues.

If the patent infringement suit is proceeding in a court that doesn't have local patent rules, the parties can also ask the court to stipulate to using another court's local patent rules. Many courts will be willing to do so, as it speeds up the process and puts a strict limit on the extensions and delays that the parties can seek.

#### E. The Markman Hearing

The claim construction proceeding, or Markman Hearing, is one of the most, if not the most, important and pivotal events of the patent infringement suit. How the judge interprets the claims will let you know exactly how the rest of the case is likely to proceed and is often outcome determinative. If it is a narrow construction, you will likely be focusing on your non-infringement positions. If it is a broad construction, you will likely be focusing on your invalidity positions. Often immediately after the Markman hearing, the parties will begin exchanging summary judgment motions.

The Supreme Court's decision in *Markman v. Westview Instruments*, 517 U.S. 370 (1996) [see Appendix F] established that claim construction is exclusively a question of law for the court. The Markman Hearing, and the briefing leading up to it, is also generally your first opportunity to educate the court, the judge, and very importantly, the judicial clerks, on the technology. Some judges will go so far as to request a technical tutorial on the subject matter. While these tutorials may be conducted by attorneys, the judge will sometimes seek his or her own technical expert for a relatively unbiased look. If this is what the judge wants, then he or

she will likely seek agreement from the parties as to who should teach the tutorial. If the technical tutorial will be conducted without an independent expert, then the judge may just pick a day for a tutorial and allow each side to explain the technology.

Regardless of whether a formal tutorial is scheduled, you should also give great consideration to the presentation of demonstratives and computer animations at the Markman Hearing. Graphics and interactive animations will demonstrate your interpretation of what the claims mean very effectively. In preparing these animations, you should involve your technical experts and even your engineers to make sure the representations are accurate. While you want to simplify the information displayed, if there is anything that appears misleading or inaccurate, it will likely be objected to by opposing counsel. For that reason, you should consider sticking as closely as possible to the figures shown in the patent itself and any material you obtained directly from the plaintiff. If you begin crafting your own drawings and representations, you may run into trouble. Because these demonstratives and animations will be rather expensive to prepare, you want to make sure they will be admissible and effective.

The process of claim construction itself is governed by the Federal Circuit's decision in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) [see Appendix G]. In *Phillips*, the Federal Circuit reaffirmed its primary rule that the ordinary meaning of the claims should prevail, based on how they would be understood by one of ordinary skill in the art.<sup>36</sup> However, the Federal Circuit also emphasized that the meaning of the claim terms has to be interpreted based on the context of the entire patent.<sup>37</sup> Thus, if the ordinary meaning is not immediately understood, you should look next to the specification, the prosecution history, and to a lesser extent, any extrinsic evidence such as treatises and dictionaries.<sup>38</sup>

#### F. Summary Judgment Motions

Once the claims have been construed by the court in a Markman ruling, both sides will typically exchange summary judgment motions. These can concern both infringement and invalidity. If there is no dispute between the parties over the way the accused technology functions, this can be a very effective method to at least narrow the issues for trial. Typically, you will need to invest a lot of resources in preparing and drafting these motions for summary judgment. The return on your investment can be significant in reducing your exposure. You may be able to win summary judgment of non-infringement by one of your accused systems, or you may be able to show the invalidity of at least one of the patents being asserted.

Unfortunately, summary judgment motions are much less likely to be granted in patent cases, typically because they involve complicated technology that is ripe for factual disputes. For example, in the Eastern District of Texas, the summary judgment motion grant rate is below

10%. This rate is not very unusual amongst patent venues. Nevertheless, these motions are routinely filed.

Summary judgment motions often drive settlement negotiations by providing the parties with their first real opportunity to present a fully briefed argument to the other side. Once the plaintiff has the opportunity to study a summary judgment motion that you have filed demonstrating why your product does not infringe, and has had the chance to consider whether the court will grant such a motion, your prospects for a reasonable settlement may go up. Alternatively, once you see the plaintiff's summary judgment motions, you may have a better understanding of whether you are likely to prevail and whether you should reconsider getting out of the case through settlement.

#### G. Keep the Lines of Communication Open

Even as you progress through further steps to prepare for trial, including claim construction and summary judgment motions, you should keep the lines of communication open with the plaintiff. Settlement can happen at any time and place, even just a couple of days before trial.

#### IV. Into the Final Turn...And Down the Stretch They Come!

##### A. Strategies

##### 1. Invalidity After *KSR*

The Supreme Court changed the landscape of patent invalidity and obviousness with its recent decision in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. \_\_\_, No. 04-1350 (April 30, 2007) [see Appendix H]. Prior to the *KSR* decision, it was significantly more difficult to show that an issued patent was obvious due to the Federal Circuit's more stringent requirements. The Federal Circuit had previously required strict compliance with the "teaching/suggestion/motivation" test, or the TSM test. Under this test, to demonstrate obviousness of a patent claim through a combination of prior art references, you had to identify an explicit teaching, suggestion, or motivation to make that combination. In *KSR*, the Supreme Court rejected the Federal Circuit's "rigid" approach to the obviousness inquiry, particularly in its application of the TSM test.<sup>39</sup> The Supreme Court criticized the formalistic conception of the words "teaching, suggestion, and motivation" and the emphasis on looking at published articles and explicit content in patents to make this showing.<sup>40</sup> According to the Supreme Court, the teaching or suggestion might be found inherently in the market rather than explicitly in scientific literature.<sup>41</sup> Furthermore, any need or problem in the relevant "field of endeavor" might provide the motivation to create the

<sup>36</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005).

<sup>37</sup> *Id.* at 1313.

<sup>38</sup> *Id.* at 1313-18.

<sup>39</sup> *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. \_\_\_, No. 04-1350, slip op. at 11 (April 30, 2007).

<sup>40</sup> *Id.* at 15.

<sup>41</sup> *Id.*

claimed subject matter, not just the problem the inventor was trying to solve.<sup>42</sup> Thus, prior art that is relevant to other problems, and not just to the inventor's specific field, could be useful in supplying the motivation. In addition, the hypothetical person of skill in the art should also be considered to have an ordinary level of creativity that might motivate him or her to combine known elements in an obvious fashion.<sup>43</sup> The Supreme Court noted that courts can take account of inferences, creative steps, and common sense.<sup>44</sup>

The Supreme Court also stated that a patent claim might be considered obvious if it was "obvious to try" the combination of known elements that led to it.<sup>45</sup> This is a direct contradiction of previous Federal Circuit precedent regarding obviousness. The Supreme Court did qualify this statement by noting that there must be a "design need or market pressure" to solve the problem and a "finite number of identified, predictable solutions."<sup>46</sup> The Federal Circuit applied this principle recently in *Takeda Chemical Industries Ltd. v. Alphapharm Pty. Ltd.* and found that the claimed subject matter was still nonobvious. Specifically, the Federal Circuit noted that there was not a finite number of predictable solutions to solve the problem and that the evidence showed it would not have been obvious to try the claimed combination.<sup>47</sup>

In a broader sense, the *KSR* decision reinforced the Supreme Court's belief that "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results."<sup>48</sup> Furthermore, if a technique was used to improve one device, and a person of skill in the art would realize that it could be used to improve other similar devices in the same way, the use of that technique would have been obvious unless it was beyond the person's skill level.<sup>49</sup> These statements, in combination with the revisions to the TSM test described above, make it clear that the Supreme Court is trying to curb the threshold for obviousness and make it easier to demonstrate invalidity of a patent.

Finally, in dicta, the Supreme Court suggested that the presumption of validity of an issued patent might be diminished if a particularly relevant reference was not disclosed to the patent examiner and was not considered during prosecution.<sup>50</sup> The basis of the presumption of validity is that the PTO has exercised its expertise in allowing the claim.<sup>51</sup> Although it had no

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<sup>42</sup> *Id.* at 16.

<sup>43</sup> *Id.* at 16-17.

<sup>44</sup> *Id.* at 14, 16.

<sup>45</sup> *Id.* at 17.

<sup>46</sup> *Id.*

<sup>47</sup> *Takeda Chemical*, No. 06-1329, slip op. at 15.

<sup>48</sup> *KSR*, slip op. at 12.

<sup>49</sup> *Id.* at 13.

<sup>50</sup> *Id.* at 22-23.

<sup>51</sup> *Id.* at 23.

bearing on the ultimate holding in *KSR*, as the patent at issue was obvious despite the presumption, the Supreme Court noted that the presumption seemed "much diminished" because of the failure to consider one reference that taught all of the claim limitations, save one.<sup>52</sup>

Overall, the Supreme Court's decision in *KSR* makes it considerably easier for you to demonstrate the obviousness of an issued patent claim, despite the presumption of validity. Whereas a party having the burden to show invalidity might previously have struggled to identify an explicit motivation to combine references or a specific problem in the same industry that the inventor was trying to solve, now it is possible to refer to an inherent motivation and a problem within the general field of endeavor. It is also possible to emphasize the ordinary creativity that a person of skill in the art would be expected to possess. Patented inventions that appear to simply represent predictable, expected progress in the art are particularly susceptible to being declared obvious.

How district courts will handle the changes brought about by *KSR* still remains to be seen. Without a doubt, it should influence jury instructions with regard to obviousness. Attached is a copy of the Federal Circuit Bar Association's proposed model jury instructions regarding obviousness, which take into account the changes based on *KSR* [see Appendix I]. The changes appear primarily in the final section dealing with a combination of known elements.

## 2. Focusing on Non-infringement or Invalidity

Patent infringement cases often present you with the unpleasant task of having to take conflicting positions with regard to claim interpretation. You want the claims to be interpreted narrowly so that you can argue that your accused technology doesn't possess all of the claim limitations and doesn't infringe. However, at the same time, you want the claims to be interpreted broadly so that you can argue that there is a great deal of prior art that invalidates them. These inconsistent positions are difficult to make at the same time.

One solution could be to concede one half of the case and focus your arguments on the other half. This is, clearly, a risky proposition. Conceding that your company infringes a patent is a tough decision to justify. Clearly, you wouldn't want to do it unless you had identified a very strong argument with regard to prior art and invalidation. Your decision could be made easier based on the outcome of claim construction. If the claims receive very broad interpretations, your road to proving non-infringement gets much more difficult and it might be worth it to consider taking a chance. If you decide to focus your efforts on invalidity, you can freely argue that the claims are as broad as the plaintiff has asserted them to be. You might even be able to cite to some of the plaintiff's own arguments as support. Then you can direct your attention to showing that the claims are invalid.

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<sup>52</sup> *Id.* at 9, 23.



The decision to concede infringement and focus on invalidity is made somewhat easier due to the Supreme Court's recent *KSR* decision, discussed above. *KSR* provides a great deal of guidance as to what constitutes a showing of obviousness and how this standard has been somewhat diminished. However, in order to take full advantage of *KSR*, you will need a significant amount of time to make your case, which is helped greatly by sacrificing your non-infringement arguments. Making an argument that the asserted patent claims are anticipated by a single piece of prior art, pursuant to 35 U.S.C. §102, is somewhat straightforward. You essentially show where each element of the patent claim is located in a single piece of prior art. An obviousness argument, pursuant to 35 U.S.C. §103, is considerably more complicated. Why is this? First, you generally resort to an obviousness argument because you haven't been able to identify a single piece of prior art that discloses all of the claim elements. Instead, you will need to show where those known elements are located in various pieces of prior art. Explaining multiple pieces of prior art to the jury will take much longer. In addition, you will have to cover all of the elements that make up an obviousness determination (i.e., the *Graham* factors), including (1) the scope and content of the prior art, (2) the differences between the prior art and the claims, (3) the level of ordinary skill in the art, and (4) any objective indicia of non-obviousness, such as long-felt need and failure of others to solve the problem.<sup>53</sup> Proving invalidity due to obviousness is a very viable option in view of the *KSR* decision, but it isn't something you'll be able to bring up in a cursory fashion.

### 3. Narrowing issues for trial

Most specialty patent venues won't allow much time for trial. You could expect to receive as little as five days for opening statements, testimony, closing statements, and the jury charge. This means that you absolutely will not be able to present every argument that you have considered along the way. While you may have identified ten good pieces of prior art for your invalidity arguments, you will likely need to focus on one or two. Your non-infringement positions will need to be succinct and you will not have much time to educate the jury about the technology. Trying to squeeze too many pieces of prior art into your invalidity arguments will only weaken your arguments with regard to the most important pieces, as the jury may not be able to distinguish between all of them. Additionally, as discussed above, if you want to bring up obviousness, you will need to devote a lot of time to this area and necessarily limit your focus on other arguments.

If you have filed one or more summary judgment motions, even if they were not successful, you should consider focusing on those arguments at trial. The actual drafting of the motions likely involved significant research, briefing, and locating of important evidence and documents. You probably also determined which key witnesses have the most information about these topics, and you may have deposed one or more of them. In the non-infringement context, it is likely your expert witnesses that will provide this key testimony. However, in the invalidity context, you may find that the developers of the prior art you are relying on are able to give the

strongest testimony on this issue. Finally, because the arguments were the subject of dispositive motions, they are probably some of your strongest arguments overall.

As soon as you begin narrowing the issues that you plan to raise at trial, you should also begin preparing any visuals or demonstratives to go along with them. Actually putting arguments and evidence down on paper and in computer slides will also help you narrow your target areas and eliminate unnecessary supporting information. Remember that preparing for a patent infringement trial is much like producing and filming an episode of an educational science TV program. You want to grab the audience's attention right away, make your points in a persuasive fashion, use some easy to understand graphics, and keep them entertained until the end. Letting your case get bogged down in an abyss of minutiae is not going to increase your chances of success.

### 4. Did the Plaintiff Design the Track?

It is nearly inevitable that companies that were pivotal in the development and patenting of new technology will also be involved in developing industry-wide standards dealing with the adoption of such technology. But if a patent holder participates in drafting an industry standard that requires practicing its patented technology, what are the implications on (a) the enforceability of its patent rights, and (b) the companies that must alter their technology to meet the industry standards? Typically, when an industry standard is promulgated that incorporates one of the drafter's patented technologies, the patentee is obligated to disclose its essential patents during the standard-drafting process and to offer patent licenses that are either royalty-free or fair, reasonable, and non-discriminatory ("FRAND"). But what does FRAND mean anyway?

In general, FRAND licensing obligations simply mean that the patentee, who is also the standard drafter, should not be able to exploit any of the added leverage it has obtained by writing its own patented technology into the industry standard. The FTC has recently defined a FRAND license as one that "is or approximates the outcome of an auction-like process appropriately designed to take lawful advantage of the state of competition existing ex ante . . . between and among available IP options."<sup>54</sup> In practice, however, the application of the FRAND obligations is rather loose and unregulated. Standard-setting organizations ("SSOs") have traditionally avoided legal involvement in the standard-setting procedures in order to foster greater cooperation amongst members and promotion of the standardization process. The result is that there is still some uncertainty as to just how binding the FRAND obligations and any duties of good faith to other standard-setters actually are.

For example, in August 2006, the FTC unanimously determined that Rambus, Inc. had violated antitrust laws by participating in standard-setting with regard to DRAM memory chips

<sup>53</sup> *Graham v. John Deere Co.*, 383 U.S. 17-18 (1966).

<sup>54</sup> *In the Matter of Rambus, Inc.*, No. 9302, Opinion of the Commission on Remedy at 17 (Federal Trade Commission February 5, 2007) [see Appendix J].

while it secretly applied for patents on the technology it knew would become the industry standard.<sup>55</sup> On the flip side, that same month, the U.S. District Court for the District of New Jersey dismissed an action by Broadcom accusing Qualcomm of violating antitrust laws by utilizing its patented technology in standard-setting, then renegeing on its FRAND obligations and charging a premium for licenses.<sup>56</sup> While the FTC decision seemed to inject some fairness into dealings with SSOs, the district court's decision immediately took it away. More recently, an upswing toward fairness has occurred again. On August 6, 2007, in another case involving Broadcom and Qualcomm, a judge in the Southern District of California ruled that Qualcomm could not enforce two of its patents against Broadcom because of its deceptive activity surrounding involvement on an SSO.<sup>57</sup> In particular, Qualcomm failed to disclose its patents to the SSO, and during trial, Qualcomm denied that it was involved with the SSO at all.<sup>58</sup> Furthermore, on September 4, 2007, the Third Circuit Court of Appeals ruled that Broadcom could proceed in its antitrust case against Qualcomm in the District of New Jersey, but only on two of the original eight charges.<sup>59</sup>

What does all of this recent discussion about SSOs and FRAND obligations mean for you and your company? Quite a bit, if you are situated in one of those high tech industries that requires a great deal of standard-setting. If you participate on an SSO, you must be very careful to deal with everyone in good faith. Alternatively, if you know that the plaintiff in a patent suit against you was involved with an SSO dealing with the patented technology you have been accused of infringing, it is worth it to take a greater look at the plaintiff's activities and see if there are any grounds for arguing that its patent rights are unenforceable.

## B. Evaluating Your Position

### 1. Jury Consultants

You can consider hiring a jury consultant to assist you in determining how potential jurors will react to your arguments. Many jury consultants will set up focus groups of individuals to test portions of the case on, enabling you to understand which concepts are difficult to understand, which arguments are effective, and which issues to focus on. Some jury consultants might also be trusted to assist in actual juror selection, although this is not a universally accepted practice.

<sup>55</sup> *Id.*

<sup>56</sup> *Broadcom Corp. v. Qualcomm Inc.*, No. 3:05-CV-03350, Memorandum Opinion (D.N.J. August 31, 2006). Broadcom has another suit pending against Qualcomm in Orange County Superior Court regarding these same FRAND obligations and Qualcomm's assertedly unfair behavior before international standards bodies.

<sup>57</sup> *Qualcomm Inc. v. Broadcom Corp.*, No. 3:05-CV-01958 (C.D. Cal. August 6, 2007).

<sup>58</sup> *Id.*

<sup>59</sup> *Broadcom Corp. v. Qualcomm Inc.*, No. 06-4292 (3<sup>rd</sup> Cir. Sept. 4, 2007).

Hiring a jury consultant is extremely helpful if you can find a consultant with extensive patent infringement trial experience in your trial venue, greater even than your trial attorneys. If this is the case, you will likely gain some valuable insights as to what the consultant sees as being typical juror issues in that region. They will also understand typical misconceptions that jurors hold about patents and patent rights. For example, they can help remind you that jurors place a great deal of weight on the idea that the patent was issued by a U.S. government agency, and oftentimes they give the U.S. Patent and Trademark Office too much credit. They might also help you remember that jurors like to hear a sympathetic story of entrepreneurship and development of an invention – either on the side of the patentee or the accused infringer. A jury consultant can also help you red flag certain types of legalese and instead use simple, consistent layman's terms to describe the legal concepts and the technology.

Overall, the value of a jury consultant may be hard to gauge. However, considering that the ultimate decision-makers in the case are not attorneys, it makes intuitive sense that you should obtain a non-attorney's perception of your arguments and your presentation. Attorneys should never assume that they can effectively predict how a non-attorney is going to react to a particular issue, particularly if your trial venue is in a location that is unfamiliar and socio-economically different from your own.

## 2. Mock Trials

Holding a mock trial can be helpful at any stage of the patent infringement case, including before the Markman Hearing. Done early in the case, the mock trial allows you to overhaul entire arguments and redirect your focus based on how the mock jury reacts. Done later in the case, the mock trial can be an effective dress rehearsal, giving your attorneys the chance to fine tune particular lines of questioning and add additional information where the jury might be confused. The effectiveness of the mock trial will depend on how much effort your trial team actually puts into it, so it may not be worth it unless they are willing and able to devote a great deal of time to preparations. The jury selection in a mock trial should also be as similar as possible to actual jury selection, with the jurors having no idea that the case presentation is merely a practice. This will require a fairly detailed and well-orchestrated set up, but there are many companies willing to provide these services.

## C. Looking Ahead

### 1. Hiring Appellate Counsel

You should never wait to hire appellate counsel until after you've received a final judgment and you have decided to appeal. Instead, consider hiring your appellate team as early as you hire your trial team. You will likely be looking to a new law firm to handle your potential appeals, as it is somewhat rare for your trial attorneys to serve as appellate counsel also. At the very least, you should have a team of appellate attorneys involved in the drafting of the jury charge. The jury charge is one of the biggest potential issues raised on appeal because the issues that come up in patent litigation are complex and require a lot of legal explanation. Reasonable minds will inevitably differ on how particular legal issues are explained to the jury, and you want

to make sure that your jury charge includes every point that you might later appeal. Thus, instead of waiting until after the curtain has fallen and picking through what you submitted, get your appellate attorneys involved from the start.

It's vital that your appellate counsel understand both patent law and the workings of the Court of Appeals for the Federal Circuit. They should be extremely familiar with which issues are questions of fact and which issues are questions of law, and they should be conversant regarding recent Federal Circuit precedent. This will greatly assist your litigation team as well, which will ideally feel comfortable asking for assistance from the appellate team and even cooperating with them to draft the jury charge and any trial briefs. You may also find that your appellate attorneys are the most well-qualified to argue particular legal issues before the judge during the trial, particularly with regard to the jury charge. This makes them a valuable part of the trial team as well.

## 2. Preserving Errors at All Costs and All Turns

Regardless of how optimistic you are about the outcome of the case, it is highly likely that you will disagree with at least part of the ultimate judgment. To that end, you must think about appeal. Appealable errors can come from any and all areas – jury selection, opening statements, evidence, testimony, demonstratives, closing statements, the jury charge, and so on. While it is understandable that the trial attorneys will be focused on keeping the case moving forward, they must remember to preserve each potential error for appeal. This means that they must specifically object to it, obtain a ruling, and make sure that the record reflects that ruling. This can be a very tedious process, but it is unavoidable. Having an appellate attorney at the table in the courtroom with your trial attorneys can be helpful for issues that come up during testimony. The charge conference is your opportunity to object to the ultimate jury charge. You may want your appellate attorneys to argue during the charge conference.

In patent cases, your best arguments on appeal may stem from the initial claim construction order. If the judge fails to construe a term, or adopts a construction that is contrary to your arguments in your Markman brief, and the outcome of the trial is not favorable for you on that issue, you will probably appeal that claim interpretation. The Federal Circuit's review of claim construction is *de novo*, and appeals of claim construction orders are generally taken up after the trial is complete. Interlocutory appeals are theoretically available, but the Federal Circuit does not usually grant these petitions. Although your Markman brief fully outlines your position, you will probably want to object to the judge's construction again when the final jury charge is issued to make sure that the error has been preserved.

## V. The Aftermath

### A. Considering The Verdict

At last, the finish line has been crossed and the parties' positions have been decided. Did you win, place, or show? You may have won on some issues and lost on others. Before you start celebrating, or meeting with your appellate team, take a moment to consider the verdict

itself. If the judge has used a verdict form requiring multiple determinations, be sure to immediately check the verdict to make sure that it is consistent. For example, if the jurors have indicated that a patent claim is both infringed and invalid, this is an inconsistency that should be corrected before the jury is discharged.

If the jurors render a verdict against you that lacks evidentiary support, you can then renew any judgments as a matter of law you may have made earlier that were deferred pending a verdict. Renewal of prior motions for judgment as a matter of law must take place no later than 10 days after the entry of judgment.<sup>60</sup> In response, the court may deny your motion, enter judgment as a matter of law, or order a new trial.<sup>61</sup>

Jury verdicts in patent cases can be frustrating, and inevitably you will wonder if the jurors understood the law or the technology at all. The truth is that you will most likely never find out. Nearly all court rules and case law prohibit any attorney contact with jurors after a trial. This is true regardless of whether you wish to obtain information for post-trial motions and appeals or if you simply want to educate yourself about effective arguments and techniques. An exception tends to be if you have evidence of juror misconduct, but even then you will likely need the court's authorization to contact a juror. Judges might be able to interview jurors after a trial, but only to determine that the correct verdict was actually entered in the case. The safest bet is to stay far away from the jurors and begin focusing on appeal.

### B. Results Unofficial Pending Inquiry (Appeal)

The time limit for filing an appeal doesn't start until the judge has drafted a final judgment and the clerk has entered it. In fact, you may end up waiting months between the verdict and the entry of a final judgment. Some judges may purposefully delay entry of a final judgment in the hope that the parties will reach a settlement in the meantime. If this doesn't happen and the final judgment is entered, the appeals part of the race begins.

Appeals of patent cases are all directed to the Court of Appeals for the Federal Circuit (the "CAFC"). The CAFC hears all appeals from any of the United States district courts where the original action included a complaint arising under the patent laws. Located in Washington, D.C., the CAFC has twelve (12) Circuit Judges and five (5) Senior Circuit Judges. The most senior Circuit Judge is Circuit Judge Pauline Newman, appointed by President Reagan in 1984. Chief Judge Paul Redmond Michel was appointed by President Reagan in 1988. The most junior Circuit Judge is Circuit Judge Kimberly Ann Moore, appointed by President George W. Bush in 2006.

