

Pragmatists vs. Academics: The Lighting Ballast Control Decision

By Joe Mencher¹

On February 21, 2014, the Federal Circuit's 6-4 majority en banc ruling in *Lighting Ballast Control vs. Philips Electronic North America* retained the standard of *de novo* appellate review of district court claim construction rulings, whereby the scope of the patent grant is reviewed as a matter of law.

In the proceedings before the district court and then again on appeal, the parties had disputed whether the claim term "voltage source means providing a constant or variable magnitude DC voltage between the DC input terminals" was to be treated as a means-plus-function limitation under 35 U.S.C. §112, ¶6. The focus of that dispute was centered on whether "voltage source means" denoted a particular structure to one of ordinary skill in the art. When the specification and prosecution history of the patent in suit did not resolve the dispute, the district court considered the testimony of experts. The result was the district court concluding that the term was not limited by §112, ¶6, and that one of ordinary skill in the art would have interpreted the claim term as covering structures including "a rectifier, or structure to rectify the AC power line into a DC voltage." On appeal, the Federal Circuit reversed the district court's claim construction as a matter of law, finding that that the claim term "voltage source means" lacked sufficient structure such that it was rendered a means-plus-function term limited by §112, ¶6, and that the corresponding lack of structure in the specification rendered the claims indefinite.²

The en banc rehearing drew the attention of the patent world and resulted in thirty-eight entities participating as amici curiae in twenty-one briefs. Those entities included some of the biggest names in technology (Amazon.com, Cisco Systems Inc., Dell Inc., EMC Corporation, Google Inc., Hewlett-Packard Co., Intel Corporation, Red Hat, Inc., SAP America Inc., SAS Institute Inc., Sigram Schindler Beteiligungs GmbH, and Yahoo Inc.), as well as intellectual property law associations, bar associations, university entities, and a variety of other interested parties.

The majority considered three views on how to address the existing standard of *de novo* appellate review of district court claim construction rulings, which was articulated in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998). The first view was that patent claim construction is most reasonably classified as a question of fact, and that the *Cybor* decision should be entirely discarded and appellate deference should be given to a district court's claim construction rulings unless clearly erroneous. The second view favored a hybrid *de novo*/deferential review in which the factual aspects of claim construction would be reviewed on the clearly erroneous standard, while the final conclusion would receive review as a matter of law (e.g., some amici that were proponents of the second view proposed that claim constructions based on extrinsic evidence would receive clearly erroneous review, while claim constructions based solely on the patent document and prosecution history would receive *de novo* review). The third view was that the *Cybor* decision was both reasonable and correct, and that the standard of *de novo* review of a district court's claim construction should remain.

¹ Joe Mencher is an associate in the Austin, Texas office of the law firm of Haynes and Boone, LLP. His practice focuses on intellectual property, including patent prosecution and portfolio strategy and trademark law. He may be reached at joe.mencher@haynesboone.com or 512.867.8459.

² As noted in Judge Lourie's concurrence, the Federal Circuit panel decision overturned the district court decision that appears to have incorrectly applied the law (i.e., in deciding that "voltage source means" was not limited by §112, ¶6) to arguably turn the claim construction issue into a question of fact (i.e., what one of ordinary skill in the art would interpret "voltage source means" to be). As stated by Judge Lourie, "How a means plus function term is construed under §112, ¶6 is not fact, but claim construction, i.e., law." Thus, even if deference were given to district court determinations of fact, in this case one would have expected the same result – the decision to overturn the district court to correct the error as a matter of law (i.e., the incorrect interpretation of the means-plus-function term).

The majority grounded their decision on the principle of *stare decisis*, noting that “The question now is not whether to adopt a *de novo* standard of review of claim construction, but whether to change that standard adopted fifteen years ago and applied in many hundreds of decisions.” The majority found that no post-*Cybor* developments had undermined the reasoning of *Cybor*, noting that despite extensive patent-related legislative activity during *Cybor*’s existence, the *Cybor* procedure had not been legislatively adjusted. The majority also felt that the proponents of change had not demonstrated that *de novo* review of claim construction was unworkable, and noted that reversing *Cybor* or modifying it to introduce an “amorphous” fact/law distinction had the high potential to diminish workability and increase burdens by adding a new and uncertain inquiry at trial and then again on appeal.

