

LITIGATORS CORNER:

Is the CAFC Really Pro-Patent?: The CAFC and the Legal Press



BY JOSEPH N. HOSTENY,
OF NIRO, SCAVONE,
HALLER & NIRO

Regular IP Today columnist Joseph N. Hosteny is an intellectual property litigation attorney with the Chicago law firm of Niro, Scavone, Haller & Niro. A Registered Professional Engineer and former Assistant US Attorney, his articles have also appeared in Corporate Counsel Magazine, The Docket (American Corporate Counsel Association), American Medical News, Inventors' Digest, Litigation Magazine and Assembly Engineering Magazine. Mr. Hosteny can be reached at (312) 236-0733, or by e-mail at jhosteny@hosteny.com, or by visiting his web site at <http://www.hosteny.com>.

We've learned not to expect much accuracy from the general media when it reports on matters involving patent law. As I pointed out in my July, 2006 column, "Hysteria Lane," the analysis of the Supreme Court's decision in *eBay, Inc. v. MercExchange LLC*, 127 S.Ct. 1837 (2006) ranged from superficial to idiotic to hysterical. Not one of the journals I referred to got it right, including *Time* magazine.

We deserve better reporting from both the general and legal presses. We are debating issues that are important to intellectual property protection, and therefore important to individuals, companies, and to our economy as a whole. But, we should at least be able to expect more skilled reporting from legal journals, whose reporters supposedly know something about the law. But we can't. On October 16, *The National Law Journal* published a front-page article that leads me to conclude that the legal press flops just like the general press. That article, "Critics Target Federal Circuit," says, "Some patent litigators are increasingly

critical of a Federal Circuit which, in its desire to achieve harmony in patent law, they say, has become overly formalistic, expanding the power of patent holders at the expense of innovation."

Not one of the patent litigators who allegedly holds this view is identified. Apparently the *Journal*, like *Time* magazine, doesn't feel the need to source its stories. The only person identified in the article as holding the view that the CAFC is pro-patent is a faculty member of a law school. He said that the CAFC was "pro-patent in terms of validity." Wow. That's like saying you have a beautiful lawn in your front yard, and you've really taken care of it, but anyone who goes by is free to trample it. The value in a valid, but untrampled, patent is comparable to the value of that trampled lawn. The CAFC could uphold the validity of every patent that came before it, and it would do little good, because the CAFC decides that so many patents are not infringed, or alters so many claim constructions, or both. It's like saying, "Wow! Your lawn is really green and beautiful! Hey, everyone! Here's a nice lawn to have a picnic on!"

The truth is that the CAFC has not been pro-patent for at least ten years, and probably a good deal longer. Its decisions over the past decade have been infected with a mistrust of juries (where patent owners prevail more often). As I pointed out in two of my previous columns ("The Wisdom of Juries," August 2002; and "The Jury: A Better Decision-Maker," February, 2004), the evidence is that juries are better fact-finders than judges, even in complicated cases. The CAFC's decisions reveal a misplaced trust in the abilities of judges to resolve questions supposedly too complicated for jurors, as well as a consistent view that patents are being interpreted too broadly. If anything, the CAFC has cut back on the rights of patent owners.

The CAFC concluded that claim interpretation was purely and forever a legal

issue, when it decided *Markman v. Westview Instruments*, 52 F.3d 967 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996). One promise of the majority opinion in *Markman* was that a decision by a judge on claim construction would enable competitors reliably "to ascertain to a reasonable degree the scope of the patentee's right to exclude." That hasn't happened: the uncertainty is greater than ever, for both the patent owner and the infringer. The Court has not been responsive to the voices, including those of its own dissenting judges, that claim construction involves questions of fact. Judges Newman and Mayer called the CAFC a "black hole" in their dissent in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*), saying "Indeed, there can be no workable standards by which this court will interpret claims so long as we are blind to the factual component of the task."

Limitations aren't supposed to be imported into claims from the specification. But over the past ten or so years, the CAFC has gone down that slippery slope. It relies on the fact that a specification describes only one embodiment, or holds that the inventor uses words like "the present invention," thus limiting the claims to a single embodiment. Or it uses the inventor's words in distinguishing a feature of the prior art from the invention to hold that the claims cannot encompass that feature. These are all substantial changes that have arisen during the more recent tenure of the Federal Circuit. None of them favors the patent owner. One example is *Scimed Life Systems, Inc. v. Advanced Cardiovascular Systems, Inc.*, 242 F.3d 1337 (Fed. Cir. 2001), which relied on the specification to exclude from the scope of the claims any catheter that did not have coaxial lumens. Another example is *Serious Industries, Inc. v. Plastic Recovery Technologies Corp.*, 459 F.3d 1311 (Fed. Cir. 2006), where the court re-wrote a claim to a dumpster cover to add the word "surface" to a claim limitation referring to the front of the dumpster. Or see *Wang Laboratories, Inc. v. America Online, Inc.*, 197 F.3d 1377 (Fed. Cir. 1999), where the claim was limited to the single described embodiment because only that embodiment was enabled. My point is not that the CAFC decided these cases incorrectly.