<sup>60</sup> Fed. R. Civ. P. 50(b).

<sup>61</sup> *Id.*

On June 28, 2007, Chief Judge Michel delivered his “State of the Court” message, declaring the state of the CAFC to be “very good.”<sup>62</sup> He noted that the filing of patent infringement appeals was steadily rising, up to 343 pending out of a total of 1004. Judge Michel also criticizes two pending patent reform bills, discussed in greater detail below. In particular, he singled out the proposal that would make claim construction rulings immediately appealable and the proposal that requires courts to apportion reasonable royalty damages by a method that requires the valuation of prior art. According to Chief Judge Michel, these proposals would impose an enormous burden on the CAFC.

The extreme complexity of the subject matter in most patent cases, and the real likelihood that neither the judge nor the jury really understood the case presented at trial, has led many patent practitioners to comment that patent infringement cases are actually tried in the CAFC. The CAFC’s de novo review of claim construction does lead to many remands and reversals – about 30 to 35%. However, the recent trend by the Supreme Court appears to be increased scrutiny on the CAFC’s decisions. From 1990 to 2001, the Supreme Court granted certiorari on CAFC decisions eight (8) times and affirmed 50% of the time. From 2002 until now, the Supreme Court has granted certiorari nine (9) times and has not affirmed any decisions. What this means for the CAFC remains to be seen. At any rate, if litigation of a patent case really does not end until the CAFC finishes its review, you can expect the results of the case to be unofficial for at least another year after the appeal is filed. As more and more patent infringement appeals are filed, and if certain patent reforms become law, this pendency may become even longer.

#### VI. A Horse of A Different Color – Impending Patent Reforms

The Patent Reform Act of 2007, which includes H.R. 1908<sup>63</sup> and S. 1145,<sup>64</sup> is currently being amended and debated in the U.S. Congress. It has been described as the most significant patent reform legislation in the past 50 years. Important provisions have the intent of harmonizing the U.S. patent system with those patent systems in foreign countries, giving the public greater participation in the patent examination process, and restricting venues where patent infringement suits can be brought.

One way in which the proposed patent reforms would harmonize the U.S. system with foreign patent systems is by changing the filing system in the U.S. to a “first to file” rather than a “first to invent” system. This would eliminate a lot of complications in situations where two parties claim to be the legitimate inventor of the same invention. Under the new system, the first inventor to file a patent application would be entitled to the patent.<sup>65</sup> The current system requires

a complicated review of who was the first inventor to conceive of the invention and reduce it to practice diligently.

Perhaps due to increased public scrutiny of the validity of certain patents, particularly business method patents that would appear to cover commonplace business processes, the proposed patent reforms also allow for third parties to be involved in the patent examination process. First, third parties would be permitted to submit prior art to the patent examiner prior to issuance of the patent.<sup>66</sup> In addition, after the patent is granted, the public would be given at least one window during which oppositions to the patent grant could be filed.<sup>67</sup> The current system does not allow third parties to communicate with the patent examiner at all, and there is no post-grant review period. Allowing the public to intervene and challenge the patentability of an invention before the grant of the patent will presumably reduce the number of questionably valid issued patents. Similarly, patent applicants would also have to submit search reports during patent examination in order to assist the examiners in locating all relevant prior art.<sup>68</sup>

Of particular relevance to the discussion here are the proposals to limit venue for patent infringement cases. Under the current system, a patent infringement case can be brought in any venue where the defendant is subject to personal jurisdiction, i.e., wherever an allegedly infringing product has been sold. The proposed patent laws would limit venue to districts where either party resides, or where the defendant has allegedly committed substantial acts of infringement and has a regular place of business.<sup>69</sup> These provisions would clearly reduce the ability of the patentee to “forum shop” and file suit in a patent specialty venue. However, these changes might force more patent litigation into already busy districts, causing more of a backlog.

Other proposed legislation from the House of Representatives would create a pilot program designed to encourage the expertise of district judges in patent cases.<sup>70</sup> The bill proposes a ten-year program in at least five U.S. districts in which additional funds will be directed for the education of judges and the hiring of staff with patent expertise. The five districts or more would be selected from the fifteen district courts with the largest number of patent cases in the previous calendar year. However, the district courts must have at least ten district judges and at least three of those judges must request to hear patent cases under the legislation. Because they lack ten district judges, the Eastern District of Texas, the District of Minnesota, and the District of Delaware would not be eligible for such a program. Instead, the possible test districts include the Central, Northern, and Southern Districts of California, the Middle and Southern Districts of Florida, the Northern District of Georgia, the Northern District of Illinois, the Southern District of New York, the District of New Jersey, the District of

<sup>62</sup> [http://www.fedcir.gov/pdf/State\\_of\\_the\\_Court.pdf](http://www.fedcir.gov/pdf/State_of_the_Court.pdf)

<sup>63</sup> <http://thomas.loc.gov/cgi-bin/query/z?c110:H.R.1908>:

<sup>64</sup> <http://thomas.loc.gov/cgi-bin/query/z?c110:S.1145>:

<sup>65</sup> H.R. 1908, §3; S. 1145, §2.

<sup>66</sup> H.R. 1908, §9; S. 1145, §7.

<sup>67</sup> H.R. 1908, §6, S. 1145, §5.

<sup>68</sup> H.R. 1908, §11; S. 1145, §11.

<sup>69</sup> H.R. 1908, §10; S. 1145, §8.

<sup>70</sup> H.R. 5418; <http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5418>:

Massachusetts, the Eastern District of Michigan, the Eastern District of Pennsylvania, and the Northern and Southern Districts of Texas.

Further proposed patent legislation that would be beneficial to accused infringers would heighten the required standard for willfulness and better define the damages calculation when the infringing technology is only one part of the marketed product.

The fate of the proposed patent reforms remains to be seen. Amendments, debate, and opposition from a variety of entities and coalitions are ongoing. Stay tuned.

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## APPENDIX A

(Slip Opinion)

OCTOBER TERM, 2005

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## Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

## SUPREME COURT OF THE UNITED STATES

## Syllabus

EBAY INC. ET AL. *v.* MERCEXCHANGE, L. L. C.CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT

No. 05–130. Argued March 29, 2006—Decided May 15, 2006

Petitioners operate popular Internet Web sites that allow private sellers to list goods they wish to sell. Respondent sought to license its business method patent to petitioners, but no agreement was reached. In respondent's subsequent patent infringement suit, a jury found that its patent was valid, that petitioners had infringed the patent, and that damages were appropriate. However, the District Court denied respondent's motion for permanent injunctive relief. In reversing, the Federal Circuit applied its "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances." 401 F. 3d 1323, 1339.

*Held:* The traditional four-factor test applied by courts of equity when considering whether to award permanent injunctive relief to a prevailing plaintiff applies to disputes arising under the Patent Act. That test requires a plaintiff to demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. The decision to grant or deny such relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion. These principles apply with equal force to Patent Act disputes. "[A] major departure from the long tradition of equity practice should not be lightly implied." *Weinberger v. Romero-Barcelo*, 456 U. S. 303, 320. Nothing in the Act indicates such a departure. Pp. 2–6.

401 F. 3d 1323, vacated and remanded.

THOMAS, J., delivered the opinion for a unanimous Court. ROBERTS,

2 EBAY INC. v. MERCExchange, L. L. C.

## Syllabus

C. J., filed a concurring opinion, in which SCALIA and GINSBURG, JJ., joined. KENNEDY, J., filed a concurring opinion, in which STEVENS, SOUTER, and BREYER, JJ., joined.

Cite as: 547 U. S. \_\_\_\_ (2006)

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## Opinion of the Court

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

**SUPREME COURT OF THE UNITED STATES**

No. 05-130

EBAY INC., ET AL., PETITIONERS v.  
MERCExchange, L. L. C.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

[May 15, 2006]

JUSTICE THOMAS delivered the opinion of the Court.

Ordinarily, a federal court considering whether to award permanent injunctive relief to a prevailing plaintiff applies the four-factor test historically employed by courts of equity. Petitioners eBay Inc. and Half.com, Inc., argue that this traditional test applies to disputes arising under the Patent Act. We agree and, accordingly, vacate the judgment of the Court of Appeals.

## I

Petitioner eBay operates a popular Internet Web site that allows private sellers to list goods they wish to sell, either through an auction or at a fixed price. Petitioner Half.com, now a wholly owned subsidiary of eBay, operates a similar Web site. Respondent MercExchange, L. L. C., holds a number of patents, including a business method patent for an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants. See U. S. Patent No. 5,845,265. MercExchange sought to license its patent to eBay and Half.com, as it had previously done with other companies, but the

## Opinion of the Court

parties failed to reach an agreement. MercExchange subsequently filed a patent infringement suit against eBay and Half.com in the United States District Court for the Eastern District of Virginia. A jury found that MercExchange's patent was valid, that eBay and Half.com had infringed that patent, and that an award of damages was appropriate.<sup>1</sup>

Following the jury verdict, the District Court denied MercExchange's motion for permanent injunctive relief. 275 F. Supp. 2d 695 (2003). The Court of Appeals for the Federal Circuit reversed, applying its "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances." 401 F. 3d 1323, 1339 (2005). We granted certiorari to determine the appropriateness of this general rule. 546 U.S. \_\_\_\_ (2005).

## II

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. See, e.g., *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 311–313 (1982); *Amoco Production Co. v. Gambell*, 480 U.S. 531, 542 (1987). The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion. See, e.g., *Romero-*

<sup>1</sup>Ebay and Half.com continue to challenge the validity of MercExchange's patent in proceedings pending before the United States Patent and Trademark Office.

## Opinion of the Court

*Barcelo*, 456 U.S., at 320.

These familiar principles apply with equal force to disputes arising under the Patent Act. As this Court has long recognized, "a major departure from the long tradition of equity practice should not be lightly implied." *Ibid.*; see also *Amoco*, *supra*, at 542. Nothing in the Patent Act indicates that Congress intended such a departure. To the contrary, the Patent Act expressly provides that injunctions "may" issue "in accordance with the principles of equity." 35 U.S.C. §283.<sup>2</sup>

To be sure, the Patent Act also declares that "patents shall have the attributes of personal property," §261, including "the right to exclude others from making, using, offering for sale, or selling the invention," §154(a)(1). According to the Court of Appeals, this statutory right to exclude alone justifies its general rule in favor of permanent injunctive relief. 401 F. 3d, at 1338. But the creation of a right is distinct from the provision of remedies for violations of that right. Indeed, the Patent Act itself indicates that patents shall have the attributes of personal property "[s]ubject to the provisions of this title," 35 U.S.C. §261, including, presumably, the provision that injunctive relief "may" issue only "in accordance with the principles of equity," §283.

This approach is consistent with our treatment of injunctions under the Copyright Act. Like a patent owner, a copyright holder possesses "the right to exclude others from using his property." *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932); see also *id.*, at 127–128 ("A copyright, like a patent, is at once the equivalent given by the public for benefits bestowed by the genius and meditations

<sup>2</sup>Section 283 provides that "[t]he several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable."



## Opinion of the Court

and skill of individuals, and the incentive to further efforts for the same important objects" (internal quotation marks omitted)). Like the Patent Act, the Copyright Act provides that courts "may" grant injunctive relief "on such terms as it may deem reasonable to prevent or restrain infringement of a copyright." 17 U. S. C. §502(a). And as in our decision today, this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed. See, e.g., *New York Times Co. v. Tasini*, 533 U. S. 483, 505 (2001) (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U. S. 569, 578, n. 10 (1994)); *Dun v. Lumbermen's Credit Assn.*, 209 U. S. 20, 23–24 (1908).

Neither the District Court nor the Court of Appeals below fairly applied these traditional equitable principles in deciding respondent's motion for a permanent injunction. Although the District Court recited the traditional four-factor test, 275 F. Supp. 2d, at 711, it appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases. Most notably, it concluded that a "plaintiff's willingness to license its patents" and "its lack of commercial activity in practicing the patents" would be sufficient to establish that the patent holder would not suffer irreparable harm if an injunction did not issue. *Id.*, at 712. But traditional equitable principles do not permit such broad classifications. For example, some patent holders, such as university researchers or self-made inventors, might reasonably prefer to license their patents, rather than undertake efforts to secure the financing necessary to bring their works to market themselves. Such patent holders may be able to satisfy the traditional four-factor test, and we see no basis for categorically denying them the opportunity to do so. To the extent that the District Court adopted such a categorical rule, then, its analysis cannot be squared

## Opinion of the Court

with the principles of equity adopted by Congress. The court's categorical rule is also in tension with *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U. S. 405, 422–430 (1908), which rejected the contention that a court of equity has no jurisdiction to grant injunctive relief to a patent holder who has unreasonably declined to use the patent.

In reversing the District Court, the Court of Appeals departed in the opposite direction from the four-factor test. The court articulated a "general rule," unique to patent disputes, "that a permanent injunction will issue once infringement and validity have been adjudged." 401 F. 3d, at 1338. The court further indicated that injunctions should be denied only in the "unusual" case, under "exceptional circumstances" and "in rare instances . . . to protect the public interest." *Id.*, at 1338–1339. Just as the District Court erred in its categorical denial of injunctive relief, the Court of Appeals erred in its categorical grant of such relief. Cf. *Roche Products v. Bolar Pharmaceutical Co.*, 733 F. 2d 858, 865 (CA Fed 1984) (recognizing the "considerable discretion" district courts have "in determining whether the facts of a situation require it to issue an injunction").

Because we conclude that neither court below correctly applied the traditional four-factor framework that governs the award of injunctive relief, we vacate the judgment of the Court of Appeals, so that the District Court may apply that framework in the first instance. In doing so, we take no position on whether permanent injunctive relief should or should not issue in this particular case, or indeed in any number of other disputes arising under the Patent Act. We hold only that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.

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Opinion of the Court

Accordingly, we vacate the judgment of the Court of Appeals, and remand for further proceedings consistent with this opinion.

*It is so ordered.*

Cite as: 547 U. S. \_\_\_\_ (2006)

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ROBERTS, C. J., concurring

## SUPREME COURT OF THE UNITED STATES

No. 05-130

EBAY INC., ET AL., PETITIONERS v.  
MERCExchange, L. L. C.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

[May 15, 2006]

CHIEF JUSTICE ROBERTS, with whom JUSTICE SCALIA  
and JUSTICE GINSBURG join, concurring.

I agree with the Court's holding that "the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards," *ante*, at 5, and I join the opinion of the Court. That opinion rightly rests on the proposition that "a major departure from the long tradition of equity practice should not be lightly implied." *Weinberger v. Romero-Barcelo*, 456 U. S. 305, 320 (1982); see *ante*, at 3.

From at least the early 19th century, courts have granted injunctive relief upon a finding of infringement in the vast majority of patent cases. This "long tradition of equity practice" is not surprising, given the difficulty of protecting a right to *exclude* through monetary remedies that allow an infringer to *use* an invention against the patentee's wishes—a difficulty that often implicates the first two factors of the traditional four-factor test. This historical practice, as the Court holds, does not *entitle* a patentee to a permanent injunction or justify a *general rule* that such injunctions should issue. The Federal Circuit itself so recognized in *Roche Products, Inc. v. Bolar Pharma-*

ROBERTS, C. J., concurring

*ceutical Co.*, 733 F.2d 858, 865–867 (1984). At the same time, there is a difference between exercising equitable discretion pursuant to the established four-factor test and writing on an entirely clean slate. “Discretion is not whim, and limiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike.” *Martin v. Franklin Capital Corp.*, 546 U.S. \_\_\_, \_\_\_ (2005) (slip op., at 6). When it comes to discerning and applying those standards, in this area as others, “a page of history is worth a volume of logic.” *New York Trust Co. v. Eisner*, 256 U.S. 345, 349 (1921) (opinion for the Court by Holmes, J.).

KENNEDY, J., concurring

## SUPREME COURT OF THE UNITED STATES

No. 05–130

EBAY INC., ET AL., PETITIONERS v.  
MERCEXCHANGE, L. L. C.ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT

[May 15, 2006]

JUSTICE KENNEDY, with whom JUSTICE STEVENS,  
JUSTICE SOUTER, and JUSTICE BREYER join, concurring.

The Court is correct, in my view, to hold that courts should apply the well-established, four-factor test—without resort to categorical rules—in deciding whether to grant injunctive relief in patent cases. THE CHIEF JUSTICE is also correct that history may be instructive in applying this test. *Ante*, at 1–2 (concurring opinion). The traditional practice of issuing injunctions against patent infringers, however, does not seem to rest on “the difficulty of protecting a right to *exclude* through monetary remedies that allow an infringer to *use* an invention against the patentee’s wishes.” *Ante*, at 1 (ROBERTS, C. J., concurring). Both the terms of the Patent Act and the traditional view of injunctive relief accept that the existence of a right to exclude does not dictate the remedy for a violation of that right. *Ante*, at 3–4 (opinion of the Court). To the extent earlier cases establish a pattern of granting an injunction against patent infringers almost as a matter of course, this pattern simply illustrates the result of the four-factor test in the contexts then prevalent. The lesson of the historical practice, therefore, is most helpful and instructive when the circumstances of a case bear substantial parallels to litigation the courts have confronted before.

KENNEDY, J., concurring

In cases now arising trial courts should bear in mind that in many instances the nature of the patent being enforced and the economic function of the patent holder present considerations quite unlike earlier cases. An industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees. See FTC, To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy, ch. 3, pp. 38–39 (Oct. 2003), available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf> (as visited May 11, 2006, and available in Clerk of Court's case file). For these firms, an injunction, and the potentially serious sanctions arising from its violation, can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent. See *ibid.* When the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest. In addition injunctive relief may have different consequences for the burgeoning number of patents over business methods, which were not of much economic and legal significance in earlier times. The potential vagueness and suspect validity of some of these patents may affect the calculus under the four-factor test.

The equitable discretion over injunctions, granted by the Patent Act, is well suited to allow courts to adapt to the rapid technological and legal developments in the patent system. For these reasons it should be recognized that district courts must determine whether past practice fits the circumstances of the cases before them. With these observations, I join the opinion of the Court.

## APPENDIX B

**PRIVILEGED AND CONFIDENTIAL  
ATTORNEY/CLIENT COMMUNICATION**

**INFORMATION NEEDED BY \_\_\_\_\_, 200\_\_  
YOUR RESPONSE TO THIS MEMORANDUM IS REQUIRED**

TO: [Distribution List]

From:

Re:

Date: \_\_\_\_\_, 200\_\_

.....

**URGENT NOTICE**

Our company has recently been sued by [INSERT NAME OF PLAINTIFF(S)]. The lawsuit involves [BASIC DESCRIPTION OF CASE]. The parties to the lawsuit allege, among other things, [DESCRIPTION OF SUBJECT MATTER OF ALLEGATIONS]. We intend to vigorously defend against these claims, and we are asking for your help.

During the course of this litigation, we will be asked to produce documents relating to the lawsuit and the claims made by us and by the opposing party. ***It is critical that documents relevant to these requests be preserved.*** Failure to preserve documents that we are required to produce could provide significant obstacles to our defense and could result in serious fines or other penalties. The documents we must preserve include paper documents as well as electronic documents (including all email messages and attachments, word processing documents, spreadsheets, databases, calendar entries, computer drawings or any other documents or files created on the company's computer systems).

The time period primarily at issue in this case is [INSERT TIME PERIOD]. While this relevant date range may change as the case proceeds, this is a good starting point for assessing the volume of documents to be preserved.

Documents that have the potential to be relevant to the case must be retained for these purposes. This means that the company will temporarily suspend its routine document destruction procedures, and we need your assistance to [DESCRIBE APPLICABLE DOCUMENT RETENTION/DESTRUCTION PROTOCOLS AS NECESSARY AND ACTIONS THAT MUST BE TAKEN BY INDIVIDUAL DEPARTMENTS]. We will notify you as soon as routine practices can resume.

***Effective immediately, it is critical that none of our employees delete, over-write, or otherwise alter or destroy any documents or files (print or electronic) which may be relevant to this case.***

We also need your assistance in preserving and gathering items (whether paper or electronic) relating to \_\_\_\_\_. Please review all paper and computer files that might contain documents relating to \_\_\_\_\_. These documents might include:

- any correspondence (including e-mail) related to \_\_\_\_\_, whether addressed to \_\_\_\_\_, or other third party;
- memos, status reports, notes, or presentations;
- maps, diagrams, programs, charts, or spreadsheets used for any purpose related to \_\_\_\_\_;
- invoices or accounting information;
- records of maintenance services;
- written agreements (including drafts) of the Agreements.

**YOU ARE HEREBY INSTRUCTED NOT TO DESTROY OR DELETE ANY SUCH MATERIAL REGARDING THESE AGREEMENTS (REGARDLESS OF ANY STANDARD RETENTION POLICIES) UNTIL INSTRUCTED OTHERWISE.**

Again, this list is not inclusive—we need to preserve ALL documents that are relevant to these Agreements.

**Additionally, we need copies of all documents and/or data forwarded to our attention.** Following is a list of instructions and a questionnaire. After you have completed your search for all relevant data and documents, pursuant to the instructions below, please complete the following questionnaire and send to \_\_\_\_\_. Items that you are actively using will be copied and returned to you.

1. For paper items: Please send by interoffice mail or hand delivery to \_\_\_\_\_. It is important that we identify the source of the documents, so be sure to include your name.
2. For e-mails and other electronic documents: Please save them to \_\_ (share drive to be determined) or save them to a disc and label the disc **WITH YOUR NAME** and “\_\_\_\_\_.” Then send the disc by interoffice mail or hand delivery to \_\_\_\_\_. **DO NOT FORWARD EMAILS.**
4. If you know of any other employee who may have knowledge relating who is not on the distribution list of this memorandum: Please provide the name of this employee to \_\_\_\_\_.
6. If you know of any files that no employee claims that may be related to \_\_\_\_\_: Please provide a description and location of these files to \_\_\_\_\_.

Thank you in advance for your assistance on this very important project.

**QUESTIONNAIRE:**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

1. Have you provided all email that could possibly be responsive (including email in your sent or deleted files or emails that have been printed out)?
  - Yes \_\_\_\_\_
  - No \_\_\_\_\_
  - If you answered No, why? \_\_\_\_\_
2. Have you searched for and provided all electronic files, such as word documents and excel spreadsheets:
  - a) Saved on your hard-drive?
    - Yes \_\_\_\_\_
    - No \_\_\_\_\_
    - If you answered No, why? \_\_\_\_\_
  - b) Saved on the server to which you have access?
    - Yes \_\_\_\_\_
    - No \_\_\_\_\_
    - If you answered No, why? \_\_\_\_\_
  - c) Saved on any network share drive?
    - If yes, what is the name of the share-drive? \_\_\_\_\_
    - No \_\_\_\_\_
    - If you answered No, why? \_\_\_\_\_
  - c) Saved in any other location (such as on a home computer/ disc/ cd)?
    - Yes \_\_\_\_\_
    - No \_\_\_\_\_

If you answered No, why? \_\_\_\_\_

d) Saved as hard-copies documents in files?

Yes \_\_\_\_\_

No \_\_\_\_\_

If you answered No, why? \_\_\_\_\_

e) Saved in hard-copy documents in files left behind by someone who left [client's name]?

Yes \_\_\_\_\_

No \_\_\_\_\_

If you answered No, why? \_\_\_\_\_

3. Did any of the documents or information you are providing originally come from another source (such as a former employee or employee who changed positions)?

Yes \_\_\_\_\_

No \_\_\_\_\_

If you answered Yes, please provide the name of each person below:

\_\_\_\_\_

**APPENDIX C**

**United States Court of Appeals for the Federal Circuit**

MISCELLANEOUS DOCKET NOS. 803, 805

IN RE ECHOSTAR COMMUNICATIONS CORPORATION,  
ECHOSTAR DBS CORPORATION, ECHOSTAR TECHNOLOGIES CORPORATION,  
and ECHOSPHERE LIMITED LIABILITY COMPANY,

and

MERCHANT & GOULD P.C.,

Petitioners.

ON PETITION FOR WRIT OF MANDAMUS

Before SCHALL, GAJARSA, and PROST, Circuit Judges.

GAJARSA, Circuit Judge.

ORDER

EchoStar Communications Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, and Echosphere Limited Liability Company (collectively "EchoStar") petition for a writ of mandamus, in Miscellaneous Docket No. 803, to direct the United States District Court for the Eastern District of Texas, in case 2:04-CV-1, to vacate its September 26, 2005 and October 6, 2005 orders that compelled EchoStar to produce documents created by the law firm Merchant & Gould P.C. that EchoStar asserts are protected from discovery by the work-product doctrine. Merchant & Gould

moves for leave to intervene in Miscellaneous Docket No. 803 and submits its own petition for a writ of mandamus, filed as Miscellaneous Docket No. 805. TiVo, Inc. opposes the petitions and responds to the motion for leave to intervene. EchoStar and Merchant & Gould reply. We grant Merchant & Gould's unopposed motion for leave to intervene in Miscellaneous Docket No. 803. The motions for leave to file the replies are also granted. To the extent set forth below, we grant the petition for mandamus.