The dissent countered the majority position by arguing that the Supreme Court decision in *Markman* (as well as several statements made in even the *Cybor*-supporting amici briefs) confirmed that construing the claims of a patent will at times require a district court to resolve questions of fact, and that Rule 52(a)(6) of the Federal Rules of Civil Procedure requires that, on appeal, all findings of fact must not be set aside unless clearly erroneous. The dissent’s position was that a refusal to change the current standard of *de novo* review should not rest on *stare decisis* and a professed inability to come up with a workable alternative to *de novo* review, and that the conflict between the *Cybor* decision and the Federal Rules of Civil Procedure in fact required such a change.

The majority addressed at least part of this dissenting argument with their reasons that claim construction was primarily, if not entirely, a question of law. As stated by the majority, “Claim construction is a legal statement of the scope of the patent right; it does not turn on witness credibility, but on the content of the patent documents.” The majority felt that while the court may benefit from technology explanations and treatises, the explanation of technical subject matter did not convert claim construction into a question of fact. The majority argued that Rule 52(a)(6) was not determinative in this case, stating that the courts “must look outside the Rule to decide if a question is properly characterized as one of fact.”

The majority also pointed out that even the *Cybor* critics agreed that any change would affect only a small number of claim construction disputes, noting that amicus curiae United States (a proponent of the hybrid standard of review) could not identify any case that would have come out differently under their proposed standard. This was followed by discussion of how the same patents are now frequently litigated in different forums against different defendants, and any form of deferential review could lead to differing claim constructions that could unravel the “uniformity in the treatment of a given patent” that the Supreme Court has sought to afford, while restoring the forum shopping that the Federal Circuit was created to avoid. As argued by Judge Lourie in his concurrence, “deferring to district court judges on subsidiary, extrinsic fact-related issues, and relying on experts hired for having positions favorable to particular parties would likely result in even less uniformity.”

This approach by the majority did not settle the issue for the dissent, which stated that the majority judges “were not acting on their long-term convictions.” The majority responded that “while it is comforting that our golden words of the past are not forgotten, those of us with the majority today who have questioned aspects of *Cybor* in the past, now decide this case on the record of the present and with an eye to the future.”

Thus, the decision appears to have been a result of the majority siding with a technology industry that seeks uniformity/predictability in claim constructions and the possibility of reducing litigation costs, while the dissent sided with the academics that cringe at the inherent conflicts between Federal Rule 52(a)(6) and the review of claim construction as a matter of law. This taking of sides was evident in the majority’s discussion of the dissent’s argument that a “substantial proportion of the legal community” believed that

Cybor was “wrongly decided.” In that discussion, the majority pointed out that all of the technology industries weighing in had urged retention of the *Cybor* standard, cited amicus brief statements that deference would make the root causes of uncertainty in claim construction worse, argued that treating claim construction as a factual question subject to clear-error review would aggravate uncertainty and cost issues plaguing the patent-litigation system, and presented evidence that the appellate standard of review does not prevent settlements but rather provides uniformity. The majority also attacked the evidence relied on by the dissent with regard to their position that *de novo* review produces a high reversal rate and adds considerable uncertainty and expense to patent litigation, arguing that that position was no longer true and that the dissent’s supporting data was 7 to 10 years old. The majority cited what they felt was more recent technology industry and U.S. Court data that showed a decrease in patent case appeals to argue that, as consistency has evolved, appellate reversal based on claim construction has come to match the reversal norm for other grounds.

In the end, the majority was not persuaded that discarding *de novo* review would produce a better, more reliable, more accurate, or more just determination of patent claim scope, and thus refused to overrule or modify the *Cybor* standard of *de novo* review of claim construction as a matter of law. Thus, the *Lighting Ballast* decision appears to be a victory for pragmatists who believe that *de novo* review of patent claim constructions provides uniformity and reduced patent litigation costs, and a loss for academics that believe that review of patent claim constructions as a matter of law runs contrary to the realities of patent claim construction and the requirements of the Rules of Federal Civil Procedure.