The point is that these decisions narrowed the scope of a patent owner's rights. To say the CAFC is pro-patent in the face of decisions like these is nonsense.

The CAFC lassoed and corraled the doctrine of equivalents in *In Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.* 234 F.3d 558 (Fed. Cir. 2000) (*en banc*), where it decided that the doctrine of equivalents did not apply to any claim limitation that was amended.

The CAFC has told us that prosecution of a patent application doesn't end with the issuance of the patent. Now, we plow and re-plow the file history, looking for estoppels, disclaimers, and evidence of claim interpretation. *Pall Corp. v. Hemasure, Inc.*, 181 F.3d 1305, 1308 (Fed. Cir. 1999) said:

Analysis of patent infringement starts with "construction" of the claim, whereby the court establishes the scope and limits of the claim, interprets any technical or other terms whose meaning is at issue, and thereby defines the claim with greater precision than had the patentee.

The appeal in *Pall* occurred after the district court had ruled on summary judgment motions. The language about defining the claim "with greater precision" is stunning. What about the statutory requirements for claims that are clear and definite? What about the requirement for a specification that enables one of skill in the art to make and use the invention? The CAFC can second-guess the patentee, the Patent Office, and the district court. How can anyone honestly say that this court is pro-patent?

Thanks to the CAFC, the prosecution history has gotten a shot of steroids. No claim in a patent is definite or clear anymore until a court has decided what effect the prosecution history has on the scope of the claim. The complexity added by the enhanced role of the history has exceeded its benefits because we have lost clarity.

Constructing decisional rules that change unpredictably makes patents harder to interpret. That is not being pro-patent. These inconsistencies in how intrinsic and extrinsic evidence is handled result in uncertainty for both sides

in a patent dispute. For instance, *Pitney-Bowes, Inc. v. Hewlett-Packard Company.*, 182 F.3d 1298, 1308 (Fed. Cir.1999), says that a judge may consider extrinsic evidence "even if the patent document is itself clear." *On Demand Machine Corp. v. Ingram Industries, Inc. et al.*, 442 F.3d 1331, 1338 (Fed. Cir. 2006) speaks to these inconsistencies when it says:

These claim construction proceedings took place in 2002-03, at a time when conflicting Federal Circuit panel opinions were producing uncertainty as to the law of claim construction. See *Philips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*).

I'd agree that *Philips* sums up the hierarchy of extrinsic evidence, but I don't think claim construction is any clearer as a result. *Philips* said that *Texas Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002) put too much emphasis on extrinsic evidence, and too little on the specification. As a result, *Philips* says claim construction became distorted.

But only two years before *Philips* was decided, *Altiris, Inc. v. Symantec Corp.* 318 F.3d 1363, 1370 (Fed. Cir. 2003) said:

The appropriate use of the rest of the specification in claim construction has not always been clear. Several recent cases, however, have clarified the subject. In *Texas Digital*, we noted that . . .

In 2003, *Texas Digital* was part of the solution. In 2005, however, *Texas Digital* had become part of the problem. The lack of certainty in the meaning of the patentee's property is much the same as not knowing where your lawn begins and ends. Clarity in a boundary is, in my view, a *sine qua non* of property. If one cannot reasonably say where that boundary is, the property interest has little or no value. Neither the owner nor the passer-by knows when either is on the lawn.

That is why I disagree with the law professor who says the CAFC is pro-patent when it comes to validity. Sure, you may have a right to a lawn. But if you do not know where that lawn is, why should you plant it, weed it, water it or mow it? There is no certainty here, and to



describe the CAFC as pro-patent is ridiculous.

A recent analysis appearing in the *AIPLA Quarterly Journal*, "Who Wins Patent Infringement Cases?", says that "For a number of years, accused patent infringers have been winning patent infringement suits at a rate of three to one." It looked at a variety of factors influencing the outcome. One factor concerned the appellate judges at the CAFC. When analyzed one way, only one judge found for the patentee more than half the time. The rest of the judges ranged from between zero and forty-one percent in favor of the patentee. Analyzed a second way, none of the judges was above fifty percent. They ranged from eighteen to thirty-five percent. No one could honestly characterize the CAFC as being pro-patent.

The CAFC recently held that a judge should decide the issue of inequitable conduct. In *Agfa Corp. v. Creo Products, Inc.*, 451 F.3d 1366 (Fed. Cir. 2006), the CAFC said that a judge decides the issue even though there are facts in common with the determination of validity. It doesn't matter whether you agree with the CAFC's dim view of juries. The fact is that this decision narrowed the rights of a patent owner. See *Hill Rom Co. v. Kinetic Concepts, Inc.*, 209 F.3d 1337, 1341 (Fed. Cir. 2000).

One need not debate whether the CAFC has done the right thing to come quickly to the conclusion that it has altered patent law in many ways, almost all of them resulting in greater difficulties for patent owners. The anonymous assertions in the *National Law Journal*, and in many other well-known publications don't reflect reality. **IPT**