I

TiVo sued EchoStar for infringement of its U.S. Patent No. 6,233,389 ("the '389 patent"). In response to the allegation of willful infringement, EchoStar asserted the defense of reliance on advice of counsel. Prior to the filing of the action, EchoStar relied on advice of in-house counsel. After the action was filed, EchoStar obtained additional legal advice from Merchant & Gould but elected not to rely on it. Presumably to explore further EchoStar's state of mind in determining that it did not infringe the patent, TiVo sought production of documents in the possession of EchoStar and Merchant & Gould. The district court held that by relying on advice of in-house counsel EchoStar waived its attorney-client privilege and attorney work-product immunity relating to advice of any counsel regarding infringement, including Merchant & Gould. The district court indicated that the scope of the waiver included communications made either before or after the filing of the complaint and any work product, whether or not the product was communicated to EchoStar. The district court also held that EchoStar could redact information related only to trial preparation or information unrelated to infringement. EchoStar produced communications, including two infringement opinions



from Merchant & Gould, but did not produce any work product related to the Merchant & Gould opinions.<sup>1</sup>

Thereafter, the parties sought clarification of the district court's order. TiVo argued that the district court should order EchoStar to produce all Merchant & Gould documents that relate to the advice-of-counsel defense, even if EchoStar was not in possession of the documents because they were never communicated to EchoStar. EchoStar argued that it should only be required to produce documents that were provided to it by Merchant & Gould.

On October 5, 2005, the district court issued an order that clarified its previous order and stated that the waiver of immunity extended to all work product of Merchant & Gould, whether or not communicated to EchoStar. The district court determined that the documents could be relevant or lead to the discovery of admissible evidence because they might contain information that was conveyed to EchoStar, even if the documents were not themselves conveyed to EchoStar. EchoStar petitions this court for a writ of mandamus with respect to the Merchant & Gould documents not provided to EchoStar,<sup>2</sup> challenging the district court's rulings. Merchant & Gould moves for leave to intervene in EchoStar's petition and submits its own petition for a writ of mandamus.

## II

The remedy of mandamus is available in extraordinary situations to correct a clear abuse of discretion or usurpation of judicial power. In re Calmar, Inc., 854 F.2d 461, 464 (Fed. Cir. 1988). A party seeking a writ bears the burden of proving that it has no other

<sup>1</sup> EchoStar also provided notes and communications relating to infringement prepared by another firm.

<sup>2</sup> No in-house counsel documents are at issue in the petition.

means of obtaining the relief desired, Mallard v. U.S. Dist. Court, 490 U.S. 296, 309 (1989), and that the right to issuance of the writ is "clear and indisputable," Allied Chem. Corp. v. Daiflon, Inc., 449 U.S. 33, 35 (1980). A writ of mandamus may be sought when the challenged order turns on questions of privilege. In re Regents of Univ. of Cal., 101 F.3d 1386, 1387 (Fed. Cir. 1996); In re Pioneer Hi-Bred Int'l, Inc., 238 F.3d 1370, 1374 (Fed. Cir. 2001).

EchoStar argues that a writ of mandamus should issue, among other reasons, because the district court erred in determining that (1) the attorney-client privilege had been waived and (2) the waiver of any privilege extended to work-product that was not communicated to EchoStar because, inter alia, the documents are not relevant to whether EchoStar had a good faith belief that it did not infringe. Merchant & Gould also argues that the district court erred in requiring the production of documents that Merchant & Gould did not provide to EchoStar because any such documents could not be relevant to whether EchoStar reasonably had a good faith belief that it did not infringe, based upon advice from counsel.

In response, TiVo argues, inter alia, that (1) EchoStar is not entitled to a writ of mandamus because it has complied, in large part, with the district court orders it now challenges, (2) the attorney-client privilege was waived when EchoStar asserted a defense of reliance on advice of in-house counsel, (3) the relevance of the Merchant & Gould documents can be determined when they are offered as evidence, and (4) even though the Merchant & Gould documents may not have been provided to EchoStar, they may contain information that was otherwise conveyed to EchoStar.

Regarding TiVo's first argument, that EchoStar is not entitled to mandamus because it has complied in large part with the order, we do not believe it is a requirement that a party refuse to comply at all with an order, if it seeks to challenge only a part of the order. Such a rule would encourage parties not to comply with district court orders that, in large part, they do not challenge, so that they could preserve a challenge only to the portions that they believe are erroneous. EchoStar cannot undo the disclosures it has made to TiVo, but it can challenge the portions of the order that require additional disclosures.

We now turn to the more substantive arguments underlying this petition.

### III

In this petition, we apply our own law, rather than the law of the regional circuit. This case involves the extent to which a party waives its attorney-client privilege and work-product immunity when it asserts the advice-of-counsel defense in response to a charge of willful patent infringement. "Federal Circuit law applies when deciding whether particular written or other materials are discoverable in a patent case, if those materials relate to an issue of substantive patent law." Advanced Cardiovascular Sys. v. Medtronic, Inc., 265 F.3d 1294, 1307 (Fed. Cir. 2001). A remedy for willful patent infringement is specifically provided for in the Patent Act, see 35 U.S.C. §§ 284-285; therefore, questions of privilege and discoverability that arise from assertion of the advice-of-counsel defense necessarily involve issues of substantive patent law, see In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 803-04 (Fed. Cir. 2000) (applying Federal Circuit law to question of attorney-client privilege between patent attorney and patentee).

### A

EchoStar first challenges the district court's holding that EchoStar waived the attorney-client privilege when it asserted its defense in response to the charge of willful infringement. The attorney-client privilege protects disclosure of communications between a client and his attorney. United States v. Zolin, 491 U.S. 554, 562 (1989); Upjohn Co. v. United States, 449 U.S. 383, 389 (1981).

Once a party announces that it will rely on advice of counsel, for example, in response to an assertion of willful infringement, the attorney-client privilege is waived. "The widely applied standard for determining the scope of a waiver of attorney-client privilege is that the waiver applies to all other communications relating to the same subject matter." Fort James Corp. v. Solo Cup Co., 412 F.3d 1340, 1349 (Fed. Cir. 2005).

EchoStar argues that it did not assert the advice-of-counsel defense because it intended to rely only on an "in-house investigation supervised by in-house counsel." The district court held that the opinion formed by in-house counsel and conveyed to EchoStar executives, although not a traditional opinion of counsel, constituted a legal opinion. We see no error in the district court's determination.

EchoStar summarily asserts that "an internal investigation involving in-house engineers and in-house counsel is simply a different subject matter from legal opinions commissioned at a later date from outside lawyers." This argument is without merit. Whether counsel is employed by the client or hired by outside contract, the offered advice or opinion is advice of counsel or an opinion of counsel. Use of in-house counsel may affect the strength of the defense, but it does not affect the legal nature of

the advice. See Underwater Devices, Inc. v. Morrison-Knudsen Co., 717 F.2d 1380, 1390 (Fed. Cir. 1983) (overruled in part on other grounds by Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337 (Fed. Cir. 2004) (*en banc*)).

Thus, when EchoStar chose to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel, which would include communications with Merchant & Gould. See Akeva LLC v. Mizuno Corp., 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003).

B

EchoStar next asserts that the district court's order cast too wide a net by including within the waiver's scope documents that were never communicated from Merchant & Gould (the attorney) to EchoStar (the client). The district court stated:

EchoStar had the benefit of choice, as explained by the Federal Circuit in Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., of whether to introduce [in-house counsel's] opinion. But once EchoStar chose to introduce the opinion, it opened to inspection all related advice sought and developed regarding EchoStar's potential infringement of the '389 patent. Regardless of when the opinions or materials were transcribed or communicated to EchoStar, such information necessarily relates to the opinion being offered by [in-house counsel] and goes to show EchoStar's state of mind with respect to willful infringement. This is particularly true where, as is the case here, EchoStar's willfulness witness was privy to the substance of the willfulness opinions developed by outside counsel both pre- and post-filing. . . .

TiVo, Inc. v. EchoStar Comm. Corp., No. 2:04-CV-1, at 13 (E.D. Tex. Sept. 26, 2005) ("September Order"). Noting that district courts had ruled differently on whether the waiver of work-product protection covered documents that were not disclosed to the client, the district court discussed the reasons for requiring production of uncommunicated work product:

Still, other courts have mandated production of all material regardless of whether they were disclosed, maintaining that the discovery of such information is necessary to uncover what the client was actually told by opinion counsel. See Aspex Eyewear Inc. v. E'Lite Optik Inc., 276 F. Supp. 2d 1084, 1092-93 (D. Nev. 2003); Novartis Pharms. Corp. v. EON Labs Mfg., Inc., 206 F.R.D. 396 (D. Del. 2002). In Novartis, the court stated, "it is critical for the patentee to have a full opportunity to probe, not only the state of mind of the infringer, but also the mind of the infringer's lawyer upon which the infringer so firmly relied." *Id.* at 399. The rationale behind this approach is that, by imposing broad waiver, the advice of counsel defense will only be invoked by "infringers who prudently and sincerely sought competent advice from competent counsel . . ." and "[m]oreover, focusing on the infringer's waiver rather than state of mind may reduce the chances of legal gamesmanship creeping into the practice of rendering infringement and validity opinions." *Id.* "[I]f negative information was important enough to reduce to a memorandum, there is a reasonable possibility that the information was conveyed in some form or fashion to the client." Beneficial Franchise Co. Inc. v. Bank One N.A., 205 F.R.D. 212, 218 (N.D. Ill. 2001).

September Order at 11-12.

In a subsequent order, the district court further explained why the scope of the waiver should include work product that was not disclosed to EchoStar:

Were discovery of "uncommunicated" materials not allowed, accused infringers could easily shield themselves from disclosing any unfavorable analysis by simply requesting that their opinion counsel not send it. This would be unfair.

TiVo, Inc. v. EchoStar Comm. Corp., No. 2:04-CV-1, at 3 (E.D. Tex. Oct. 6, 2005) ("October Order").

We review the district court's determination as to the scope of the waiver for an abuse of discretion. In re Pioneer, 238 F.3d at 1373 n.2 ("[I]t appears that virtually all the circuits review the decision of a district court [regarding waiver of privilege] underlying a petition for writ of mandamus for abuse of discretion."). EchoStar asserts that to apply the broad scope employed by the district court to the waiver of both

attorney-client privilege and work-product doctrine was an abuse of discretion. We agree.

The attorney-client privilege and the work-product doctrine, though related, are two distinct concepts and waiver of one does not necessarily waive the other. See Carter v. Gibbs, 909 F.2d 1450, 1451 (Fed. Cir. 1990) (*en banc*), superseded in non-relevant part, Pub. L. No. 103-424, § 9(c), 108 Stat. 4361 (1994), as recognized in Mudge v. United States, 308 F.3d 1220, 1223 (Fed. Cir. 2002); see also United States v. Nobles, 422 U.S. 225, 238 n.11 (1975). In general, a party may obtain discovery of any matter that (1) is "not privileged" and (2) "is relevant to the claim or defense of any party." Fed. R. Civ. P. 26(b)(1). Among other things, attorney-client communications are designated as "privileged." See Upjohn, 449 U.S. at 389; Genentech, Inc. v. Int'l Trade Comm'n, 122 F.3d 1409, 1415 (Fed. Cir. 1997). "The attorney-client privilege protects the confidentiality of communications between attorney and client made for the purpose of obtaining legal advice." Id. We recognize the privilege in order to promote full and frank communication between a client and his attorney so that the client can make well-informed legal decisions and conform his activities to the law. See Upjohn, 449 U.S. at 389; XYZ Corp. v. United States, 348 F.3d 16, 22 (1st Cir. 2003). This privilege is at the discretion of the client. Knorr-Bremse, 383 F.3d at 1345; Carter, 909 F.2d at 1451. The client can waive the attorney-client privilege when, for instance, it uses the advice to establish a defense. See id. However, selective waiver of the privilege may lead to the inequitable result that the waiving party could waive its privilege for favorable advice while asserting its privilege on unfavorable advice. XYZ Corp., 348 F.3d at 24. In such a case, the party uses the attorney-client privilege as

both a sword and a shield. Id.; Fort James Corp., 412 F.3d at 1349. To prevent such abuses, we recognize that when a party defends its actions by disclosing an attorney-client communication, it waives the attorney-client privilege as to all such communications regarding the same subject matter. Id.

In contrast to the attorney-client privilege, the work-product doctrine, or work-product immunity as it is also called, can protect "documents and tangible things" prepared in anticipation of litigation that are both non-privileged and relevant. Fed. R. Civ. P. 26(b)(3). Unlike the attorney-client privilege, which protects all communication whether written or oral, work-product immunity protects documents and tangible things, such as memorandums, letters, and e-mails. See generally Judicial Watch, Inc. v. Dep't of Justice, 432 F.3d 366 (D.C. Cir. 2005). We recognize work-product immunity because it promotes a fair and efficient adversarial system by protecting "the attorney's thought processes and legal recommendations" from the prying eyes of his or her opponent. Genentech, 122 F.3d at 1415 (citations omitted); accord Hickman v. Taylor, 329 U.S. 495, 511-14 (1947) ("Proper preparation of a client's case demands that he assemble information, sift what he considers to be the relevant from the irrelevant facts, prepare his legal theories and plan his strategy without undue and needless interference. . . . Were such materials open to opposing counsel on mere demand, much of what is now put down in writing would remain unwritten. . . . Inefficiency, unfairness and sharp practices would inevitably develop in the giving of legal advice and in the preparation of cases for trial. The effect on the legal profession would be demoralizing. And the interests of the clients and the cause of justice would be poorly served."); see also Nobles, 422 U.S. at 237; Coastal States Gas Corp. v. Dep't of

Energy, 617 F.2d 854, 864 (D.C. Cir. 1980). Essentially, the work-product doctrine encourages attorneys to write down their thoughts and opinions with the knowledge that their opponents will not rob them of the fruits of their labor. Hickman, 329 U.S. at 511; id. at 516 (Jackson, J. concurring) (“[A] common law trial is and always should be an adversary proceeding. Discovery was hardly intended to enable a learned profession to perform its functions either without wits or on wits borrowed from the adversary.”); United States v. Adlman, 68 F.3d 1495, 1501 (2d Cir. 1995) (“The purpose of the doctrine is to establish a zone of privacy for strategic litigation planning and to prevent one party from piggybacking on the adversary’s preparation.”); Coastal States, 617 F.2d at 864 (noting that the effect of no immunity would mean “less work-product would be committed to paper, which might harm the quality of trial preparation”).

Like the attorney-client privilege, however, the work-product doctrine is not absolute. See In re Martin Marietta Corp., 856 F.2d 619, 626 (4th Cir. 1988). First, a party may discover certain types of work product if they have “substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent . . . by other means.” Rule 26(b)(3). This rule, however, only allows discovery of “factual” or “non-opinion” work product and requires a court to “protect against the disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative.” id.; accord United States v. Adlman, 134 F.3d 1194, 1197 (2d Cir. 1998); Martin Marietta Corp., 856 F.2d at 626.

Second, a party may discover work product if the party waives its immunity. See id. at 622-23; Thorn EMI N. Am. v. Micron Tech., 837 F. Supp. 616, 621 (D. Del. 1993).

However, work product waiver is not a broad waiver of all work product related to the same subject matter like the attorney-client privilege. Martin Marietta Corp., 856 F.2d at 626. Instead, work-product waiver only extends to “factual” or “non-opinion” work product concerning the same subject matter as the disclosed work product. See id. at 625 (noting that a party “impliedly waived the work-product privilege as to all non-opinion work-product on the same subject matter as that disclosed.”) (citing Nobles, 422 U.S. at 239).

We recognize that the line between “factual” work product and “opinion” work product is not always distinct, especially when, as here, an attorney’s opinion may itself be “factual” work product. When faced with the distinction between where that line lies, however, a district court should balance the policies to prevent sword-and-shield litigation tactics with the policy to protect work product.

That being said, we recognize at least three categories of work product that are potentially relevant to the advice-of-counsel defense here. They include: (1) documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter; (2) documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney’s mental impressions but were not given to the client; and (3) documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client. See Thorn EMI, 837 F. Supp. at 622-623.<sup>3</sup> As to the first category, we already noted in section A that when a party relies on the advice-of-counsel as a defense to willful infringement the party waives its attorney-client

<sup>3</sup> We by no means anticipate that all work product in every case will fit into one of these three categories.

privilege for all communications between the attorney and client, including any documentary communications such as opinion letters and memoranda. See also Akeva LLC, 243 F. Supp. 2d at 423.<sup>4</sup> As to the other two categories, scholars have noted that our prior opinions do not clearly define the scope of the work-product waiver.<sup>5</sup> As a result, the district courts that have addressed this issue are split on just how far to extend that scope. Compare Thorn EMI, 837 F. Supp. at 621-623 and Steelcase, Inc. v. Haworth, Inc., 954 F. Supp. 1195, 1198-99 (W.D. Mich. 1997) with Mushroom Assoc. v. Monterey Mushrooms, Inc., 24 U.S.P.Q.2d 1767 (N.D. Cal. 1992); FMT Corp. v. Nissei ASB Co., 24 U.S.P.Q.2d 1073 (N.D. Ga. 1992); and Handgards, Inc. v. Johnson & Johnson, 413 F. Supp. 926 (N.D. Cal. 1976). As we discuss in more detail below, we conclude that waiver extends to the third category but does not extend so far as the second.

By asserting the advice-of-counsel defense to a charge of willful infringement, the accused infringer and his or her attorney do not give their opponent unfettered discretion to rummage through all of their files and pillage all of their litigation strategies.

<sup>4</sup> EchoStar contends that waiver of opinions does not extend to advice and work product given after litigation began. While this may be true when the work product is never communicated to the client, it is not the case when the advice is relevant to ongoing willful infringement, so long as that ongoing infringement is at issue in the litigation. See Akeva LLC, 243 F. Supp. 2d at 423 (“[O]nce a party asserts the defense of advice of counsel, this opens to inspection the advice received during the entire course of the alleged infringement.”); see also Crystal Semiconductor Corp. v. Tritech Microelectronics Int’l, Inc., 246 F.3d 1336, 1351-1353 (Fed. Cir. 2001) (noting that an infringer may continue its infringement after notification of the patent by filing suit and that the infringer has a duty of due care to avoid infringement after such notification).

<sup>5</sup> See David O. Taylor, Wasting Resources: Reinventing the Scope of Waiver Resulting from the Advice-of-Counsel Defense to a Charge of Willful Patent Infringement, 12 Tex. Intell. Prop. L.J. 319, 320-21 (2004); William F. Lee & Lawrence P. Cogswell, III, Understanding and Addressing the Unfair Dilemma Created by the Doctrine of Willful Patent Infringement, 41 Hous. L. Rev. 393, 436-37 (2004).

See Thorn EMI, 837 F. Supp. at 621-623 (“[C]ourts generally find a [work-product] waiver only if facts relevant to a particular, narrow subject matter are at issue and have been disclosed under circumstances where it would be unfair to deny the other party an opportunity to discover other facts relevant to that subject matter.”). Work-product waiver extends only so far as to inform the court of the infringer’s state of mind. Counsel’s opinion is not important for its legal correctness. It is important to the inquiry whether it is “thorough enough, as combined with other factors, to instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable.” Ortho Pharm. Corp. v. Smith, 959 F.2d 936, 944 (Fed. Cir. 1992). It is what the alleged infringer knew or believed, and by contradistinction not what other items counsel may have prepared but did not communicate to the client, that informs the court of an infringer’s willfulness.

The overarching goal of waiver in such a case is to prevent a party from using the advice he received as both a sword, by waiving privilege to favorable advice, and a shield, by asserting privilege to unfavorable advice. See Fort James Corp., 412 F.3d at 1349; Martin Marietta Corp., 856 F.2d at 626; In re Sealed Case, 676 F.2d 793, 818 (D.C. Cir. 1982) (“[W]hen a party seeks greater advantage from its control over work product than the law must provide to maintain a healthy adversary system[,] then the balance of interests recognized in Hickman . . . shifts.”). To the extent the work-product immunity could have such an effect, it is waived.

The second category of work product, which is never communicated to the client, is not discoverable. Under Rule 26(b)(3), this so-called “opinion” work product deserves the highest protection from disclosure. See Adlman, 134 F.3d at 1197. While an

accused infringer may waive the immunity for work product that embodies an opinion in letters and memorandum communicated to the client, he does not waive the attorney's own analysis and debate over what advice will be given. See Ortho Pharm., 959 F.2d at 944. Upon waiver of attorney-client privilege, communicative documents, such as opinion letters, become evidence of a non-privileged, relevant fact, namely what was communicated to the client, see Nobles, 422 U.S. at 239 n.14 (“[W]here . . . counsel attempts to make a testimonial use of [work-product] materials the normal rules of evidence come into play with respect to . . . production of documents.”); however, counsel’s legal opinions and mental impressions that were not communicated do not acquire such factual characteristics and are, therefore, not within the scope of the waiver. As the Martin Marietta Corp. court noted,

There is relatively little danger that a litigant will attempt to use a pure mental impression or legal theory as a sword and as a shield in the trial of a case so as to distort the factfinding process. Thus, the protection of lawyers from the broad repercussions of subject matter waiver in this context strengthens the adversary process, and, unlike the selective disclosure of evidence, may ultimately and ideally further the search for the truth.

856 F.2d at 626. Thus, if a legal opinion or mental impression was never communicated to the client, then it provides little if any assistance to the court in determining whether the accused knew it was infringing, and any relative value is outweighed by the policies supporting the work-product doctrine.

The third category of work product material falls admittedly somewhere interstitially between the first and second. In some instances there may be documents in the attorney’s file that reference and/or describe a communication between the attorney and client, but were not themselves actually communicated to the client. For

example, if an attorney writes a memorandum or an e-mail to his associate referencing a phone call with the client, in which he indicates that he discussed the client’s potential infringement, then such a memorandum is discoverable. Unlike work product that was uncommunicated, this work product references a specific communication to the client. Though it is not a communication to the client directly nor does it contain a substantive reference to what was communicated, it will aid the parties in determining what communications were made to the client and protect against intentional or unintentional withholding of attorney-client communications from the court.

Still, we must emphasize that such communications may contain work product of the second kind—legal analysis that was not communicated. In those situations, the parties should take special care to redact such information, and if necessary the district court may review such material in camera. See Rule 26(b)(3); see also id. advisory committee’s note (1970) (“[T]he courts will sometimes find it necessary to order disclosure of a document but with portions deleted.”); Martin Marietta Corp., 856 F.2d at 626.

Therefore, when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused. This waiver of both the attorney-client privilege and the work-product immunity includes not only any letters, memorandum, conversation, or the like between the attorney and his or

her client, but also includes, when appropriate, any documents referencing a communication between attorney and client.<sup>6</sup>

Here, Merchant & Gould work product that was not communicated to EchoStar or does not reflect a communication is not within the scope of EchoStar's waiver because it obviously played no part in EchoStar's belief as to infringement of the '389 patent. See Steelcase, 954 F. Supp. at 1198-99. It may very well be true, as TiVo suggests, that at times some parties would communicate draft opinion letters or the contents thereof to the client confidentially in order to avoid disclosing that communication during potential discovery if and when the attorney-client privilege is waived, but we cannot eviscerate the legitimate policies of the work-product doctrine and chill the principles of our adversary system as a whole on account of the possibility that, from time to time, there may be occurrences of ethical transgressions.

In sum, the advice-of-counsel defense to willfulness requires the court to decide, inter alia, whether counsel's opinion was thorough enough to "instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable." Ortho Pharm., 959 F.2d at 944. If a Merchant & Gould document was not communicated to EchoStar or if a Merchant & Gould document does not reference a communication between Merchant & Gould and EchoStar, its relevant value is outweighed by the policies of the work-product doctrine. Thus, it was an abuse of

<sup>6</sup> Merchant & Gould contends that it alone retains the right to deny a party access to work product not communicated to a client. While we do not answer this question directly; here, the client, EchoStar, holds the right to waive privilege for attorney-client communications, Carter, 909 F.2d at 1451, and therefore the right to waive privilege to evidence of those communications contained in Merchant & Gould's files. As we stated before, there may be a redaction of information which reflects legal opinions and mental impressions of Merchant & Gould attorneys that were not communicated to EchoStar. Rule 26(b)(3).

discretion for the district court to determine that the scope of the waiver of privilege extended to such documents.

Accordingly,

IT IS ORDERED THAT:

The petitions are granted. The district court is directed to vacate its orders, to the extent noted above. TiVo is entitled to discovery of Merchant & Gould documents consistent with, and in the manner set forth in, this opinion.

FOR THE COURT

5-1-06

Date

s/Arthur J. Gajarsa

Arthur J. Gajarsa  
Circuit Judge



IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION

NETWORK-1 SECURITY SOLUTIONS, §  
INC. §

Plaintiff, §

vs. §

D-LINK CORPORATION AND D-LINK §  
SYSTEMS, INC., §

Defendants. §

CASE NO. 6:05-CV-291

APPENDIX D

MEMORANDUM OPINION AND ORDER

Before the Court is Plaintiff Network-1's Motion to Compel (Docket No. 153). After reviewing the briefings and hearing oral arguments, the Court **GRANTS** the motion in part and **DENIES** the motion in part.

BACKGROUND

Network-1 accused D-Link of willful infringement of the patent-in-suit. D-Link asserted an "advice-of-counsel" defense. D-Link produced two formal opinion letters plus a draft opinion by C. Gregory Gramenopoulos of Finnegan, Henderson, Farabow, Garrett & Dunner LLP (the "Finnegan Opinion"). In addition, D-Link produced all emails and teleconference notes generated by Mr. Gramenopoulos during his discussions with trial counsel and produced Mr. Gramenopoulos for deposition. Network-1 sought discovery on communications from trial counsel concerning infringement. D-Link refused to produce any trial counsel documents or communications related to infringement on the ground that they are privileged. When D-Link refused to produce the requested communications, Network-1 brought this motion to compel.

Network-1 believes that D-Link relied on opinions of trial counsel in addition to the Finnegan opinion, and argues that, in asserting the advice-of-counsel defense, D-Link has waived the attorney-client and work product privileges regarding the subject matter of infringement. The relevant time line is as follows:

2004	D-Link first learned of the patent-in-suit
August 10, 2005	This patent infringement suit was filed
February 7, 2006	Scheduling conference
March 21, 2006	First mediation
March 30, 2006	Mr. Wang, D-Link's 30(b)(6) representative allegedly ordered the Legacy PD function to the DES-3010PA be disabled
June 12, 2006	First Finnegan opinion letter received
October 12, 2006	Second Finnegan opinion letter received
October 13, 2006	Opinion letters produced to opposing counsel
January 18-19, 2007	A.J. Wang deposed by Network-1 and instructed not to answer questions regarding conversations with Mr. Palmatier and Ms. Yang
January 23, 2007	Mr. Gramenopoulos deposed and answers questions about his conversations with Mr. Palmatier and Ms. Yang

At oral argument, Network-1 stated that it wants (1) documents and oral testimony regarding the Finnegan opinion, (2) to depose individuals regarding Mr. Wang's decision to disable the PD function in the allegedly infringing product, (3) to depose Mr. Wang regarding conversations he had with Mr. Palmatier and Ms. Wang about the Finnegan opinion and any other infringement opinions Mr. Wang was given, (4) any documents or communications between D-Link's counsel and D-Link regarding infringement, and (5) a privilege log containing documents and communications that are being withheld. Network-1 stated that it does not seek trial strategy information.

D-Link had not updated its privilege log since June 2, 2006. See Docket No. 85, Notice of Disclosure by D-Link Corporation of PR 4-2 Disclosure and Privilege Log. At the hearing on this motion on April 12, 2007, the Court ordered D-Link to produce an updated privilege log with all communications for which it asserts the privileges at issue by noon on April 16, 2007. Defendants timely submitted an updated privilege log asserting privilege to nine emails between trial counsel and D-Link employees, including an email discussing "the '930 patent, Network-1's infringement claims and questions about D-Link products," as well as an entry covering oral conversations between Duncan Palmatier and A.J. Wang with the subject line "[n]umerous oral communications with client concerning the issue of whether the client's products infringe the '930 patent."

#### APPLICABLE LAW

Federal Circuit law governs discovery disputes over "materials relat[ing] to an issue of substantive patent law." *Advanced Cardiovascular Sys. v. Medtronic, Inc.*, 265 F.3d 1294, 1307 (Fed. Cir. 2001). The extent to which a party waives its attorney-client privilege when it asserts the advice-of-counsel defense against a charge of willful patent infringement necessarily involves issues of substantive patent law. See *In re EchoStar Commc'ns Corp.*, 448 F.3d 1294, 1298 (Fed. Cir. 2006).

Since willfulness is a question of the accused infringer's state of mind, inquiries into willfulness focus on whether the accused infringer's beliefs and actions were reasonable. *Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992). The reasonableness of an infringer's reliance on advice of counsel is an important factor in determining whether infringement was willful. *Autobytel, Inc. v. Dealix Corp.*, 455 F. Supp. 2d 569, 572 (E.D. Tex. 2006) (Davis, J.) (citing *Simmons, Inc. v. Bombardier, Inc.*, 221 F.R.D. 4, 9 (D.D.C. 2004)).

Whether the infringer believed the advice was competent is relevant to the infringer's reasonable reliance; this inquiry focuses on whether the advice was "thorough enough, as combined with other factors, to instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable." *EchoStar*, 448 F.3d at 1303 (quoting *Ortho Pharm.*, 959 F.2d at 944). Also relevant is whether the infringer received any other opinions of counsel regarding the same subject matter of the relied-upon advice. *See id.* at 1299. When a defendant asserts an advice-of-counsel defense, the defendant waives privilege as to both attorney-client communications and communicated work product regarding the subject matter of the opinion because such documents are evidence of a relevant and non-privileged fact, namely what the defendant knew about infringement. *See id.* at 1302–03.

In *EchoStar*, the defendant had two opinions of counsel regarding infringement—an earlier opinion obtained from in-house counsel and a later opinion from outside opinion counsel. The defendant chose to rely on the in-house opinion, yet asserted that privilege was not waived for the outside opinion. The district court in *EchoStar* held that the defendant waived privilege as to all attorney-client communications and work product regarding infringement—the subject matter of the underlying opinion letter—once the underlying opinion letter was asserted in defense of a willful infringement charge.<sup>1</sup> *TiVo Inc. v. EchoStar Comm'nics Corp.*, No. 2:04-CV-1-DF, at \*13 (E.D. Tex. 2005) (Folsom, J.). The defendant sought mandamus challenging the district court's decision that the waiver included all work product regardless of whether it was communicated to the defendant.

<sup>1</sup> Notably, plaintiff was not seeking attorney-client communications or work product from defendant's trial counsel, but that issue is now squarely before the Federal Circuit. *See In Re Seagate Technology, LLC*, 2007 WL 196403 (Fed. Cir. 2007). However, this case is set for trial in May 2007, so this Court must resolve the instant dispute using the current state of the law and a well reasoned analysis of the facts at issue.

*EchoStar*, 448 F.3d at 1297.

The Federal Circuit treated the attorney-client-communication waiver and attorney-work-product waiver separately. *Id.* at 1300. The *EchoStar* court defined the advice-of-counsel privilege waiver broadly, holding that the waiver extends to "all other communications relating to the same subject matter." *Id.* at 1299 (quoting *Fort James v. Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005)). The Federal Circuit held that the waiver for attorney-client communications extends beyond communications with the counsel that provided the advice; once a defendant relies upon advice of counsel it "waive[s] the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than [counsel that provided the relied upon advice]." *Id.* at 1301. The *EchoStar* court held that the defendant's reliance on an in-house opinion of non-infringement waived privilege as to its outside-counsel opinion because the outside opinion was "within the same subject matter" of the in-house opinion. *See id.* at 1299.

The Federal Circuit held that work-product waiver is not as broad as the attorney-client privilege waiver. *Id.* at 1302. The *EchoStar* court resolved a split of authority in the lower courts by holding that work product that is not communicated to the client is not discoverable. *Id.* at 1303. The Federal Circuit reasoned that uncommunicated work product does not assist in determining whether the client knew it was infringing. *Id.* Reliance on advice of counsel waives the work-product privilege as to two categories: "documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter," and "documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client." *Id.* at 1302 (stating that

these categories are not necessarily exhaustive). The *EchoStar* court held that

when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused. This waiver of both the attorney-client privilege and the work-product immunity includes not only any letters, memorandum, conversation, or the like between the attorney and his or her client, but also includes, when appropriate, any documents referencing a communication between attorney and client.

*Id.* at 1304. The Federal Circuit recognized that redaction might be required to protect information outside the scope of the waiver. *Id.* (stating that parties should take special care to redact uncommunicated work product from documents which reference an attorney-client communication within the scope of the waiver).

This Court addressed a similar inquiry in *Autobytel v. Dealix*. 455 F. Supp. 2d at 573. Dealix produced a non-infringement opinion, but refused to produce certain related documents. *Id.* The Court ordered production of related documents covering the same subject matter of the infringement opinion; however, Autobytel did not seek discovery of communications between Dealix and its trial-counsel. *Id.* at 574.

#### ANALYSIS

The issue in this case is the scope waiver per *Echostar* concerning communications between trial counsel and a client when the advice-of-counsel defense is raised. Competing policy concerns make this line difficult to draw. On one hand, the attorney-client and work product privileges are essential to developing an ongoing relationship between trial counsel and a client, as well as protecting trial strategy. On the other hand, a party should not be allowed to raise the advice-of-counsel argument and produce favorable correspondence and then hide behind these privileges to

avoid disclosing unfavorable communications that go to the heart of the client's reasonable reliance on the advice-of-counsel opinion.

#### *The Middle-Ground Approach*

District courts addressing this issue vary widely in their application of *Echostar*. See, e.g., *Affinion Net Patents, Inc. v. Martinez, Inc.*, 440 F. Supp. 2d 354, 356 (D. Del. 2006) (holding the defendant waives attorney-client privilege with trial counsel and any other counsel); *Ampex v. Eastman Kodak Co.*, No. 04-1373-KAJ, 2006 WL 1995140, at \*3 (D. Del. July 17, 2006) (holding *Echostar* does not extend to trial counsel); *Genentech, Inc. v. Insmad, Inc.*, 442 F. Supp. 2d 838, 846 (N.D. Cal. 2006) (using a middle ground approach that allows for waiver of some of the attorney-client and work-product privileges); *Intex Recreation Corp. v. Team Worldwide Corp.*, 439 F. Supp. 2d 46 (D.D.C. 2006) (adopting a middle ground approach that allows discovery of materials communicated to a client that contradict or cast doubt on the outside opinion); *Beck Sys., Inc. v. Managesoft Corp.*, No. 05-C-2036, 2006 WL 2037356, \*1 (N.D. Ill. Jul 14, 2006) (allowing waiver of certain work product materials involving trial counsel); *Static Control Components, Inc. v. Lexmark Intl., Inc.*, No. 06-CV-02182-J, 2007 WL 219955, \*4 (D. Colo. Jan 25, 2007) (requiring disclosure of work product materials that have been communicated to the client). The majority of district courts to tackle this issue have extended the waiver to trial counsel, at least to some extent. Only two courts have refused to extend the waiver at all to trial counsel. See *Ampex*, 2006 WL 1995140, at \*3; see also *Indiana Mills & Mfg. Inc. v. Dorel Indus. Inc.*, No. 1:04-CV-1102, 2006 WL 1749413 (S.D. Ind. May 26, 2006).

Many district courts that have addressed this issue post-*Echostar* have adopted a middle ground approach. See *Genentec*, 442 F. Supp. 2d at 846. There are two types of middle ground

approaches: (1) disclosure of only that advice of trial counsel that contradicts or casts doubt on the advice of opinion counsel (*see Intex*, 439 F. Supp. 2d at 52); and (2) disclosure of communications that are “central and material to Defendants' decision to engage in allegedly infringing activity.” *Genentec*, 442 F. Supp. 2d at 846 (holding “[w]aiver of trial counsel communication with the client should apply to documents and communications that are most akin to that which opinion counsel normally renders--i.e., documents and communications that contain opinions (formal or informal) and advice central and highly material to the ultimate questions of infringement and invalidity”).

At oral argument, D-Link argued that since this issue was squarely before the Federal Circuit in *Seagate*, *Echostar* did not stand for the proposition that the waiver applies to all communications regarding the same subject matter between a client and its trial counsel, and the Court should not extend the waiver absent clear direction from the Federal Circuit. In the alternative, D-link argued that at most, the Court should take the first middle ground approach.

The problem with the first middle ground approach, as articulated in *Genentec*, is that it presents various practical problems of implementation. *Id.* For example:

- (1) What constitutes sufficient doubt that makes disclosure necessary? and (2) Although trial counsel is an officer of the court, can trial counsel be trusted to make the unilateral decision of what contradicts or casts doubt on the advice of opinion counsel--particularly, when trial counsel is still an advocate and is deciding whether its own advice should be disclosed? *Id.*

Using the second middle ground approach, “[t]he dividing line revolves around the degree of materiality to the client's decision to [continue selling the] accused product. Only that advice and work product of trial counsel that is reasonably central to that decision--and which presumably would carry the same kind of weight that advice from opinion counsel normally would--is waived.” *Id.* at 847. The second middle ground approach strikes a better balance between the competing policy

concerns.

#### *A Fact Specific Inquiry*

Whether there has been a waiver of these privileges when dealing with an advice-of-counsel defense is a very fact intensive inquiry. The facts in this case are not as straightforward as the case, for example, where a client learns of a particular patent, obtains an advice-of-counsel letter, and then some time later is accused of willful infringement and retains trial counsel. In that situation, opinion counsel is clearly separate from trial counsel, and reliance on trial counsel for an opinion is less material.

Although D-Link argues that trial counsel has been kept completely separate from opinion counsel in this case, the time line casts doubt on that assertion. In this case, D-Link learned of the patent-in-suit in 2004. It was sued in August 2005 and retained trial counsel, but did not obtain an opinion letter at that time. It was not until sometime around March 2006 that D-Link's trial counsel solicited the opinions on behalf of D-Link, and not until June 2006 that D-Link received its first opinion letter. During the time prior to receiving the Finnegan opinion, trial counsel communicated with opinion counsel on more than one occasion, and the decision was made to deactivate the Legacy PD function.<sup>2</sup> There was a significant amount of time where D-Link continued the allegedly infringing activity before it had the Finnegan opinion. These facts demonstrate that at least to some degree, D-Link may have relied on trial counsel's opinion in deciding whether or not it was infringing. Whether D-Link relied on any other opinions on infringement during this time, including any opinions that it may have received from trial counsel, is relevant to the reasonableness inquiry.

In addition, at Mr. Wang's deposition he was asked whether he spoke with trial counsel about

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<sup>2</sup> Opinion counsel was not aware of this decision when he rendered his opinion.

infringement issues. Mr. Wang replied that he had and then was instructed not to answer when asked about the substance of those conversations. It was improper for Mr. Wang not to reveal whether trial counsel specifically gave him an opinion on infringement, which would go to the issue of D-Link's reasonable reliance on the Finnegan Opinion.<sup>3</sup> Mr. Wang also was not permitted to answer questions related to what Mr. Palmatier and Ms. Yang said to Mr. Wang about the Finnegan opinion. If any opinions were communicated to Mr. Wang by his trial counsel about the merit of the Finnegan opinion, those would be relevant to the inquiry of D-Link's reasonable reliance on the Finnegan opinion.

The facts of this case suggest that a very narrow waiver of the attorney-client and work product privileges is necessary to get to the heart of D-Link's reasonableness in relying on the Finnegan opinion. The Court is not granting Network-1 "unfettered discretion to rummage through all of [D-Link's] files and pillage all of [its] litigation strategies." *Echostar*, 448 F.3d at 1303. Rather, the Court is limiting the waiver to the narrow subject matter relating to trial counsel's advice and opinions regarding infringement. *See id.* (citing *Thorn EMI North Am., Inc. v. Micron Tech., Inc.*, 837 F. Supp. 616, 621 (D. Del. 1993)).

Furthermore, the Court will reduce the scope of the waiver to the most relevant time period, before and just after receipt of the outside opinions. Limiting the time period of the waiver helps draw a distinction between communications that are trial strategy and those that are advice and opinions. Any infringement opinions D-Link received prior to receiving the outside opinion are relevant to the reasonableness of D-Link's reliance on the outside opinion. Any comments by D-

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<sup>3</sup> Mr. Wang, however, should not have to answer questions relating to tactics or trial strategy discussed with trial counsel.

Link's trial counsel to D-Link on the outside opinion would most likely have occurred shortly after receipt of the opinion. As the case draws close to trial, the discussions with trial counsel are more likely to focus on trial strategy whereas early on in the discovery process, discussions likely included more advice and opinion. If in fact D-Link did not receive or rely on any opinions from trial counsel, then there will be nothing to produce. But to the extent that trial counsel offered any opinions or advice concerning whether D-Link infringed the patent-in-suit or concerning the Finnegan opinion itself, the rationale behind *Echostar* is equally applicable to trial counsel within the time constraints relevant to the issuance of the Finnegan Opinion.

If this case had involved the Finnegan opinion and another third party opinion that D-Link chose not to rely on, that third party opinion would obviously be discoverable because it goes to D-Link's reasonable reliance. A party who relies on the advice-of-counsel defense to willfulness should not escape having to divulge that type of information just because it comes from trial counsel. Interpreting *Echostar* as D-Link proposes would allow a defendant to seek advice from trial counsel, receive an unfavorable opinion, yet pretend to solely and reasonably rely on the opinion of outside counsel in its decision to continue selling accused products. This is the precise situation *Echostar* sought to avoid.

#### CONCLUSION

Accordingly, the Court **GRANTS** in part, Network-1's motion to compel and **ORDERS** D-Link to produce the following: (1) any communication between trial counsel and Finnegan, whether shared with D-Link or not, (2) any communications between trial counsel and D-Link regarding trial counsel's opinion of non-infringement which occurred prior to December 1, 2006, approximately thirty days after the last Finnegan opinion, (3) any information trial counsel gave

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D-Link concerning its opinion about the Finnegan opinion, and (4) Mr. Wang for further deposition not to exceed four hours to address these matters. D-Link is free to redact any portion of documents not pertaining to the limited inquiries addressed above. This list narrowly allows for waiver of the attorney-client and work-product privileges only as to communications that go directly to D-Link's reasonableness in relying on the Finnegan opinion.

D-Link is ordered to produce these documents by 5 p.m. on April 26, 2007. Network-1 may file a notice that it objects to any claims of privilege within two days of receiving the production. Within 24 hours of such notice, D-Link shall submit the objected-to documents to the Court for *in camera* inspection. The deposition of Mr. Wang shall be taken on or before May 1, 2007.

So ORDERED and SIGNED this 19th day of April, 2007.

A handwritten signature in black ink, appearing to read 'Leonard Davis', written over a horizontal line.

LEONARD DAVIS  
UNITED STATES DISTRICT JUDGE

## APPENDIX E

## APPENDIX A

IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF PENNSYLVANIA

Plaintiff, v. Defendant.                    ))     Civil Action No.

**PROTECTIVE ORDER**

Pursuant to Rule 26(c) of the Federal Rules of Civil Procedure, the following Protective Order has been entered by Court.

**Proceedings and Information Governed.**

1. This Order and any amendments or modifications hereto ("Protective Order") shall govern any document, information or other thing furnished by any party, to any other party, and includes non-parties who receive a subpoena in connection with this action. The information protected includes, but is not limited to, answers to interrogatories, answers to requests for admission, responses to requests for production of documents, deposition transcripts and videotapes, deposition exhibits, and other writings or things produced, given or filed in this action that are designated by a party as "Confidential Information" or "Confidential Attorney Eyes Only Information" in accordance with the terms of this Order, as well as to any copies, excerpts, abstracts, analyses, summaries, descriptions, or other forms of recorded information containing, reflecting, or disclosing such information.

**Designation and Maintenance of Information.**

2. For purposes of this Protective Order, (a) the "Confidential Information" designation shall mean that the document is comprised of trade secrets or commercial information which is not publicly known and is of technical or commercial advantage to its possessor, in accordance with Fed.R.Civ.P. 26(c)(7), or other information required by law or agreement to be kept confidential and (b) the "Confidential Attorney Eyes Only" designation shall mean that the document is comprised of information that the producing party deems especially sensitive, which may include, but is not limited to, confidential research and development, financial, technical, marketing, any other sensitive trade secret information, or information capable of being utilized for the preparation or prosecution of a patent application dealing with such subject matter. Confidential Information and Confidential Attorney Eyes Only Information does not include, and this Protective Order shall not apply to, information that is already in the knowledge or possession of the party to whom disclosure is made unless that party is already bound by agreement not to disclose such information, or information that has been disclosed to the public or third persons in a manner making such information no longer confidential.

3. Documents and things produced during the course of this litigation within the scope of paragraph 2 (a) above, may be designated by the producing party as containing Confidential Information by placing on each page and each thing a legend substantially as follows:

**CONFIDENTIAL INFORMATION  
SUBJECT TO PROTECTIVE ORDER**

(a) Documents and things produced during the course of this litigation within the scope of paragraph 2(b) above may be designated by the producing party as containing Confidential Attorney Eyes Only Information by placing on each page and each thing a legend substantially as follows:

**CONFIDENTIAL ATTORNEY EYES ONLY INFORMATION  
SUBJECT TO PROTECTIVE ORDER**

A party may designate information disclosed at a deposition as Confidential Information or Confidential Attorney Eyes Only Information by requesting the reporter to so designate the transcript or any portion thereof at the time of the deposition. If no such designation is made at the time of the deposition, any party shall have fourteen (14) calendar days after the date of the deposition to designate, in writing to the other parties and to the court reporter, whether the transcript is to be designated as Confidential Information or Confidential Attorneys Eyes Only Information. If no such designation is made at the deposition or within such fourteen (14) calendar day period (during which period, the transcript shall be treated as Confidential Attorneys Eyes Only Information, unless the disclosing party consents to less confidential treatment of the information), the entire deposition will be considered devoid of Confidential Information or Confidential Attorneys Eyes Only Information. Each party and the court reporter shall attach a copy of any final and timely written designation notice to the transcript and each copy thereof in its possession, custody or control, and the portions designated in such notice shall thereafter be treated in accordance with this Protective Order.

It is the responsibility of counsel for each party to maintain materials containing Confidential Information or Confidential Attorney Eyes Only Information in a secure manner and appropriately identified so as to allow access to such information only to such persons and under such terms as is permitted under this Protective Order.

**Inadvertent Failure to Designate.**

4. The inadvertent failure to designate or withhold any information as confidential or privileged will not be deemed to waive a later claim as to its confidential or privileged nature, or to stop the producing party from designating such information as confidential at a later date in writing and with particularity. The information shall be treated by the receiving party as confidential from the time the receiving party is notified in writing of the change in the designation.

**Challenge to Designations.**

5. A receiving party may challenge a producing party's designation at any time. Any receiving party disagreeing with a designation may request in writing that the producing party change the designation. The producing party shall then have ten (10) business days after receipt of a challenge notice to advise the receiving party whether or



not it will change the designation. If the parties are unable to reach agreement after the expiration of this ten (10) business day timeframe, and after the conference required under Local Rule 37.1, the receiving party may at any time thereafter seek a Court Order to alter the confidential status of the designated information. Until any dispute under this paragraph is ruled upon by the Court, the designation shall remain in full force and effect and the information shall continue to be accorded the confidential treatment required by this Protective Order.

**Disclosure and Use of Confidential Information.**

6. Information designated as Confidential Information or Confidential Attorney Eyes Only Information may only be used for purposes of preparation, trial and appeal of this action. Confidential Information or Confidential Attorney Eyes Only Information may not be used under any circumstances for prosecuting any patent application, for patent licensing or for any other purpose.

7. Subject to paragraph 9 below, Confidential Information may be disclosed by the receiving party only to the following individuals provided that such individuals are informed of the terms of this Protective Order: (a) two (2) employees of the receiving party who are required in good faith to provide assistance in the conduct of this litigation, including any settlement discussions, and who are identified as such in writing to counsel for the designating party in advance of the disclosure; (b) two (2) in-house counsel who are identified by the receiving party; (c) outside counsel for the receiving party; (d) supporting personnel employed by (b) and (c), such as paralegals, legal secretaries, data entry clerks, legal clerks and private photocopying services; (e) experts or consultants; and (f) any persons requested by counsel to furnish services such as document coding, image scanning, mock trial, jury profiling, translation services, court reporting services, demonstrative exhibit preparation, or the creation of any computer database from documents.

8. Subject to paragraph 9 below, Confidential Attorney Eyes Only Information may be disclosed by the receiving party only to the following individuals provided that such individuals are informed of the terms of this Protective Order: (a) two (2) in-house counsel who are identified by the receiving party; (b) outside counsel for the receiving party; (c) supporting personnel employed by (a) and (b), such as paralegals, legal secretaries, data entry clerks, legal clerks, private photocopying services; (d) experts or consultants; and (e) those individuals designated in paragraph 11(c).

9. Further, prior to disclosing Confidential Information or Confidential Attorney Eyes Only Information to a receiving party's proposed expert, consultant or employees, the receiving party shall provide to the producing party a signed Confidentiality Agreement in the form attached as Exhibit A, the resume or curriculum vitae of the proposed expert or consultant, the expert or consultant's business affiliation, and any current and past consulting relationships in the industry. The producing party shall thereafter have ten (10) business days from receipt of the Confidentiality Agreement to object to any proposed individual. Such objection must be made for good cause and in writing, stating with particularity the reasons for objection. Failure to object

within ten (10) business days shall constitute approval. If the parties are unable to resolve any objection, the receiving party may apply to the Court to resolve the matter. There shall be no disclosure to any proposed individual during the ten (10) business day objection period, unless that period is waived by the producing party, or if any objection is made, until the parties have resolved the objection, or the Court has ruled upon any resultant motion.

10. Counsel shall be responsible for the adherence by third-party vendors to the terms and conditions of this Protective Order. Counsel may fulfill this obligation by obtaining a signed Confidentiality Agreement in the form attached as Exhibit B.

11. Confidential Information or Confidential Attorney Eyes Only Information may be disclosed to a person, not already allowed access to such information under this Protective Order, if:

the information was previously received or authored by the person or was authored or received by a director, officer, employee or agent of the company for which the person is testifying as a Rule 30(b)(6) designee;

the designating party is the person or is a party for whom the person is a director, officer, employee, consultant or agent; or

counsel for the party designating the material agrees that the material may be disclosed to the person. In the event of disclosure under this paragraph, only the reporter, the person, his or her counsel, the judge and persons to whom disclosure may be made, and who are bound by the Protective Order, may be present during the disclosure or discussion of Confidential Information. Disclosure of material pursuant to this paragraph shall not constitute a waiver of the confidential status of the material so disclosed.

**Non-Party Information.**

12. The existence of this Protective Order shall be disclosed to any person producing documents, tangible things or testimony in this action who may reasonably be expected to desire confidential treatment for such documents, tangible things or testimony. Any such person may designate documents, tangible things or testimony confidential pursuant to this Protective Order.

**Filing Documents With the Court.**

13. In the event that any party wishes to submit Confidential Information to the Court, such a submission shall be filed only in a sealed envelope bearing the caption of this action and a notice in the following form:

**CONFIDENTIAL INFORMATION**

[caption]

This envelope, which is being filed under seal,  
contains documents that are subject to a Protective  
Order governing the use of confidential discovery material.

**No Prejudice.**

14. Producing or receiving confidential information, or otherwise complying with the terms of this Protective Order, shall not (a) operate as an admission by any party that any particular Confidential Information contains or reflects trade secrets or any other type of confidential or proprietary information; (b) prejudice the rights of a party to object to the production of information or material that the party does not consider to be within the scope of discovery; (c) prejudice the rights of a party to seek a determination by the Court that particular materials be produced; (d) prejudice the rights of a party to apply to the Court for further protective orders; or (e) prevent the parties from agreeing in writing to alter or waive the provisions or protections provided for herein with respect to any particular information or material.

**Conclusion of Litigation.**

15. Within sixty (60) calendar days after final judgment in this action, including the exhaustion of all appeals, or within sixty (60) calendar days after dismissal pursuant to a settlement agreement, each party or other person subject to the terms of this Protective Order shall be under an obligation to destroy or return to the producing party all materials and documents containing Confidential Information or Confidential Attorney Eyes Only Information, and to certify to the producing party such destruction or return. However, outside counsel for any party shall be entitled to retain all court papers, trial transcripts, exhibits and attorney work provided that any such materials are maintained and protected in accordance with the terms of this Protective Order.

**Other Proceedings.**

16. By entering this Order and limiting the disclosure of information in this case, the Court does not intend to preclude another court from finding that information may be relevant and subject to disclosure in another case. Any person or parties subject to this Protective Order that may be subject to a motion to disclose another party's information designated Confidential pursuant to this Protective Order, shall promptly notify that party of the motion so that it may have an opportunity to appear and be heard on whether that information should be disclosed.

**Remedies.**

17. It is Ordered by the Court that this Protective Order will be enforced by the sanctions set forth in Rule 37(b) of the Federal Rules of Civil Procedure and such other sanctions as may be available to the Court, including the power to hold parties or other violators of this Protective Order in contempt. All other remedies available to any person(s) injured by a violation of this Protective Order are fully reserved.

18. Any party may petition the Court for good cause shown, in the event such party desires relief from a term or condition of this Order.

**Exhibit A**

IN THE UNITED STATES DISTRICT COURT FOR  
THE WESTERN DISTRICT OF PENNSYLVANIA

Plaintiff, v. Defendant. )) Civil Action No.

**CONFIDENTIALITY AGREEMENT FOR EXPERT,  
CONSULTANT OR EMPLOYEES OF ANY PARTY**

I hereby affirm that:

Information, including documents and things, designated as "Confidential Information," or "Confidential Attorney Eyes Only Information," as defined in the Protective Order entered in the above-captioned action (hereinafter "Protective Order"), is being provided to me pursuant to the terms and restrictions of the Protective Order.

I have been given a copy of and have read the Protective Order.

I am familiar with the terms of the Protective Order and I agree to comply with and to be bound by such terms.

I submit to the jurisdiction of this Court for enforcement of the Protective Order.

I agree not to use any Confidential Information or Confidential Attorney Eyes Only Information disclosed to me pursuant to the Protective Order except for purposes of the above-captioned litigation and not to disclose any such information to persons other than those specifically authorized by said Protective Order, without the express written consent of the party who designated such information as confidential or by order of this Court. I also agree to notify any stenographic, clerical or technical personnel who are required to assist me of the terms of this Protective Order and of its binding effect on them and me.

I understand that I am to retain all documents or materials designated as or containing Confidential Information or Confidential Attorney Eyes Only Information in a secure manner, and that all such documents and materials are to remain in my personal custody until the completion of my assigned duties in this matter, whereupon all such documents and materials, including all copies thereof, and any writings prepared by me containing any Confidential Information or Confidential Attorney Eyes Only Information are to be returned to counsel who provided me with such documents and materials.

Local Rules of Court  
Western District of Pennsylvania

July 1, 2005

**Exhibit B**

IN THE UNITED STATES DISTRICT COURT FOR  
THE WESTERN DISTRICT OF PENNSYLVANIA

Plaintiff, v. Defendant.        ))        Civil Action No.

**CONFIDENTIALITY AGREEMENT FOR THIRD-PARTY VENDORS** **CONFIDENTIALITY**  
**AGREEMENT FOR THIRD-PARTY VENDORS**

I hereby affirm that:

Information, including documents and things, designated as "Confidential Information," or "Confidential Attorney Eyes Only Information," as defined in the Protective Order entered in the above-captioned action (hereinafter "Protective Order"), is being provided to me pursuant to the terms and restrictions of the Protective Order.

I have been given a copy of and have read the Protective Order.

I am familiar with the terms of the Protective Order and I agree to comply with and to be bound by such terms.

I submit to the jurisdiction of this Court for enforcement of the Protective Order.

I agree not to use any Confidential Information or Confidential Attorney Eyes Only Information disclosed to me pursuant to the Protective Order except for purposes of the above-captioned litigation and not to disclose any such information to persons other than those specifically authorized by said Protective Order, without the express written consent of the party who designated such information as confidential or by order of this Court.

**APPENDIX F**

at 2492-2494. The test for competence to stand trial, by contrast, is whether the defendant has the present ability to understand the charges against him and communicate effectively with defense counsel. *Dusky v. United States*, 362 U.S., at 402, 80 S.Ct., at 788-789. Even if we were to uphold Oklahoma's imposition of the clear and convincing evidence rule in competency proceedings, the comparable standards in the two proceedings would not guarantee parallel results.<sup>24</sup>

More importantly, our decision today is in complete accord with the basis for our ruling in *Addington*. Both cases concern the proper protection of fundamental rights in circumstances in which the State proposes to take drastic action against an individual. The requirement that the grounds for civil commitment be shown by clear and convincing evidence<sup>1399</sup> protects the individual's fundamental interest in liberty. The *prohibition* against requiring the criminal defendant to demonstrate incompetence by clear and convincing evidence safeguards the fundamental right not to stand trial while incompetent. Because Oklahoma's procedural rule allows the State to put to trial a defendant who is more likely than not incompetent, the rule is incompatible with the dictates of due process.<sup>25</sup>

## VI

For the foregoing reasons, the judgment is reversed, and the case is remanded to the Oklahoma Court of Criminal Appeals for further proceedings not inconsistent with this opinion.

*It is so ordered.*



<sup>24</sup> For example, a mentally retarded defendant accused of a nonviolent crime may be found incompetent to stand trial but not necessarily be subject to involuntary civil commitment.

<sup>25</sup> We note that *Addington* did not purport to resolve any question concerning the rights of the defendant in a criminal proceeding. To the contrary, in his opinion for the Court, Chief Justice Burger contrasted the appropriate standard in

517 U.S. 370, 134 L.Ed.2d 577  
Herbert MARKMAN and Positek,  
 Inc., Petitioners,

v.

WESTVIEW INSTRUMENTS, INC.  
 and Althon Enterprises, Inc.  
 No. 95-26.

Argued Jan. 8, 1996.

Decided April 23, 1996.

Holder of patent for inventory control method for use in dry cleaning business brought patent infringement action against competitor. The United States District Court for the Eastern District of Pennsylvania, Marvin Katz, J., entered judgment as matter of law for competitor, despite jury's finding of infringement. The Court of Appeals for the Federal Circuit, 52 F.3d 967, affirmed, ruling that interpretation of patent's claim terms was exclusive province of court. Certiorari was granted. The Supreme Court, Justice Souter, held that: (1) patent infringement actions descended from actions at law, such that Seventh Amendment required trial by jury; (2) common-law practice at time Seventh Amendment was adopted did not require interpretation of claims, or terms of art, by jury rather than judge; and (3) construction of patent, including terms of art within claim, was exclusively within province of court, in view of existing precedent, suitability of interpretation issues for determination by judge, and importance of uniformity in treatment of given patent.

Affirmed.

#### 1. Patents $\Leftrightarrow$ 101(1, 4)

Patent must describe exact scope of invention and its manufacture to secure to

civil commitment proceedings with the rules applicable in criminal cases in which "the interests of the defendant are of such magnitude that historically and without any explicit constitutional requirement they have been protected by standards of proof designed to exclude as nearly as possible the likelihood of an erroneous judgment." 441 U.S., at 423, 99 S.Ct., at 1807-1808.

patentee all to which patentee is entitled, and to apprise public of what is still open to them; these objectives are served by both patent specification, which describes invention in such full, clear, concise, and exact terms as to enable any person skilled in the art to make and use invention, and patent's claims, which particularly point out and distinctly claim subject matter which applicant regards as invention. 35 U.S.C.A. § 112.

#### 2. Patents $\Leftrightarrow$ 101(1)

Patent claim defines scope of patent grant, and functions to forbid not only exact copies of invention, but products that go to heart of invention yet avoid literal language of claim by making noncritical change.

#### 3. Patents $\Leftrightarrow$ 101(2), 226.6

Victory in patent infringement suit requires finding that patent claim covers alleged infringer's product or process, which in turn necessitates determination of what words in claim mean. 35 U.S.C.A. § 271(a).

#### 4. Jury $\Leftrightarrow$ 12(1), 13(1)

Under "historical test" for determining right to jury trial under Seventh Amendment, court asks first whether it is dealing with cause of action that either was tried at law at time amendment was adopted or was at least analogous to action that was tried at law at that time; if action in question belongs in law category, court then asks whether particular trial decision must fall to jury in order to preserve substance of common-law right as it existed in 1791. U.S.C.A. Const. Amend. 7.

#### 5. Jury $\Leftrightarrow$ 13(1)

In determining whether party is entitled to jury trial under Seventh Amendment, statutory action is first compared to 18th-century actions brought in courts of England prior to merger of courts of law and equity. U.S.C.A. Const. Amend. 7.

#### 6. Jury $\Leftrightarrow$ 14(1.1)

##### Patents $\Leftrightarrow$ 280

Modern patent infringement action descended from infringement actions tried at law in 18th century; thus, Seventh Amendment requires that patent infringement cases today be tried to jury, as their predecessors

were more than two centuries ago. U.S.C.A. Const. Amend. 7.

#### 7. Jury $\Leftrightarrow$ 12(1)

Whether Seventh Amendment requires that particular issue in jury trial be determined by jury depends on whether jury must shoulder this responsibility as necessary to preserve substance of common-law right of trial by jury; only those incidents which are regarded as fundamental, as inherent in and of essence of system of trial by jury, are placed beyond reach of legislature. U.S.C.A. Const. Amend. 7.

#### 8. Jury $\Leftrightarrow$ 12(1)

In evaluating substance of common-law right, for purpose of determining whether Seventh Amendment requires that particular issue in jury trial be determined by jury, court should use historical method, similar to characterizing suits and actions within which issue arises; where there is no exact antecedent, best hope lies in comparing modern practice to earlier ones whose allocation to court or jury is known, seeking best analogy that can be drawn between old and new. U.S.C.A. Const. Amend. 7.

#### 9. Jury $\Leftrightarrow$ 14(1.1)

Seventh Amendment did not require that jury, rather than judge, construe claims in patent and, particularly, terms of art, as common-law practice at time Seventh Amendment was adopted did not support patentee's assertion that jury interpreted patent claims at that time; closest historical analogy was to construction of specifications for which there was no established jury practice, and judges, not jury, ordinarily construed written documents. U.S.C.A. Const. Amend. 7.

#### 10. Patents $\Leftrightarrow$ 101(1), 165(1), 314(5)

Construction of patent, including terms of art within claim, is exclusively within province of court, not jury, in view of existing precedent, suitability of interpretation issues for determination by judge, and importance of uniformity in treatment of given patent.

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517 U.S. 370

**11. Patents**  $\Leftrightarrow$ 101(2)

Patent construction is special occupation, requiring, like all others, special training and practice; judge, from training and discipline, is more likely to give proper interpretation to such instruments than jury, and judge is, therefore, more likely to be right, in performing such duty, than jury can be expected to be.

**12. Patents**  $\Leftrightarrow$ 101(2)

Although question of meaning of term of art in patent claim is subject of testimony requiring credibility determinations, such meaning is more properly determined by judge than jury, as any credibility determinations will be subsumed within necessarily sophisticated analysis of whole document, required by standard construction rule that term can be defined only in way that comports with instrument as whole; jury's capabilities to evaluate demeanor, to sense mainsprings of human conduct, or to reflect community standards, are much less significant than trained ability to evaluate testimony in relation to overall structure of patent.

**13. Patents**  $\Leftrightarrow$ 101(2), 165(1)

Importance of uniformity in treatment of given patent supported allocation of all issues of patent claim construction, including construction of terms of art, to court rather than jury; whereas issue preclusion could not be asserted against new and independent infringement defendants, treating interpretive issues as purely legal would promote intrajudicial certainty through application of stare decisis.

*Syllabus* \*

Petitioner Markman owns the patent to a system that tracks clothing through the dry-cleaning process using a keyboard and data processor to generate transaction records, including a bar code readable by optical detectors. According to the patent's claim, the portion of the patent document that defines the patentee's rights, Markman's product can "maintain an inventory total" and "detect and localize spurious additions to in-

ventory." The product of respondent Westview Instruments, Inc., also uses a keyboard and processor and lists dry-cleaning charges on bar-coded tickets that can be read by optical detectors. In this infringement suit, after hearing an expert witness testify about the meaning of the claim's language, the jury found that Westview's product had infringed Markman's patent. The District Court nevertheless directed a verdict for Westview on the ground that its device is unable to track "inventory" as that term is used in the claim. The Court of Appeals affirmed, holding the interpretation of claim terms to be the exclusive province of the court and the Seventh Amendment to be consistent with that conclusion.

*Held:* The construction of a patent, including terms of art within its claim, is exclusively within the province of the court. Pp. 1389-1396.

(a) The Seventh Amendment right of trial by jury is the right which existed under the English common law when the Amendment was adopted. *Baltimore & Carolina Line, Inc. v. Redman*, 295 U.S. 654, 657, 55 S.Ct. 890, 891, 79 L.Ed. 1636. Thus, the Court asks, first, whether infringement cases either were tried at law at the time of the founding or are at least analogous to a cause of action that was. There is no dispute that infringement cases today must be tried before a jury, as their predecessors were more than two centuries ago. This conclusion raises a second question: whether the particular trial issue (here a patent claim's construction) is necessarily a jury issue. This question is answered by comparing the modern practice to historical sources. Where there is no exact antecedent in the common law, the modern practice should be compared to earlier practices whose allocation to court or jury is known, and the best analogy that can be drawn between an old and the new must be sought. Pp. 1389-1390.

(b) There is no direct antecedent of modern claim construction in the historical sources. The closest 18th-century analogue

See *United States v. Detroit Lumber Co.*, 200 U.S. 321, 337, 26 S.Ct. 282, 287, 50 L.Ed. 499.

\* The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader.

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to modern claim construction seems to have been the construction of patent specifications describing the invention. Early patent cases from England and this Court show that judges, not juries, construed specification terms. No authority from this period supports Markman's contention that even if judges were charged with construing most patent terms, the art of defining terms of art in a specification fell within the jury's province. Pp. 1390-1393.

(c) Since evidence of common-law practice at the time of the framing does not entail application of the Seventh Amendment's jury guarantee to the construction of the claim document, this Court must look elsewhere to characterize this determination of meaning in order to allocate it as between judge or jury. Existing precedent, the relative interpretive skills of judges and juries, and statutory policy considerations all favor allocating construction issues to the court. As the former patent practitioner, Justice Curtis, explained, the first issue in a patent case, construing the patent, is a question of law, to be determined by the court. The second issue, whether infringement occurred, is a question of fact for a jury. *Winans v. Denmead*, 15 How. 330, 338, 14 L.Ed. 717. Contrary to Markman's contention, *Bischoff v. Wethered*, 9 Wall. 812, 19 L.Ed. 829, and *Tucker v. Spalding*, 13 Wall. 453, 20 L.Ed. 515, neither indicate that 19th-century juries resolved the meaning of patent terms of art nor undercut Justice Curtis's authority. Functional considerations also favor having judges define patent terms of art. A judge, from his training and discipline, is more likely to give proper interpretation to highly technical patents than a jury and is in a better position to ascertain whether an expert's proposed definition fully comports with the instrument as a whole. Finally, the need for uniformity in the treatment of a given patent favors allocation of construction issues to the court. Pp. 1393-1396.

52 F.3d 967 (C.A.Fed.1995), affirmed.

SOUTER, J., delivered the opinion for a unanimous Court.

William B. Mallen, for petitioners.

Frank H. Griffin, III, Media, PA, for respondents.

For U.S. Supreme Court briefs, see:

1995 WL 668008 (Pet.Brief)

1995 WL 730381 (Resp.Brief)

1995 WL 763711 (Reply.Brief)

Justice SOUTER delivered the opinion of the Court.

The question here is whether the interpretation of a so-called patent claim, the portion of the patent document that defines the scope of the patentee's rights, is a matter of law reserved entirely for the court, or subject to a Seventh Amendment guarantee that a jury will determine the meaning of any disputed term of art about which expert testimony is offered. We hold that the construction of a patent, including terms of art within its claim, is exclusively within the province of the court.

[1,2]

The Constitution empowers Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Art. I, § 8, cl. 8. Congress first exercised this authority in 1790, when it provided for the issuance of "letters patent," Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109, which, like their modern counterparts, granted inventors "the right to exclude others from making, using, offering for sale, selling, or importing the patented invention," in exchange for full disclosure of an invention, H. Schwartz, *Patent Law and Practice* 1, 33 (2d ed.1995). It has long been understood that a patent must describe the exact scope of an invention and its manufacture to "secure to [the patentee] all to which he is entitled, [and] to apprise the public of what is still open to them." *McClain v. Ortmyer*, 141 U.S. 419, 424, 12 S.Ct. 76, 77, 35 L.Ed. 800 (1891). Under the modern American system, these objectives are served by two distinct elements of a patent document. First, it contains a specification describing the invention "in such full, clear, concise, and exact

terms as to enable any person skilled in the art . . . to make and use the same." 35 U.S.C. § 112; see also 3 E. Lipscomb, Walker on Patents § 10:1, pp. 183-184 (3d ed. 1985) (Lipscomb) (disting the requirements for a specification). Second, a patent includes one or more "claims," which "particularly poin[t] out and distinctly clai[m] the subject matter which the applicant regards as his invention." 35 U.S.C. § 112. "A claim covers and secures a process, a machine, a manufacture, a composition of matter, or a design, but never the function or result of either, nor the scientific explanation of their operation." 6 Lipscomb § 21:17, at 315-316. The claim "define[s] the scope of a patent grant," 3 *id.*, § 11:1, at 280, and functions to forbid not only exact copies of an invention, but products that go to "the heart of an invention but avoids the literal language of the claim by making a[n] noncritical change," Schwartz, *supra*, at 82.<sup>1</sup> In this opinion, the word "claim" is used only in this sense peculiar to patent law.

[3] Characteristically, patent lawsuits charge what is known as infringement, Schwartz, *supra*, at 75, and rest on allegations that the defendant "without authority ma[de], use[d] or [sold the] patented invention, within the United States during the term of the patent therefor. . . ." 35 U.S.C. § 271(a). Victory in an infringement suit requires a finding that the patent claim "covers the alleged infringer's product or process," which in turn necessitates a determination of "what the words in the claim mean." Schwartz, *supra*, at 80; see also 3 Lipscomb § 11:2, at 288-290.

Petitioner in this infringement suit, Markman, owns United States Reissue Patent No. 33,054 for his "Inventory Control and Reporting System for Drycleaning Stores." The patent describes a system that can monitor and report the status, location, and move-

ment of clothing in a dry-cleaning establishment. The Markman system consists of a keyboard and data processor to generate written records for each transaction, including a bar code readable by optical detectors operated by employees, who log the progress of clothing through the dry-cleaning process. Respondent Westview's product also includes a keyboard and processor, and it lists charges for the dry-cleaning services on bar-coded tickets that can be read by portable optical detectors.

Markman brought an infringement suit against Westview and Althon Enterprises, an operator of dry-cleaning establishments, using Westview's products (collectively, Westview). Westview responded that Markman's patent is not infringed by its system because the latter functions merely to record an inventory of receivables by tracking invoices and transaction totals, rather than to record and track an inventory of articles of clothing. Part of the dispute hinged upon the meaning of the word "inventory," a term found in Markman's independent claim 1, which states that Markman's product can "maintain an inventory total" and "detect and localize spurious additions to inventory." The case was tried before a jury, which heard, among others, a witness produced by Markman who testified about the meaning of the claim language.

After the jury compared the patent to Westview's device, it found an infringement of Markman's independent claim 1 and dependent claim 10.<sup>2</sup> The District Court nevertheless granted Westview's deferred motion for judgment as a matter of law, one of its reasons being that the term "inventory" in Markman's patent encompasses "both cash inventory and the actual physical inventory of articles of clothing." 772 F.Supp. 1535, 1537-1538 (E.D.Pa.1991). Under the trial court's construction of the patent, the pro-

hollow rod connected to a motor. H. Schwartz, Patent Law and Practice §1-82 (2d ed.1995).

2. Dependent claim 10 specifies that, in the invention of claim 1, the input device is an alphanumeric keyboard in which single keys may be used to enter the attributes of the items in question.

duction, sale, or use of a tracking system for dry cleaners would not infringe Markman's patent unless the product was capable of tracking articles of clothing throughout the cleaning process and generating reports about their status and location. Since Westview's system cannot do these things, the District Court directed a verdict on the ground that Westview's device does not have the "means to maintain an inventory total" and thus cannot "detect and localize spurious additions to inventory as well as spurious deletions therefrom," as required by claim 1. *Id.*, at 1537.

[4] Markman appealed, arguing it was error for the District Court to substitute its construction of the disputed claim term 'inventory' for the construction the jury had presumably given it. The United States Court of Appeals for the Federal Circuit affirmed, holding the interpretation of claim terms to be the exclusive province of the court and the Seventh Amendment to be consistent with that conclusion. 52 F.3d 967 (1995). Markman sought our review on each point, and we granted certiorari. 515 U.S. 1192, 116 S.Ct. 40, 132 L.Ed.2d 921 (1995). We now affirm.

## II

[4] The Seventh Amendment provides that "[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved. . . ." U.S. Const., Amdt. 7. Since Justice Story's day, *United States v. Wonson*, 28 F. Cas. 745, 750 (No. 16,750) (CC Mass. 1812), we have understood that "[t]he right of trial by jury thus preserved is the right which existed under the English common law when the Amendment was adopted." *Baltimore & Carolina Line, Inc. v. Redman*, 295 U.S. 654, 657, 55 S.Ct. 890, 891, 79 L.Ed. 1636 (1935). In keeping with our longstanding adherence to this "historical test," Wolfram, *The Constitutional History of the Seventh Amendment*, 57 Minn. L.Rev. 639, 640-643 (1973), we ask, first, whether we are dealing with a cause of action that either was

3. Our formulations of the historical test do not deal with the possibility of conflict between actual English common-law practice and American assumptions about what that practice was, or

tried at law at the time of the founding or is at least analogous to one that was, see, e.g., *Tull v. United States*, 481 U.S. 412, 417, 107 S.Ct. 1831, 1835, 95 L.Ed.2d 365 (1987). If the action in question belongs in the law category, we then ask whether the particular trial decision must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791. See *infra*, at 1389-1390.<sup>3</sup>

### [37]A

[5, 6] As to the first issue, going to the character of the cause of action, "[t]he form of our analysis is familiar. 'First we compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity.'" *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42, 109 S.Ct. 2782, 2790, 106 L.Ed.2d 26 (1989) (citation omitted). Equally familiar is the descent of today's patent infringement action from the infringement actions tried at law in the 18th century, and there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago. See, e.g., *Braham v. Hardcastle*, 1 Carp. P.C. 168 (K.B. 1789).

### B

This conclusion raises the second question, whether a particular issue occurring within a jury trial (here the construction of a patent claim) is itself necessarily a jury issue, the guarantee being essential to preserve the right to a jury's resolution of the ultimate dispute. In some instances the answer to this second question may be easy because of clear historical evidence that the very subsidiary question was so regarded under the English practice of leaving the issue for a jury. But when, as here, the old practice provides no clear answer, see *infra*, at 1390-1391, we are forced to make a judgment about the scope of the Seventh Amendment guarantee without the benefit of any fool-proof test.

between English and American practices at the relevant time. No such complications arise in this case.

[7] The Court has repeatedly said that the answer to the second question "must depend on whether the jury must shoulder this responsibility as necessary to preserve the 'substance of the common-law right of trial by jury.'" *Tull v. United States*, *supra*, at 426, 107 S.Ct., at 1840 (emphasis added) (quoting *Colgrove v. Battin*, 413 U.S. 149, 156, 98 S.Ct. 2448, 2452, 37 L.Ed.2d 522 (1973)); see also *Baltimore & Carolina Line*, *supra*, at 657, 55 S.Ct., at 891. "'Only those incidents which are regarded as fundamental, as inherent in and of the essence of the system of trial by jury, are placed beyond the reach of the legislature.'" *Tull v. United States*, *supra*, at 426, 107 S.Ct., at 1840 (citations omitted); see also *Galloway v. United States*, 319 U.S. 372, 392, 63 S.Ct. 1077, 1088, 87 L.Ed. 1458 (1943).

The "substance of the common-law right" is, however, a pretty blunt instrument for drawing distinctions. We have tried to sharpen it, to be sure, by reference to the distinction between substance and procedure. See *Baltimore & Carolina Line*, *supra*, at 657, 55 S.Ct., at 891; see also *Galloway v. United States*, *supra*, at 390-391, 63 S.Ct., at 1087-1088; *Ex parte Peterson*, 253 U.S. 300, 309, 40 S.Ct. 543, 546, 64 L.Ed. 919 (1920); *Walker v. New Mexico & Southern Pacific R. Co.*, 165 U.S. 598, 596, 17 S.Ct. 421, 422, 41 L.Ed. 837 (1897); but see *Sun Oil Co. v. Wortman*, 486 U.S. 717, 727, 108 S.Ct. 2117, 2124, 100 L.Ed.2d 743 (1988). We have also spoken of the line as one between issues of fact and law. See *Baltimore & Carolina Line*, *supra*, at 657, 55 S.Ct., at 891; see also *Ex parte Peterson*, *supra*, at 310, 40 S.Ct., at 546; *Walker v. New Mexico & Southern Pacific R. Co.*, *supra*, at 597, 17 S.Ct., at 422; but see *Pullman-Standard v. Swint*, 456 U.S. 273, 288, 102 S.Ct. 1781, 1789, 72 L.Ed.2d 66 (1982).

[8] But the sounder course, when available, is to classify a mongrel practice (like construing a term of art following receipt of evidence) by using the historical method, much as we do in characterizing the suits and actions within which they arise. Where there is no exact antecedent, the best hope lies in comparing the modern practice to earlier ones whose allocation to court or jury

we do know, cf. *Baltimore & Carolina Line*, *supra*, at 659, 660, 55 S.Ct., at 892, 893; *Dimick v. Schiedt*, 293 U.S. 474, 477, 482, 55 S.Ct. 296, 297, 79 L.Ed. 603 (1935), seeking the best analogy we can draw between an old and the new, see *Tull v. United States*, *supra*, at 420-421, 107 S.Ct., at 1836-1837 (we must search the English common law for "appropriate analogies" rather than a "precisely analogous common-law cause of action").

## C

[9] "Prior to 1790 nothing in the nature of a claim had appeared either in British patent practice or in that of the American states," Lutz, Evolution of the Claims of U.S. Patents, 20 J. Pat. Off. Soc. 134 (1938), and we have accordingly found no direct antecedent of modern claim construction in the historical sources. Claim practice did not achieve statutory recognition until the passage of the Act of July 4, 1836, ch. 357, § 6, 5 Stat. 119, and inclusion of a claim did not become a statutory requirement until 1870, Act of July 8, 1870, ch. 230, § 26, 16 Stat. 201; see 1 A. Deller, Patent Claims § 4, p. 9 (2d ed.1971). Although, as one historian has observed, as early as 1850 "judges were . . . beginning to express more frequently the idea that in seeking to ascertain the invention 'claimed' in a patent the inquiry should be limited to interpreting the summary, or 'claim,'" Lutz, *supra*, at 145, "[t]he idea that the claim is just as important if not more important than the description and drawings did not develop until the Act of 1870 or thereabouts." Deller, *supra*, § 4, at 9.

At the time relevant for Seventh Amendment analogies, in contrast, it was the specification, itself a relatively new development, H. Dutton, The Patent System and Inventive Activity During the Industrial Revolution, 1750-1852, pp. 75-76 (1984), that represented the key to the patent. Thus, patent litigation in that early period was typified by so-called novelty actions, testing whether "any essential part of [the patent had been] disclosed to the public before," *Huddart v. Grimshaw*, Dav. Pat. Cas. 265, 298 (K.B.1803), and "en-

ablement" cases, in which juries were asked to determine whether the specification described the invention well enough to allow members of the appropriate trade to reproduce it, see, e.g., *Arkwright v. Nightingale*, Dav. Pat. Cas. 37, 60 (C.P. 1785).

The closest 18th-century analogue of modern claim construction seems, then, to have been the construction of specifications, and as to that function the mere smattering<sup>4</sup> of patent cases that we have from this period<sup>5</sup> shows no established jury practice sufficient to support an argument by analogy that today's construction of a claim should be a guaranteed jury issue. Few of the case reports even touch upon the proper interpretation of disputed terms in the specifications at issue, see, e.g., *Bramah v. Hardcastle*, 1 Carp. P.C. 168 (K.B.1789); *King v. Else*, 1 Carp. P.C. 103, Dav. Pat. Cas. 144 (K.B. 1785); *Dollond's Case*, 1 Carp. P.C. 28 (C.P. 1758); *Administrators of Calthorp v. Waymans*, 3 Keb. 710, 84 Eng. Rep. 966 (K.B. 1676), and none demonstrates that the definition of such a term was determined by the jury.<sup>6</sup> This absence of an established practice should not surprise us, given the primitive state of jury patent practice at the end of the 18th century, when juries were still new to the field. Although by 1791 more than a century had passed since the enactment of the Statute of Monopolies, which provided<sup>8</sup> that the validity of any monopoly should be determined in accordance with the common

4. Before the turn of the century, "no more than twenty-two [reported] cases came before the superior courts of London." H. Dutton, The Patent System and Inventive Activity During the Industrial Revolution, 1750-1852, p. 71 (1984).

5. Markman relies heavily upon Justice Buller's notes of Lord Mansfield's instructions in *Liardet v. Johnson* (K.B.1778), in 1 J. Oldham, The Mansfield Manuscripts and the Growth of English Law in the Eighteenth Century 748 (1992). *Liardet* was an enablement case about the invention of stucco, in which a defendant asserted that the patent was invalid because it did not fully describe the appropriate method for producing the substance. Even setting aside concerns about the accuracy of the summary of the jury instructions provided for this case from outside the established reports, see 1 Oldham, *supra*, at 752, n. 11, it does not show that juries construed disputed terms in a patent. From its ambiguous references, e.g., 1 Oldham, *supra*, at 756 ("[Lord Mansfield] left to the jury 1st, on all objections

law, patent litigation had remained within the jurisdiction of the Privy Council until 1752 and hence without the option of a jury trial. E. Walterscheid, Early Evolution of the United States Patent Law: Antecedents (Part 3), 77 J. Pat. & Tm. Off. Soc. 771, 771-776 (1995). Indeed, the state of patent law in the common-law courts before 1800 led one historian to observe that "the reported cases are destitute of any decision of importance. . . . At the end of the eighteenth century, therefore, the Common Law Judges were left to pick up the threads of the principles of law without the aid of recent and reliable precedents." Hulme, On the Consideration of the Patent Grant, Past and Present, 13 L.Q. Rev. 313, 318 (1897). Earlier writers expressed similar discouragement at patent law's amorphous character,<sup>9</sup> and, as late as the 1830's, English commentators were irked by enduring confusion in the field. See Dutton, *supra*, at 69-70.

Markman seeks to supply what the early case reports lack in so many words by relying on decisions like *Turner v. Winter*, 1 T.R. 602, 99 Eng. Rep. 1274 (K.B.1787), and *Arkwright v. Nightingale*, Dav. Pat. Cas. 37 (C.P. 1785), to argue that the 18th-century juries must have acted as definers of patent terms just to reach the verdicts we know they rendered in patent cases turning on enablement or novelty. But the conclusion simply does not follow. There is no more

made to exactness, certainty and propriety of the Specification, & whether any workman could make it by [the Specification]"), we cannot infer the existence of an established practice, cf. *Galloway v. United States*, 319 U.S. 372, 392, 63 S.Ct. 1077, 1088, 87 L.Ed. 1458 (1943) (expressing concern regarding the "uncertainty and the variety of conclusions which follows from an effort at purely historical accuracy"), especially when, as here, the inference is undermined by evidence that judges, rather than jurors, ordinarily construed written documents at the time. See *infra*, at 1393-1394.

6. See, e.g., *Boulton and Watt v. Bull*, 2 H. Bl. 463, 491, 126 Eng. Rep. 651, 665 (C.P. 1795) (Eyre, C.J.) ("Patent rights are no where that I can find accurately discussed in our books"); Dutton, *supra* n. 4, at 70-71 (quoting Abraham Weston as saying "it may with truth be said that the [Law] Books are silent on the subject [of patents] and furnish no clue to go by, in agitating the Question What is the Law of Patents?").

reason to infer that juries supplied plenary interpretation of written instruments in patent litigation than in other cases implicating the meaning of documentary terms, and we do know that in other kinds of cases during this period judges, not juries, ordinarily construed written documents.<sup>7</sup> The probability that the judges were doing the same thing in the patent litigation of the time is confirmed by the fact that as soon as the English reports did begin to describe the construction of patent documents, they show the judges construing the terms of the specifications. See *Bovill v. Moore*, Dav. Pat. Cas. 361, 369, 404 (C.P. 1816) (judge submits question of novelty to the jury only after explaining some of the language and “stat[ing] in what terms the specification runs”); cf. *Russell v. Cowley & Dixon*, Webs. Pat. Cas. 457, 467–470 (Exch.1834) (construing the terms of the specification in reviewing a verdict); *Haworth v. Hardcastle*, Webs. Pat. Cas. 480, 484–485 (1834) (same). This evidence is in fact buttressed by cases from this Court; when they first reveal actual practice, the practice revealed is of the judge construing the patent. See, e.g., *Winans v. New York & Erie R. Co.*, 21 How. 88, 100, 16 L.Ed. 68 (1859); *Winans v. Denmead*, 15 How. 330, 338, 14 L.Ed. 717 (1854); *Hogg v. Emerson*, 6 How. 437, 484, 12 L.Ed. 505 (1848); cf. *Parker v. Hulme*, 18 F. Cas. 1138 (No. 10,740) (CC ED Pa. 1849). These indications of our patent practice are the more

7. See, e.g., Devlin, *Jury Trial of Complex Cases: English Practice at the Time of the Seventh Amendment*, 80 Colum. L.Rev. 43, 75 (1980); Weiner, *The Civil Jury Trial and the Law-Fact Distinction*, 54 Calif.L.Rev. 1867, 1932 (1966). For example, one historian observed that it was generally the practice of judges in the late 18th century “to keep the construction of writings out of the jury’s hands and reserve it for themselves,” a “safeguard” designed to prevent a jury from “constru[ing] or refin[ing] it at pleasure.” 9 J. Wigmore, *Evidence* § 2461, p. 194 (J. Chadbourne rev. ed.1981) (emphasis in original; internal quotation marks omitted). The absence of any established practice supporting Markman’s view is also shown by the disagreement between Justices Willis and Buller, reported in *Macheath v. Haldimand*, 1 T.R. 173, 180–182, 99 Eng. Rep. 1036, 1040–1041 (K.B.1786), as to whether juries could ever construe written documents when their meaning was disputed.

impressive for being all of a piece with what we know about the analogous contemporary practice of interpreting<sup>8</sup> terms within a land patent, where it fell to the judge, not the jury, to construe the words.<sup>8</sup>

## D

Losing, then, on the contention that juries generally had interpretive responsibilities during the 18th century, Markman seeks a different anchor for analogy in the more modest contention that even if judges were charged with construing most terms in the patent, the art of defining terms of art employed in a specification fell within the province of the jury. Again, however, Markman has no authority from the period in question, but relies instead on the later case of *Neilson v. Harford*, Webs. Pat. Cas. 328 (Exch.1841). There, an exchange between the judge and the lawyers indicated that although the construction of a patent was ordinarily for the court, *id.*, at 349 (Alderson, B.), judges should “leav[e] the question of words of art to the jury,” *id.*, at 350 (Alderson, B.); see also *id.*, at 370 (judgment of the court); *Hill v. Evans*, 4 De. G.F. & J. 288, 293–294, 45 Eng. Rep. 1195, 1197 (Ch. 1862). Without, however, in any way disparaging the weight to which Baron Alderson’s view is entitled, the most we can say is that an English report more than 70 years after the time that concerns us indicates an exception to what probably had been occurring earlier.<sup>9</sup> In place of

8. As we noted in *Brown v. Huger*, 21 How. 305, 318, 16 L.Ed. 125 (1859):

“With regard to the second part of this objection, that which claims for the jury the construction of the patent, we remark that the patent itself must be taken as evidence of its meaning; that, like other written instruments, it must be interpreted as a whole . . . and the legal deductions drawn therefrom must be conformable with the scope and purpose of the entire document. This construction and these deductions we hold to be within the exclusive province of the court.”

9. In explaining that judges generally construed all terms in a written document at the end of the 18th century, one historian observed that “[i]nterpretation by local usage for example (today the plainest case of legitimate deviation from the normal standard) was still but making its way.” 9 Wigmore, *Evidence* § 2461, at 195; see also *id.*, at 195, and n. 6 (providing examples of this

Markman’s inference that this exceptional practice existed in 1791 there is at best only a possibility that it did, and for anything more than a possibility we have found no scholarly authority.

## III

[10] Since evidence of common-law practice at the time of the framing does not entail application of the Seventh Amendment’s jury guarantee to the construction of the claim document, we must look elsewhere to characterize this determination of meaning in order to allocate it as between court or jury. We accordingly consult existing precedent<sup>10</sup> and consider both the relative interpretive skills of judges and juries and the statutory policies that ought to be furthered by the allocation.

## A

The two elements of a simple patent case, construing the patent and determining whether infringement occurred, were characterized by the former patent practitioner, Justice Curtis.<sup>11</sup> “The first is a question of law, to be determined by the court, construing the letters-patent, and the description of the invention and specification of claim annexed to them. The second is a question of fact, to be submitted to a jury.” *Winans v. Denmead*, *supra*, at 338; see *Winans v. New York & Erie R. Co.*, *supra*, at 100; *Hogg v. Emerson*, *supra*, at 484; cf. *Parker v. Hulme*, *supra*, at 1140.

In arguing for a different allocation of responsibility for the first question, Markman relies primarily on two cases, *Bischoff v. Wethered*, 9 Wall. 812, 19 L.Ed. 829 (1870), and *Tucker v. Spalding*, 13 Wall. 453, 20 L.Ed. 515 (1872). These are said to show that evidence of the meaning of patent terms

practice. We need not in any event consider here whether our conclusion that the Seventh Amendment does not require terms of art in patent claims to be submitted to the jury supports a similar result in other types of cases.

10. Because we conclude that our precedent supports classifying the question as one for the court, we need not decide either the extent to which the Seventh Amendment can be said to have crystallized a law/fact distinction. cf. *Ex parte Peterson*, 253 U.S. 300, 310, 40 S.Ct. 543,

was offered to 19th-century juries, and thus to imply that the meaning of a documentary term was a jury issue whenever it was subject to evidentiary proof. That is not what Markman’s cases show, however.

In order to resolve the *Bischoff* suit implicating the construction of rival patents, we considered “whether the court below was bound to compare the two specifications, and to instruct the jury, as a matter of law, whether the inventions therein described were, or were not, identical.” 9 Wall., at 813 (statement of the case). We said it was not bound to do that, on the ground that investing the court with so dispositive a role would improperly eliminate the jury’s function in answering the ultimate question of infringement. On that ultimate issue, expert testimony had been admitted on “the nature of the various mechanisms or manufactures described in the different patents produced, and as to the identity or diversity between them.” *Id.*, at 814. Although the jury’s consideration of that expert testimony in resolving the question of infringement was said to impinge upon the well-established principle “that it is the province of the court, and not the jury, to construe the meaning of documentary evidence,” *id.*, at 815, we decided that it was not so. We said:

“[T]he specifications . . . profess to describe mechanisms and complicated machinery, chemical compositions and other manufactured products, which have their existence *in pais*, outside of the documents themselves; and which are commonly described by terms of the art or mystery to which they respectively belong; and these descriptions and terms of art often require peculiar knowledge and education to understand them aright. . . . Indeed, the

546, 64 L.Ed. 919 (1920); *Walker v. New Mexico & Southern Pacific R. Co.*, 165 U.S. 593, 597, 17 S.Ct. 421, 422, 41 L.Ed. 837 (1897), or whether post-1791 precedent classifying an issue as one of fact would trigger the protections of the Seventh Amendment if (unlike this case) there were no more specific reason for decision.

11. See 1 A Memoir of Benjamin Robbins Curtis, L.L.D., 84 (B. Curtis ed. 1879); cf. *O’Reilly v. Morse*, 15 How. 62, 63, 14 L.Ed. 601 (1854) (noting his involvement in a patent case).



whole subject-matter of a patent is an embodied conception outside of the patent itself. . . . This outward embodiment of the terms contained in the patent is the thing invented, and is to be properly sought, like the explanation of all latent ambiguities arising from the description of external things, by evidence *in pais*." *Ibid*.

*Bischoff* does not then, as *Markman* contends, hold that the use of expert testimony about the meaning of terms of art requires the judge to submit the question of their construction to the jury. It is instead a case in which the Court drew a line between issues of document interpretation and product identification, and held that expert testimony was properly presented to the jury on the latter, ultimate issue, whether the physical objects produced by the patent were identical. The Court did not see the decision as hearing upon the appropriate treatment of disputed terms. As the opinion emphasized, the Court's "view of the case is not intended to, and does not, trench upon the doctrine that the construction of written instruments is the province of the court alone. *It is not the construction of the instrument, but the character of the thing invented, which is sought in questions of identity and diversity of inventions.*" *Id.*, at 816 (emphasis added). *Tucker*, the second case proffered by *Markman*, is to the same effect. Its reasoning rested expressly on *Bischoff*, and it just as clearly noted that in addressing the ultimate issue of mixed fact and law, it was for the court to "lay down to the jury the law which should govern them." *Tucker, supra*, at 455.<sup>12</sup>

<sup>13</sup>If the line drawn in these two opinions is a fine one, it is one that the Court has drawn repeatedly in explaining the respective roles of the jury and judge in patent

12. We are also unpersuaded by petitioner's heavy reliance upon the decision of Justice Story on circuit in *Washburn v. Gould*, 29 F. Cas. 312 (No. 17,214) (CC. Mass. 1844). Although he wrote that "[t]he jury are to judge of the meaning of words of art, and technical phrases," *id.*, at 325, he did so in describing the decision in *Neilson v. Harford*, Webs. Pat. Cas. 328 (Exch.1841), which we discuss, *supra*, at 1392, and, whether or not he agreed with *Neilson*, he stated, "[b]ut I do not proceed upon this ground." 29 F. Cas., at 325.

cases,<sup>13</sup> and one understood by commentators writing in the aftermath of the cases *Markman* cites. Walker, for example, read *Bischoff* as holding that the question of novelty is not decided by a construction of the prior patent, "but depends rather upon the outward embodiment of the terms contained in the [prior patent]; and that such outward embodiment is to be properly sought, like the explanation of latent ambiguities arising from the description of external things, by evidence *in pais*." A. Walker, Patent Laws § 75, p. 68 (3d ed. 1895). He also emphasized in the same treatise that matters of claim construction, even those aided by expert testimony, are questions for the court:

"Questions of construction are questions of law for the judge, not questions of fact for the jury. As it cannot be expected, however, that judges will always possess the requisite knowledge of the meaning of the terms of art or science used in letters patent, it often becomes necessary that they should avail themselves of the light furnished by experts relevant to the significance of such words and phrases. The judges are not, however, obliged to blindly follow such testimony." *Id.*, § 189, at 173 (footnotes omitted).

Virtually the same description of the court's use of evidence in its interpretive role was set out in another contemporary treatise:

<sup>14</sup>"The duty of interpreting letters-patent has been committed to the courts. A patent is a legal instrument, to be construed, like other legal instruments, according to its tenor. . . . Where technical terms are used, or where the qualities of substances or operations mentioned or any similar data necessary to the comprehension of the language of the patent are unknown to the judge, the testimony of

13. See, e.g., *Coupe v. Royer*, 155 U.S. 565, 579–580, 15 S.Ct. 199, 205, 39 L.Ed. 263 (1895); *Silby v. Foote*, 14 How. 218, 226, 14 L.Ed. 391 (1853); *Hogg v. Emerson*, 6 How. 437, 484, 12 L.Ed. 505 (1848); cf. *Brown v. Piper*, 91 U.S. 37, 41, 23 L.Ed. 200 (1875); *Winans v. New York & Erie R. Co.*, 21 How. 88, 100, 16 L.Ed. 68 (1859); cf. also *U.S. Industrial Chemicals, Inc. v. Carbide & Carbon Chemicals Corp.*, 315 U.S. 668, 678, 62 S.Ct. 839, 844, 86 L.Ed. 1105 (1942).

witnesses may be received upon these subjects, and any other means of information be employed. *But in the actual interpretation of the patent the court proceeds upon its own responsibility, as an arbiter of the law, giving to the patent its true and final character and force.*" 2 W. Robinson, Law of Patents § 732, pp. 481–483 (1890) (emphasis added; footnotes omitted).

In sum, neither *Bischoff* nor *Tucker* indicates that juries resolved the meaning of terms of art in construing a patent, and neither case undercuts Justice Curtis's authority.

## B

Where history and precedent provide no clear answers, functional considerations also play their part in the choice between judge and jury to define terms of art. We said in *Miller v. Fenton*, 474 U.S. 104, 114, 106 S.Ct. 445, 451, 88 L.Ed.2d 405 (1985), that when an issue "falls somewhere between a pristine legal standard and a simple historical fact, the fact/law distinction at times has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question." So it turns out here, for judges, not juries, are the better suited to find the acquired meaning of patent terms.

[11] The construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis. Patent construction in particular "is a special occupation, requiring, like all others, special training and practice. The judge, from his training and discipline, is more likely to give a proper <sup>15</sup>interpretation to such instruments than a jury; and he is, therefore, more likely to be right, in performing such a duty, than a jury can be expected to be." *Parker v. Hulme*, 18 F. Cas., at 1140. Such was the understanding nearly a century and a half ago, and there is no reason to weigh the respective strengths of judge and jury differently in relation to the modern claim; quite the contrary, for "the claims of patents have become highly technical in many respects as the result of special doctrines relating to the proper form and scope of claims that have

been developed by the courts and the Patent Office." Woodward, *Definiteness and Particularity in Patent Claims*, 46 Mich. L.Rev. 755, 765 (1948).

[12] *Markman* would trump these considerations with his argument that a jury should decide a question of meaning peculiar to a trade or profession simply because the question is a subject of testimony requiring credibility determinations, which are the jury's forte. It is, of course, true that credibility judgments have to be made about the experts who testify in patent cases, and in theory there could be a case in which a simple credibility judgment would suffice to choose between experts whose testimony was equally consistent with a patent's internal logic. But our own experience with document construction leaves us doubtful that trial courts will run into many cases like that. In the main, we expect, any credibility determinations will be subsumed within the necessarily sophisticated analysis of the whole document, required by the standard construction rule that a term can be defined only in a way that comports with the instrument as a whole. See *Bates v. Coe*, 98 U.S. 31, 38, 25 L.Ed. 68 (1878); 6 Lipscomb § 21:40, at 393; 2 Robinson, *supra*, § 734, at 484; Woodward, *supra*, at 765; cf. *U.S. Industrial Chemicals, Inc. v. Carbide & Carbon Chemicals Corp.*, 315 U.S. 668, 678, 62 S.Ct. 839, 844, 86 L.Ed. 1105 (1942); cf. 6 Lipscomb § 21:40, at 393. Thus, in these cases a jury's capabilities to evaluate demeanor, cf. *Miller, supra*, at 114, 117, 106 S.Ct., at 451, 453, to sense the "mainsprings of human conduct," *Commissioner v. Duberstein*, 363 U.S. 278, 289, 80 S.Ct. 1190, 1198, 4 L.Ed.2d 1218 (1960), or to reflect community <sup>16</sup>standards, *United States v. McConney*, 728 F.2d 1195, 1204 (C.A.9 1984) (en banc), are much less significant than a trained ability to evaluate the testimony in relation to the overall structure of the patent. The decisionmaker vested with the task of construing the patent is in the better position to ascertain whether an expert's proposed definition fully comports with the specification and claims and so will preserve the patent's internal coherence. We accordingly think there is sufficient reason to treat construction of terms of art like

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many other responsibilities that we cede to a judge in the normal course of trial, notwithstanding its evidentiary underpinnings.

C

[13] Finally, we see the importance of uniformity in the treatment of a given patent as an independent reason to allocate all issues of construction to the court. As we noted in *General Elec. Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369, 58 S.Ct. 899, 902, 82 L.Ed. 1402 (1938), “[t]he limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius of others and the assurance that the subject of the patent will be dedicated ultimately to the public.” Otherwise, a “zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field.” *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236, 63 S.Ct. 165, 170, 87 L.Ed. 232 (1942), and “[t]he public [would] be deprived of rights supposed to belong to it, without being clearly told what it is that limits these rights.” *Merrill v. Yeomans*, 94 U.S. 568, 573, 24 L.Ed. 235 (1877). It was just for the sake of such desirable uniformity that Congress created the Court of Appeals for the Federal Circuit as an exclusive appellate court for patent cases, H.R.Rep. No. 97-312, pp. 20-23 (1981), observing that increased uniformity would “strengthen the United States patent system in such a way as to foster technological growth and industrial innovation.” *Id.*, at 20.

[30] Uniformity would, however, be ill served by submitting issues of document construction to juries. Making them jury issues would not, to be sure, necessarily leave evidentiary questions of meaning wide open in every new court in which a patent might be litigated, for principles of issue preclusion would ordinarily foster uniformity. Cf. *Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation*, 402 U.S. 313, 91 S.Ct. 1434, 28 L.Ed.2d 788 (1971). But whereas issue preclusion could not be asserted against new and independent infringement defendants even within a given jurisdiction, treating interpretive issues as purely legal will

promote (though it will not guarantee) intra-jurisdictional certainty through the application of *stare decisis* on those questions not yet subject to interjurisdictional uniformity under the authority of the single appeals court.

\* \* \*

Accordingly, we hold that the interpretation of the word “inventory” in this case is an issue for the judge, not the jury, and affirm the decision of the Court of Appeals for the Federal Circuit.

*It is so ordered.*



517 U.S. 392, 134 L.Ed.2d 593

1396 HOLLY FARMS CORPORATION  
et al., Petitioners,

v.

NATIONAL LABOR RELATIONS  
BOARD et al.  
No. 95-210.

Argued Feb. 21, 1996.

Decided April 23, 1996.

Union filed representation petition with National Labor Relations Board (NLRB), seeking election in proposed unit of employees of vertically integrated poultry producer which included live-haul workers. NLRB approved proposed bargaining unit, finding live-haul workers were employees protected by National Labor Relations Act (NLRA). NLRB ordered poultry producer to bargain with union as representative of unit. On poultry producer's petition for review, the Court of Appeals for the Fourth Circuit, 48 F.3d 1360, enforced NLRB's order. After granting certiorari, the Supreme Court, Justice Ginsburg, held that NLRB's determination that live-haul workers were employees covered by NLRA, rather than exempt agricultural laborers, was reasonable.

Affirmed.

## APPENDIX G

## Westlaw

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(Cite as: 415 F.3d 1303)

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Phillips v. AWH Corp.  
C.A.Fed. (Colo.),2005.

United States Court of Appeals,Federal Circuit.  
Edward H. PHILLIPS, Plaintiff-Appellant,  
v.

AWH CORPORATION, Hopeman Brothers, Inc.,  
and Lofon Corporation, Defendants-Cross  
Appellants.

Nos. 03-1269, 03-1286.

July 12, 2005.


**Background:** Owner of patent for vandalism-resistant wall panels sued former distributor for infringement. The United States District Court for the District of Colorado, [Marcia S. Krieger](#), J., granted summary judgment for former distributor, and owner appealed. The Court of Appeals, [363 F.3d 1207](#), affirmed.

**Holding:** On rehearing en banc, the Court of Appeals, [Bryson](#), Circuit Judge, held that “baffles,” called for in asserted claim, were not limited to non-perpendicular, projectile-deflecting structures disclosed in preferred embodiment.

Affirmed in part, reversed in part, dismissed in part, and remanded.


[Lourie](#), Circuit Judge, concurred in part, dissenting in part, and filed opinion in which [Pauline Newman](#), Circuit Judge, joined.

[Maver](#), Circuit Judge, dissented and filed opinion in which [Pauline Newman](#), Circuit Judge, joined.  
West Headnotes


[\[1\]](#) Patents 291 101(8)

291 Patents  
[291IX](#) Applications and Proceedings Thereon  
[291k101](#) Claims


[291k101\(8\)](#) k. Functions, Advantages or Results of Invention. [Most Cited Cases](#)  
Limitation in patent claim for vandalism-resistant wall, calling for “means disposed inside shell for increasing its load bearing capacity” comprising “internal steel baffles” extending inwardly from steel shell walls, recited sufficient structure to avoid means-plus-function treatment. [35 U.S.C.A. § 112, par. 6](#).

[\[2\]](#) Patents 291 165(2)


291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims  
[291k165](#) Operation and Effect of Claims in General  
[291k165\(2\)](#) k. Claims as Measure of Patentee's Rights. [Most Cited Cases](#)  
It is bedrock principle of patent law that claims of patent define invention to which patentee is entitled the right to exclude.

[\[3\]](#) Patents 291 157(1)

291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(A\)](#) In General  
[291k157](#) General Rules of Construction  
[291k157\(1\)](#) k. In General. [Most Cited Cases](#)

Patents 291 161


291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(A\)](#) In General  
[291k161](#) k. State of the Art. [Most Cited Cases](#)  
Words of patent claim are generally given their ordinary and customary meaning, i.e., meaning that term would have to person of ordinary skill in the art in question on effective filing date of patent application.

[\[4\]](#) Patents 291 161


291 Patents

415 F.3d 1303  
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(Cite as: 415 F.3d 1303)


[291IX](#) Construction and Operation of Letters Patent  
[291IX\(A\)](#) In General  
[291k161](#) k. State of the Art. [Most Cited Cases](#)

Patents 291 167(1)


291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims  
[291k167](#) Specifications, Drawings, and Models  
[291k167\(1\)](#) k. In General. [Most Cited Cases](#)  
Person of ordinary skill in the art, through whose eyes patent claim is construed, is deemed to read claim term not only in context of particular claim in which disputed term appears, but in context of entire patent, including specification.

[\[5\]](#) Patents 291 165(5)


291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims  
[291k165](#) Operation and Effect of Claims in General  
[291k165\(5\)](#) k. Construction of Particular Claims as Affected by Other Claims. [Most Cited Cases](#)  
Because claim terms are normally used consistently throughout patent, usage of term in one claim can often illuminate meaning of same term in other claims.

[\[6\]](#) Patents 291 165(5)


291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims  
[291k165](#) Operation and Effect of Claims in General  
[291k165\(5\)](#) k. Construction of Particular Claims as Affected by Other Claims. [Most Cited Cases](#)  
Presence of dependent patent claim that adds particular limitation gives rise to presumption that limitation in question is not present in independent claim.

[\[7\]](#) Patents 291 101(4)


291 Patents  
[291IV](#) Applications and Proceedings Thereon  
[291k101](#) Claims  
[291k101\(4\)](#) k. Specifications and Drawings, Construction With. [Most Cited Cases](#)  
Patent claims must be read in view of specification, of which they are part.

[\[8\]](#) Patents 291 167(1)


291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims  
[291k167](#) Specifications, Drawings, and Models  
[291k167\(1\)](#) k. In General. [Most Cited Cases](#)  
Patent specification is always highly relevant to claim construction analysis; it is single best guide to meaning of disputed term, and is usually dispositive.

[\[9\]](#) Patents 291 162

291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(A\)](#) In General  
[291k162](#) k. Contemporaneous Construction of Inventor. [Most Cited Cases](#)

Patents 291 167(1.1)

291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims  
[291k167](#) Specifications, Drawings, and Models  
[291k167\(1.1\)](#) k. Specification as Limiting or Enlarging Claims. [Most Cited Cases](#)  
When patent specification reveals special definition given to claim term by patentee that differs from meaning it would otherwise possess, inventor's lexicography governs.

[\[10\]](#) Patents 291 167(1.1)

291 Patents  
[291IX](#) Construction and Operation of Letters Patent  
[291IX\(B\)](#) Limitation of Claims

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(Cite as: 415 F.3d 1303)

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[291k167](#) Specifications, Drawings, and Models  
[291k167\(1.1\)](#) k. Specification as Limiting or Enlarging Claims. [Most Cited Cases](#)  
Where patent specification reveals intentional disclaimer, or disavowal, of claim scope by inventor, such revealed intention is dispositive.

**[11] Patents 291 ↻168(1)**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(B\)](#) Limitation of Claims  
[291k168](#) Proceedings in Patent Office in General  
[291k168\(1\)](#) k. In General. [Most Cited Cases](#)  
“Prosecution history” consists of complete record of proceedings before Patent and Trademark Office and includes prior art cited during examination of patent.

**[12] Patents 291 ↻168(2.1)**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(B\)](#) Limitation of Claims  
[291k168](#) Proceedings in Patent Office in General  
[291k168\(2\)](#) Rejection and Amendment of Claims  
[291k168\(2.1\)](#) k. In General. [Most Cited Cases](#)  
Prosecution history can often inform meaning of patent claim language by demonstrating how inventor understood invention and whether inventor limited invention in course of prosecution, making claim scope narrower than it would otherwise be.

**[13] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Although extrinsic evidence can shed useful light on relevant art, it is less significant than intrinsic record in determining legally operative meaning of patent claim language.

**[14] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Dictionaries, though extrinsic evidence, are among tools that can assist patent-construing court in determining meaning of particular terminology to those of skill in the art of invention.

**[15] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Extrinsic evidence in form of expert testimony can be useful to patent-construing court for variety of purposes, such as to provide background on technology at issue, to explain how invention works, to ensure that court's understanding of technical aspects of patent is consistent with that of person of skill in the art, or to establish that particular term in patent or prior art has particular meaning in pertinent field.

**[16] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Conclusory, unsupported assertions by experts as to definition of patent claim term are not useful to construing court.

**[17] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Court, when construing patent, should discount any expert testimony that is clearly at odds with claim construction mandated by claims themselves, written description, and prosecution history.

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**[18] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Extrinsic evidence may be useful to construing court, but it is unlikely to result in reliable interpretation of patent claim scope unless considered in context of intrinsic evidence.

**[19] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
It is permissible for patent-construing court, in its sound discretion, to admit and use extrinsic evidence; such evidence can help educate court regarding field of invention and can help court determine what person of ordinary skill in the art would understand claim terms to mean.

**[20] Patents 291 ↻159**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k159](#) k. Extrinsic Evidence in General. [Most Cited Cases](#)  
Although dictionaries or comparable sources are often useful to assist in understanding commonly understood meaning of patent claim terms, construing court's focus remains on understanding how person of ordinary skill in the art would understand claim terms.

**[21] Patents 291 ↻157(1)**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k157](#) General Rules of Construction  
[291k157\(1\)](#) k. In General. [Most Cited Cases](#)  
There is no magic formula or catechism for

conducting patent claim construction; court is not barred from considering any particular sources or required to analyze sources in any specific sequence, so long as those sources are not used to contradict claim meaning that is unambiguous in light of intrinsic evidence.

**[22] Patents 291 ↻101(3)**

[291](#) Patents  
[291IV](#) Applications and Proceedings Thereon  
[291k101](#) Claims  
[291k101\(3\)](#) k. Limitations in General. [Most Cited Cases](#)  
Internal steel “baffles,” called for in patent for vandalism-resistant wall panels, were not limited to non-perpendicular, projectile-deflecting structures disclosed in preferred embodiment; specification did not require that internal structures always be capable of performing that function.

**[23] Patents 291 ↻101(3)**

[291](#) Patents  
[291IV](#) Applications and Proceedings Thereon  
[291k101](#) Claims  
[291k101\(3\)](#) k. Limitations in General. [Most Cited Cases](#)  
Fact that patent asserts that invention achieves several objectives does not require that each claim be construed as limited to structures that are capable of achieving all those objectives.

**[24] Patents 291 ↻157(2)**

[291](#) Patents  
[291X](#) Construction and Operation of Letters Patent  
[291X\(A\)](#) In General  
[291k157](#) General Rules of Construction  
[291k157\(2\)](#) k. Construction to Give Validity and Effect to Patent. [Most Cited Cases](#)  
Application of patent construction maxim, that claims should be so construed, if possible, as to sustain their validity, is limited to cases in which court concludes, after applying all available tools of claim construction, that claim is still ambiguous.

**Patents 291 ↻328(2)**

[291](#) Patents  
[291XIII](#) Decisions on the Validity, Construction, and Infringement of Particular Patents  
[291k328](#) Patents Enumerated

415 F.3d 1303  
415 F.3d 1303, 75 U.S.P.Q.2d 1321  
(Cite as: 415 F.3d 1303)

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[291k328\(2\)](#) k. Original Utility. [Most Cited Cases](#)  
[4,677,798](#). Construed.

\*1305 [Carl F. Manthei](#), Attorney at Law, of Boulder, Colorado, argued for plaintiff-appellant.

[Mark W. Fischer](#), Faegre & Benson LLP, of Boulder, Colorado, argued for defendants-cross appellants. With him on the brief were [Neal S. Cohen](#) and [Peter J. Kinsella](#). Of counsel on the brief were [Maurice M. Klee](#), Law Office of Maurice M. Klee, Ph.D., Fairfield, Connecticut, and [Kenneth C. Bass, III](#), Sterne, Kessler, Goldstein & Fox, of Washington, DC. Of counsel was [Scott E. Holwick](#), Faegre & Benson LLP.

\*1306 John M. Whealan, Solicitor, United States Patent and Trademark Office, of Alexandria, Virginia, argued for amicus curiae United States. With him on the brief were James A. Toupin, General Counsel; Cynthia C. Lynch; Linda Moneys Isacson; and [Thomas W. Krause](#), Associate Solicitors. Of counsel on the brief were [Peter D. Keisler](#), Assistant Attorney General; [John J. Fargo](#), Director, Commercial Litigation Branch, and [Anthony J. Steinmever](#), Attorney, Appellate Staff, Civil Division, United States Department of Justice, of Washington, DC; and [William E. Kovacic](#), General Counsel, and [Suzanne T. Michel](#), Chief Counsel for Intellectual Property, Federal Trade Commission, of Washington, DC.

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Before [MICHEL](#), Chief Judge, [NEWMAN](#), [MAYER](#), [LOURIE](#), [CLEVINGER](#), [RADER](#), [SCHALL](#), [BRYSON](#), [GAJARSA](#), [LINN](#), [DYK](#), and [PROST](#), Circuit Judges.

Opinion for the court filed by Circuit Judge [BRYSON](#), in which Chief Judge [MICHEL](#) and Circuit Judges [CLEVINGER](#), [RADER](#), [SCHALL](#), [GAJARSA](#), [LINN](#), [DYK](#), and [PROST](#) join; and in which Circuit Judge [LOURIE](#) joins with respect to parts I, II, III, V, and VI; \*1309 and in which Circuit Judge [PAULINE NEWMAN](#) joins with respect to parts I, II, III, and V. Opinion concurring in part and dissenting in part filed by Circuit Judge [LOURIE](#), in which Circuit Judge [PAULINE NEWMAN](#) joins. Dissenting opinion filed by Circuit Judge [MAYER](#), in which Circuit Judge [PAULINE NEWMAN](#) joins. [BRYSON](#), Circuit Judge.

Edward H. Phillips invented modular, steel-shell panels that can be welded together to form vandalism-resistant walls. The panels are especially useful in building prisons because they are load-bearing and impact-resistant, while also insulating against fire and noise. Mr. Phillips obtained a patent on the invention, [U.S. Patent No. 4,677,798](#) (“the ‘798 patent’”), and he subsequently entered into an arrangement with AWH Corporation, Hopeman Brothers, Inc., and Lofton Corporation (collectively “AWH”) to market and sell the panels. That arrangement ended in 1990. In 1991, however, Mr. Phillips received a sales brochure from AWH that suggested to him that AWH was continuing to use his trade secrets and patented technology without his consent. In a series of letters in 1991 and 1992, Mr. Phillips accused AWH of patent infringement and trade secret misappropriation. Correspondence between the parties regarding the matter ceased after that time.

In February 1997, Mr. Phillips brought suit in the United States District Court for the District of Colorado charging AWH with misappropriation of trade secrets and infringement of claims 1, 21, 22, 24, 25, and 26 of [the ‘798 patent](#). [Phillips v. AWH Corp.](#), No. 97-N-212 (D.Colo.). The district court dismissed the trade secret misappropriation claim as barred by Colorado’s three-year statute of limitations.

With regard to the patent infringement issue, the district court focused on the language of claim 1,

which recites “further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls.” The court interpreted that language as “a means ... for performing a specified function,” subject to [35 U.S.C. § 112, paragraph 6](#), which provides that such a claim “shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” Looking to the specification of [the ‘798 patent](#), the court noted that “every textual reference in the Specification and its diagrams show baffle deployment at an angle other than 90 to the wall faces” and that “placement of the baffles at such angles creates an intermediate interlocking, but not solid, internal barrier.” The district court therefore ruled that, for purposes of [the ‘798 patent](#), a baffle must “extend inward from the steel shell walls at an oblique or acute angle to the wall face” and must form part of an interlocking barrier in the interior of the wall module. Because Mr. Phillips could not prove infringement under that claim construction, the district court granted summary judgment of noninfringement.

Mr. Phillips appealed with respect to both the trade secret and patent infringement claims. A panel of this court affirmed on both issues. [Phillips v. AWH Corp.](#), [363 F.3d 1207](#) (Fed.Cir.2004). As to the trade secret claim, the panel unanimously upheld the district court’s ruling that the claim was barred by the applicable statute of limitations. [Id.](#) at 1215. As to the patent infringement claims, the panel was divided. The majority sustained the district court’s summary judgment of noninfringement, although on different grounds. The dissenting judge would have reversed the summary judgment of noninfringement.

\*1310 The panel first determined that because the asserted claims of [the ‘798 patent](#) contain a sufficient recitation of structure, the district court erred by construing the term “baffles” to invoke the “means-plus-function” claim format authorized by [section 112, paragraph 6](#). [Id.](#) at 1212. Nonetheless, the panel concluded that the patent uses the term “baffles” in a restrictive manner. Based on the patent’s written description, the panel held that the claim term “baffles” excludes structures that extend at a 90 degree angle from the walls. The panel noted that the specification repeatedly refers to the ability of the claimed baffles to deflect projectiles and that it describes the baffles as being “disposed at such angles that bullets which might penetrate the outer steel panels are deflected.” [‘798 patent](#), col. 2, ll. 13-15; *see also id.* at col. 5, ll. 17-19 (baffles are

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“disposed at angles which tend to deflect the bullets”). In addition, the panel observed that nowhere in the patent is there any disclosure of a baffle projecting from the wall at a right angle and that baffles oriented at 90 degrees to the wall were found in the prior art. Based on “the specification’s explicit descriptions,” the panel concluded “that the patentee regarded his invention as panels providing impact or projectile resistance and that the baffles must be oriented at angles other than 90.” [Phillips](#), [363 F.3d at 1213](#). The panel added that the patent specification “is intended to support and inform the claims, and here it makes it unmistakably clear that the invention involves baffles angled at other than 90.” [Id.](#) at 1214. The panel therefore upheld the district court’s summary judgment of noninfringement.

The dissenting judge argued that the panel had improperly limited the claims to the particular embodiment of the invention disclosed in the specification, rather than adopting the “plain meaning” of the term “baffles.” The dissenting judge noted that the parties had stipulated that “baffles” are “a means for obstructing, impeding, or checking the flow of something,” and that the panel majority had agreed that the ordinary meaning of baffles is “something for deflecting, checking, or otherwise regulating flow.” [Phillips](#), [363 F.3d at 1216-17](#). In the dissent’s view, nothing in the specification redefined the term “baffles” or constituted a disclaimer specifically limiting the term to less than the full scope of its ordinary meaning. Instead, the dissenting judge contended, the specification “merely identifies impact resistance as one of several objectives of the invention.” [Id.](#) at 1217. In sum, the dissent concluded that “there is no reason to supplement the plain meaning of the claim language with a limitation from the preferred embodiment.” [Id.](#) at 1218. Consequently, the dissenting judge argued that the court should have adopted the general purpose dictionary definition of the term baffle, i.e., “something for deflecting, checking, or otherwise regulating flow,” [id.](#), and therefore should have reversed the summary judgment of noninfringement.

This court agreed to rehear the appeal en banc and vacated the judgment of the panel. [Phillips v. AWH Corp.](#), [376 F.3d 1382](#) (Fed.Cir.2004). We now affirm the portion of the district court’s judgment addressed to the trade secret misappropriation claims. However, we reverse the portion of the court’s judgment addressed to the issue of infringement.

I

Claim 1 of [the ‘798 patent](#) is representative of the asserted claims with respect to the use of the term “baffles.” It recites:

Building modules adapted to fit together for construction of fire, sound and impact resistant security barriers and rooms for use in securing records and \*1311 persons, comprising in combination, an outer shell ..., sealant means ... and further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls.

[1] As a preliminary matter, we agree with the panel that the term “baffles” is not means-plus-function language that invokes [35 U.S.C. § 112, paragraph 6](#). To be sure, the claim refers to “means disposed inside the shell for increasing its load bearing capacity,” a formulation that would ordinarily be regarded as invoking the means-plus-function claim format. However, the claim specifically identifies “internal steel baffles” as structure that performs the recited function of increasing the shell’s load-bearing capacity. In contrast to the “load bearing means” limitation, the reference to “baffles” does not use the word “means,” and we have held that the absence of that term creates a rebuttable presumption that [section 112, paragraph 6](#), does not apply. *See Personalized Media Communications, LLC v. Int’l Trade Comm’n*, [161 F.3d 696, 703-04](#) (Fed.Cir.1998).

Means-plus-function claiming applies only to purely functional limitations that do not provide the structure that performs the recited function. *See Watts v. XL Sys., Inc.*, [232 F.3d 877, 880-81](#) (Fed.Cir.2000). While the baffles in [the ‘798 patent](#) are clearly intended to perform several functions, the term “baffles” is nonetheless structural; it is not a purely functional placeholder in which structure is filled in by the specification. *See TurboCare Div. of Demag Delaval Turbomachinery Corp. v. Gen. Elec. Co.*, [264 F.3d 1111, 1121](#) (Fed.Cir.2001) (reasoning that nothing in the specification or prosecution history suggests that the patentee used the term “compressed spring” to denote any structure that is capable of performing the specified function); [Greenberg v. Ethicon Endo-Surgerv, Inc.](#), [91 F.3d 1580, 1583](#) (Fed.Cir.1996) (construing the term “detent mechanism” to refer to particular structure, even though the term has functional connotations). The claims and the specification unmistakably establish that the “steel baffles” refer to particular

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physical apparatus. The claim characterizes the baffles as “extend [ing] inwardly” from the steel shell walls, which plainly implies that the baffles are structures. The specification likewise makes clear that the term “steel baffles” refers to particular internal wall structures and is not simply a general description of any structure that will perform a particular function. See, e.g., [798 patent](#), col. 4, ll. 25-26 (“the load bearing baffles 16 are optionally used with longer panels”); *id.*, col. 4, ll. 49-50 (opposing panels are “compressed between the flange 35 and the baffle 26”). Because the term “baffles” is not subject to [section 112, paragraph 6](#), we agree with the panel that the district court erred by limiting the term to corresponding structures disclosed in the specification and their equivalents. Accordingly, we must determine the correct construction of the structural term “baffles,” as used in [the ‘798 patent](#).

## II

The first paragraph of section 112 of the Patent Act, [35 U.S.C. § 112](#), states that the specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains ... to make and use the same ....

The second paragraph of [section 112](#) provides that the specifications shall conclude with one or more claims particularly pointing out and distinctly \*1312 claiming the subject matter which the applicant regards as his invention.

Those two paragraphs of [section 112](#) frame the issue of claim interpretation for us. The second paragraph requires us to look to the language of the claims to determine what “the applicant regards as his invention.” On the other hand, the first paragraph requires that the specification describe the invention set forth in the claims. The principal question that this case presents to us is the extent to which we should resort to and rely on a patent’s specification in seeking to ascertain the proper scope of its claims.

This is hardly a new question. The role of the specification in claim construction has been an issue in patent law decisions in this country for nearly two centuries. We addressed the relationship between the specification and the claims at some length in our en banc opinion in [Markman v. Westview Instruments, Inc.](#), [52 F.3d 967, 979-81 \(Fed.Cir.1995\)](#)

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(en banc), *aff’d*, [517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 \(1996\)](#). We again summarized the applicable principles in [Vitronics Corp. v. Conceptronic, Inc.](#), [90 F.3d 1576 \(Fed.Cir.1996\)](#), and more recently in [Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc.](#), [381 F.3d 1111 \(Fed.Cir.2004\)](#). What we said in those cases bears restating, for the basic principles of claim construction outlined there are still applicable, and we reaffirm them today. We have also previously considered the use of dictionaries in claim construction. What we have said in that regard requires clarification.

## A

[2] It is a “bedrock principle” of patent law that “the claims of a patent define the invention to which the patentee is entitled the right to exclude.” [Innova, 381 F.3d at 1115](#); see also [Vitronics, 90 F.3d at 1582](#) (“we look to the words of the claims themselves ... to define the scope of the patented invention”); [Markman, 52 F.3d at 980](#) (“The written description part of the specification itself does not delimit the right to exclude. That is the function and purpose of claims.”). That principle has been recognized since at least 1836, when Congress first required that the specification include a portion in which the inventor “shall particularly specify and point out the part, improvement, or combination, which he claims as his own invention or discovery.” Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117, 119. In the following years, the Supreme Court made clear that the claims are “of primary importance, in the effort to ascertain precisely what it is that is patented.” [Merrill v. Yeomans](#), [94 U.S. 568, 570, 24 L.Ed. 235 \(1876\)](#). Because the patentee is required to “define precisely what his invention is,” the Court explained, it is “unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.” [White v. Dunbar](#), [119 U.S. 47, 52, 7 S.Ct. 72, 30 L.Ed. 303 \(1886\)](#); see also [Cont’l Paper Bag Co. v. E. Paper Bag Co.](#), [210 U.S. 405, 419, 28 S.Ct. 748, 52 L.Ed. 1122 \(1908\)](#) (“the claims measure the invention”); [McCarty v. Lehigh Valley R.R. Co.](#), [160 U.S. 110, 116, 16 S.Ct. 240, 40 L.Ed. 358 \(1895\)](#) (“if we once begin to include elements not mentioned in the claim, in order to limit such claim ..., we should never know where to stop”); [Aro Mfg. Co. v. Convertible Top Replacement Co.](#), [365 U.S. 336, 339, 81 S.Ct. 599, 5 L.Ed.2d 592 \(1961\)](#) (“the claims made in the patent are the sole measure of the grant”).

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[3] We have frequently stated that the words of a claim “are generally given their ordinary and customary meaning.” [Vitronics, 90 F.3d at 1582](#); see also [Toro Co. v. White Consol. Indus., Inc.](#), [199 F.3d 1295, 1299 \(Fed.Cir.1999\)](#); \*1313 [Renishaw PLC v. Marposs Societa’ per Azioni](#), [158 F.3d 1243, 1249 \(Fed.Cir.1998\)](#). We have made clear, moreover, that the ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application. See [Innova, 381 F.3d at 1116](#) (“A court construing a patent claim seeks to accord a claim the meaning it would have to a person of ordinary skill in the art at the time of the invention.”); [Home Diagnostics, Inc. v. LifeScan, Inc.](#), [381 F.3d 1352, 1358 \(Fed.Cir.2004\)](#) (“customary meaning” refers to the “customary meaning in [the] art field”); [Ferguson Beauregard/Logic Controls v. Mega Sys., LLC](#), [350 F.3d 1327, 1338 \(Fed.Cir.2003\)](#) (claim terms “are examined through the viewing glass of a person skilled in the art”); see also [PC Connector Solutions LLC v. SmartDisk Corp.](#), [406 F.3d 1359, 1363 \(Fed.Cir.2005\)](#) (meaning of claim “must be interpreted as of [the] effective filing date” of the patent application); [Schering Corp. v. Amgen Inc.](#), [222 F.3d 1347, 1353 \(Fed.Cir.2000\)](#) (same).

The inquiry into how a person of ordinary skill in the art understands a claim term provides an objective baseline from which to begin claim interpretation. See [Innova, 381 F.3d at 1116](#). That starting point is based on the well-settled understanding that inventors are typically persons skilled in the field of the invention and that patents are addressed to and intended to be read by others of skill in the pertinent art. See [Verve, LLC v. Crane Cams, Inc.](#), [311 F.3d 1116, 1119 \(Fed.Cir.2002\)](#) (patent documents are meant to be “a concise statement for persons in the field”); [In re Nelson](#), [47 C.C.P.A. 1031, 280 F.2d 172, 181 \(1960\)](#) (“The descriptions in patents are not addressed to the public generally, to lawyers or to judges, but, as [section 112](#) says, to those skilled in the art to which the invention pertains or with which it is most nearly connected.”).

[4] Importantly, the person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification. This court explained that point well in [Multiform Desiccants, Inc. v. Medziam, Ltd.](#), [133 F.3d 1473, 1477 \(Fed.Cir.1998\)](#): It is the person of ordinary skill in the field of the invention through whose eyes the claims are

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construed. Such person is deemed to read the words used in the patent documents with an understanding of their meaning in the field, and to have knowledge of any special meaning and usage in the field. The inventor’s words that are used to describe the invention—the inventor’s lexicography—must be understood and interpreted by the court as they would be understood and interpreted by a person in that field of technology. Thus the court starts the decisionmaking process by reviewing the same resources as would that person, *viz.*, the patent specification and the prosecution history.

See also [Medrad, Inc. v. MRI Devices Corp.](#), [401 F.3d 1313, 1319 \(Fed.Cir.2005\)](#) (“We cannot look at the ordinary meaning of the term ... in a vacuum. Rather, we must look at the ordinary meaning in the context of the written description and the prosecution history.”); [V-Formation, Inc. v. Benetton Group SpA](#), [401 F.3d 1307, 1310 \(Fed.Cir.2005\)](#) (intrinsic record “usually provides the technological and temporal context to enable the court to ascertain the meaning of the claim to one of ordinary skill in the art at the time of the invention”); \*1314 [Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.](#), [375 F.3d 1341, 1351 \(Fed.Cir.2004\)](#) (proper definition is the “definition that one of ordinary skill in the art could ascertain from the intrinsic evidence in the record”).

## B

In some cases, the ordinary meaning of claim language as understood by a person of skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words. See [Brown v. 3M](#), [265 F.3d 1349, 1352 \(Fed.Cir.2001\)](#) (holding that the claims did “not require elaborate interpretation”). In such circumstances, general purpose dictionaries may be helpful. In many cases that give rise to litigation, however, determining the ordinary and customary meaning of the claim requires examination of terms that have a particular meaning in a field of art. Because the meaning of a claim term as understood by persons of skill in the art is often not immediately apparent, and because patentees frequently use terms idiosyncratically, the court looks to “those sources available to the public that show what a person of skill in the art would have understood disputed claim language to mean.” [Innova, 381 F.3d at 1116](#). Those sources include “the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence

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concerning relevant scientific principles, the meaning of technical terms, and the state of the art.” *Id.*; see also *Gemstar-TV Guide Int'l, Inc. v. Int'l Trade Comm'n*, 383 F.3d 1352, 1364 (Fed.Cir.2004); *Vitronics*, 90 F.3d at 1582-83; *Markman*, 52 F.3d at 979-80.

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Quite apart from the written description and the prosecution history, the claims themselves provide substantial guidance as to the meaning of particular claim terms. See *Vitronics*, 90 F.3d at 1582; see also *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1088 (Fed.Cir.2003) (“the context of the surrounding words of the claim also must be considered in determining the ordinary and customary meaning of those terms”).

To begin with, the context in which a term is used in the asserted claim can be highly instructive. To take a simple example, the claim in this case refers to “steel baffles,” which strongly implies that the term “baffles” does not inherently mean objects made of steel. This court’s cases provide numerous similar examples in which the use of a term within the claim provides a firm basis for construing the term. See, e.g., *Mars, Inc. v. H.J. Heinz Co.*, 377 F.3d 1369, 1374 (Fed.Cir.2004) (claim term “ingredients” construed in light of the use of the term “mixture” in the same claim phrase); *Process Control Corp. v. HydReclaim Corp.*, 190 F.3d 1350, 1356 (Fed.Cir.1999) (claim term “discharge rate” construed in light of the use of the same term in another limitation of the same claim).

[5][6] Other claims of the patent in question, both asserted and unasserted, can also be valuable sources of enlightenment as to the meaning of a claim term. *Vitronics*, 90 F.3d at 1582. Because claim terms are normally used consistently throughout the patent, the usage of a term in one claim can often illuminate the meaning of the same term in other claims. See *Rexnord Corp. v. Laitram Corp.*, 274 F.3d 1336, 1342 (Fed.Cir.2001); *CVI/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146, 1159 (Fed.Cir.1997). Differences among claims can also be a useful guide in understanding the meaning of particular claim terms. See *Laitram Corp. v. Rexnord, Inc.*, 939 F.2d 1533, 1538 (Fed.Cir.1991). For example, \*1315 the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim. See *Liebel-Flarsheim Co. v.*

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*Medrad, Inc.*, 358 F.3d 898, 910 (Fed.Cir.2004).

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[7][8] The claims, of course, do not stand alone. Rather, they are part of “a fully integrated written instrument,” *Markman*, 52 F.3d at 978, consisting principally of a specification that concludes with the claims. For that reason, claims “must be read in view of the specification, of which they are a part.” *Id.* at 979. As we stated in *Vitronics*, the specification “is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.” 90 F.3d at 1582.

This court and its predecessors have long emphasized the importance of the specification in claim construction. In *Autogiro Co. of America v. United States*, 181 Ct.Cl. 55, 384 F.2d 391, 397-98 (1967), the Court of Claims characterized the specification as “a concordance for the claims,” based on the statutory requirement that the specification “describe the manner and process of making and using” the patented invention. The Court of Customs and Patent Appeals made a similar point. See *In re Fout*, 675 F.2d 297, 300 (CCPA 1982) (“Claims must always be read in light of the specification. Here, the specification makes plain what the appellants did and did not invent....”).

Shortly after the creation of this court, Judge Rich wrote that “[t]he descriptive part of the specification aids in ascertaining the scope and meaning of the claims inasmuch as the words of the claims must be based on the description. The specification is, thus, the primary basis for construing the claims.” *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 452 (Fed.Cir.1985). On numerous occasions since then, we have reaffirmed that point, stating that “[t]he best source for understanding a technical term is the specification from which it arose, informed, as needed, by the prosecution history.” *Multiform Desiccants*, 133 F.3d at 1478; *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1360 (Fed.Cir.2004) (“In most cases, the best source for discerning the proper context of claim terms is the patent specification wherein the patent applicant describes the invention.”); see also, e.g., *Kinik Co. v. Int'l Trade Comm'n*, 362 F.3d 1359, 1365 (Fed.Cir.2004) (“The words of patent claims have the meaning and scope with which they are used in the specification and the prosecution history.”); *Moba, B.V. v. Diamond Automation, Inc.*, 325 F.3d 1306,

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1315 (Fed.Cir.2003) (“[T]he best indicator of claim meaning is its usage in context as understood by one of skill in the art at the time of invention.”).

That principle has a long pedigree in Supreme Court decisions as well. See *Hogg v. Emerson*, 47 U.S. (6 How.) 437, 482, 12 L.Ed. 505 (1848) (the specification is a “component part of the patent” and “is as much to be considered with the [letters patent] in construing them, as any paper referred to in a deed or other contract”); *Bates v. Coe*, 98 U.S. 31, 38, 25 L.Ed. 68 (1878) (“in case of doubt or ambiguity it is proper in all cases to refer back to the descriptive portions of the specification to aid in solving the doubt or in ascertaining the true intent and meaning of the language employed in the claims”); *White v. Dunbar*, 119 U.S. 47, 51, 7 S.Ct. 72, 30 L.Ed. 303 (1886) (specification is appropriately resorted to “for the purpose of better understanding the meaning of the claim”); \*1316 *Schreiber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 217, 61 S.Ct. 235, 85 L.Ed. 132 (1940) (“The claims of a patent are always to be read or interpreted in light of its specifications.”); *United States v. Adams*, 383 U.S. 39, 49, 86 S.Ct. 708, 15 L.Ed.2d 572 (1966) (“[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention.”).

The importance of the specification in claim construction derives from its statutory role. The close kinship between the written description and the claims is enforced by the statutory requirement that the specification describe the claimed invention in “full, clear, concise, and exact terms.” 35 U.S.C. § 112, para. 1; see *Newword, LLC v. Centraal Corp.*, 242 F.3d 1347, 1352 (Fed.Cir.2001) (“The claims are directed to the invention that is described in the specification; they do not have meaning removed from the context from which they arose.”); see also *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996) (“[A claim] term can be defined only in a way that comports with the instrument as a whole.”). In light of the statutory directive that the inventor provide a “full” and “exact” description of the claimed invention, the specification necessarily informs the proper construction of the claims. See *Merck & Co. v. Teva Pharms. USA, Inc.*, 347 F.3d 1367, 1371 (Fed.Cir.2003) (“A fundamental rule of claim construction is that terms in a patent document are construed with the meaning with which they are presented in the patent document. Thus claims must be construed so as to be consistent with the specification, of which they are a part.”) (citations

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omitted). In *Renishaw*, this court summarized that point succinctly: Ultimately, the interpretation to be given a term can only be determined and confirmed with a full understanding of what the inventors actually invented and intended to envelop with the claim. The construction that stays true to the claim language and most naturally aligns with the patent’s description of the invention will be, in the end, the correct construction.

158 F.3d at 1250 (citations omitted).

[9][10] Consistent with that general principle, our cases recognize that the specification may reveal a special definition given to a claim term by the patentee that differs from the meaning it would otherwise possess. In such cases, the inventor’s lexicography governs. See *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed.Cir.2002). In other cases, the specification may reveal an intentional disclaimer, or disavowal, of claim scope by the inventor. In that instance as well, the inventor has dictated the correct claim scope, and the inventor’s intention, as expressed in the specification, is regarded as dispositive. See *SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337, 1343-44 (Fed.Cir.2001).

The pertinence of the specification to claim construction is reinforced by the manner in which a patent is issued. The Patent and Trademark Office (“PTO”) determines the scope of claims in patent applications not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction “in light of the specification as it would be interpreted by one of ordinary skill in the art.” *In re Am. Acad. of Sci. Tech. Cir.*, 367 F.3d 1359, 1364 (Fed.Cir.2004). Indeed, the rules of the PTO require that application claims must “conform to the invention as set forth in the remainder of the specification and the terms and phrases used in the claims must find clear support or antecedent basis in the description.” \*1317 so that the meaning of the terms in the claims may be ascertainable by reference to the description.” 37 C.F.R. § 1.75(d)(1). It is therefore entirely appropriate for a court, when conducting claim construction, to rely heavily on the written description for guidance as to the meaning of the claims.

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[11][12] In addition to consulting the specification,



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we have held that a court “should also consider the patent’s prosecution history, if it is in evidence.” *Markman*, 52 F.3d at 980; see also *Graham v. John Deere Co.*, 383 U.S. 1, 33, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966) (“[A]n invention is construed not only in the light of the claims, but also with reference to the file wrapper or prosecution history in the Patent Office.”). The prosecution history, which we have designated as part of the “intrinsic evidence,” consists of the complete record of the proceedings before the PTO and includes the prior art cited during the examination of the patent. *Autogiro*, 384 F.2d at 399. Like the specification, the prosecution history provides evidence of how the PTO and the inventor understood the patent. See *Lemelson v. Gen. Mills, Inc.*, 968 F.2d 1202, 1206 (Fed.Cir.1992). Furthermore, like the specification, the prosecution history was created by the patentee in attempting to explain and obtain the patent. Yet because the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes. See *Inverness Med. Switz, GmbH v. Warner Lambert Co.*, 309 F.3d 1373, 1380-82 (Fed.Cir.2002) (the ambiguity of the prosecution history made it less relevant to claim construction); *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1580 (Fed.Cir.1996) (the ambiguity of the prosecution history made it “unhelpful as an interpretive resource” for claim construction). Nonetheless, the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be. *Vitronics*, 90 F.3d at 1582-83; see also *Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1384 (Fed.Cir.2005) (“The purpose of consulting the prosecution history in construing a claim is to ‘exclude any interpretation that was disclaimed during prosecution.’”), quoting *ZMI Corp. v. Cardiac Resuscitator Corp.*, 844 F.2d 1576, 1580 (Fed.Cir.1988); *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed.Cir.1995).

C

[13] Although we have emphasized the importance of intrinsic evidence in claim construction, we have also authorized district courts to rely on extrinsic evidence, which “consists of all evidence external to the patent and prosecution history, including expert

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and inventor testimony, dictionaries, and learned treatises.” *Markman*, 52 F.3d at 980, citing *Seymour v. Osborne*, 78 U.S. (11 Wall.) 516, 546, 20 L.Ed. 33 (1870); see also *Vitronics*, 90 F.3d at 1583. However, while extrinsic evidence “can shed useful light on the relevant art,” we have explained that it is “less significant than the intrinsic record in determining ‘the legally operative meaning of claim language.’” *C.R. Bard, Inc. v. U.S. Surgical Corp.*, 388 F.3d 858, 862 (Fed.Cir.2004), quoting *Vanderlande Indus. Nederland BV v. Int’l Trade Comm’n*, 366 F.3d 1311, 1318 (Fed.Cir.2004); see also *Astrazeneca AB v. Mutual Pharm. Co.*, 384 F.3d 1333, 1337 (Fed.Cir.2004).

\*1318 [14] Within the class of extrinsic evidence, the court has observed that dictionaries and treatises can be useful in claim construction. See *Renishaw*, 158 F.3d at 1250; *Rexnord*, 274 F.3d at 1344. We have especially noted the help that technical dictionaries may provide to a court “to better understand the underlying technology” and the way in which one of skill in the art might use the claim terms. *Vitronics*, 90 F.3d at 1584 n. 6. Because dictionaries, and especially technical dictionaries, endeavor to collect the accepted meanings of terms used in various fields of science and technology, those resources have been properly recognized as 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. See *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1325 (Fed.Cir.2002). Such evidence, we have held, may be considered if the court deems it helpful in determining “the true meaning of language used in the patent claims.” *Markman*, 52 F.3d at 980.

[15][16][17] We have also held that extrinsic evidence in the form of expert testimony can be useful to a court for a variety of purposes, such as to provide background on the technology at issue, to explain how an invention works, to ensure that the court’s understanding of the technical aspects of the patent is consistent with that of a person of skill in the art, or to establish that a particular term in the patent or the prior art has a particular meaning in the pertinent field. See *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1308-09 (Fed.Cir.1999); *Key Pharms. v. Heccon Labs Corp.*, 161 F.3d 709, 716 (Fed.Cir.1998). However, conclusory, unsupported assertions by experts as to the definition of a claim term are not useful to a court. Similarly, a court should discount any expert testimony “that is clearly at odds with the claim construction mandated by the claims themselves, the

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written description, and the prosecution history, in other words, with the written record of the patent.” *Key Pharms.*, 161 F.3d at 716.

We have viewed extrinsic evidence in general as less reliable than the patent and its prosecution history in determining how to read claim terms, for several reasons. First, extrinsic evidence by definition is not part of the patent and does not have the specification’s virtue of being created at the time of patent prosecution for the purpose of explaining the patent’s scope and meaning. Second, while claims are construed as they would be understood by a hypothetical person of skill in the art, extrinsic publications may not be written by or for skilled artisans and therefore may not reflect the understanding of a skilled artisan in the field of the patent. Third, extrinsic evidence consisting of expert reports and testimony is generated at the time of and for the purpose of litigation and thus can suffer from bias that is not present in intrinsic evidence. The effect of that bias can be exacerbated if the expert is not one of skill in the relevant art or if the expert’s opinion is offered in a form that is not subject to cross-examination. See *Senmed, Inc. v. Richard-Allan Med. Indus., Inc.*, 888 F.2d 815, 819 n. 8 (Fed.Cir.1989). Fourth, there is a virtually unbounded universe of potential extrinsic evidence of some marginal relevance that could be brought to bear on any claim construction question. In the course of litigation, each party will naturally choose the pieces of extrinsic evidence most favorable to its cause, leaving the court with the considerable task of filtering the useful extrinsic evidence from the fluff. See *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 595, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993) (“Expert evidence can be both powerful and quite misleading because of the difficulty in evaluating it.”). Finally, \*1319 undue reliance on extrinsic evidence poses the risk that it will be used to change the meaning of claims in derogation of the “indisputable public records consisting of the claims, the specification and the prosecution history,” thereby undermining the public notice function of patents. *Southwall Techs.*, 54 F.3d at 1578.

[18][19] In sum, extrinsic evidence may be useful to the court, but it is unlikely to result in a reliable interpretation of patent claim scope unless considered in the context of the intrinsic evidence. Nonetheless, because extrinsic evidence can help educate the court regarding the field of the invention and can help the court determine what a person of ordinary skill in the art would understand claim terms to mean, it is permissible for the district court in its sound

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discretion to admit and use such evidence. In exercising that discretion, and in weighing all the evidence bearing on claim construction, the court should keep in mind the flaws inherent in each type of evidence and assess that evidence accordingly.

III

Although the principles outlined above have been articulated on numerous occasions, some of this court’s cases have suggested a somewhat different approach to claim construction, in which the court has given greater emphasis to dictionary definitions of claim terms and has assigned a less prominent role to the specification and the prosecution history. The leading case in this line is *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed.Cir.2002).

A

In *Texas Digital*, the court noted that “dictionaries, encyclopedias and treatises are particularly useful resources to assist the court in determining the ordinary and customary meanings of claim terms.” 308 F.3d at 1202. Those texts, the court explained, are “objective resources that serve as reliable sources of information on the established meanings that would have been attributed to the terms of the claims by those of skill in the art,” and they “deserve no less fealty in the context of claim construction” than in any other area of law. *Id.* at 1203. The court added that because words often have multiple dictionary meanings, the intrinsic record must be consulted to determine which of the different possible dictionary meanings is most consistent with the use of the term in question by the inventor. If more than one dictionary definition is consistent with the use of the words in the intrinsic record, the court stated, “the claim terms may be construed to encompass all such consistent meanings.” *Id.*

The *Texas Digital* court further explained that the patent’s specification and prosecution history must be consulted to determine if the patentee has used “the words [of the claim] in a manner clearly inconsistent with the ordinary meaning reflected, for example, in a dictionary definition.” 308 F.3d at 1204. The court identified two circumstances in which such an inconsistency may be found. First, the court stated, “the presumption in favor of a dictionary definition will be overcome where the patentee, acting as his or her own lexicographer, has clearly set forth an explicit definition of the term different from its