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Easing the Claim Construction Blow with Early-Discovery *Markman* Hearings that are Appealable to the Federal Circuit on an Interlocutory Basis

By Srikanth K. Reddy *

> "Sensing the importance of claim construction on the outcome of patent cases, parties will likely seek ways to promptly bring the issue before the Federal Circuit. In cases where parties dispute facts . . . once the court resolves the meaning of claim terms the parties will seek an immediate interlocutory appeal to avoid the possibility of dual trials should the Federal Circuit reverse the trial court's claim construction on an appeal from a jury verdict . . . a case could be appealed to the Federal Circuit only months after the complaint is filed."[1]

I. INTRODUCTION

¶1 The resolution of patent infringement litigation cases requires litigants and the district court to execute numerous procedures that are unique to the patent field. A district judge's process of determining the meaning of the terms that comprise the patent claims, recognized in the industry as "claim construction," is an example of such a procedure.

¶2 A patent's claims "particularly point out and distinctly claim the subject matter which the applicant regards as his invention."[2] While a patent's specification and background of the invention provide context for the invention, the claims "set the outer boundaries of the patentee's exclusive right to prevent others from making, using, or selling the invention described by those claims during the life of the patent."[3] Indeed, a court's use of patent claims to define the scope of the invention is a "bedrock principle" of patent law.[4]

¶3 The purpose of claim construction is to determine, as a matter of law, the meaning of words used in the patent claim.[5] In construing claim terms, the district courts are instructed to give words "their ordinary and customary meaning."[6] The court attempts to

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* J.D. Candidate, 2007, Northwestern University.
[1] Elf Atochem N. Am. v. Libbey-Owens-Ford Co., 894 F. Supp. 844, 857 (D. Del. 1995) (forecasting "the [i]mpact of *Markman* on [the] [t]rial of [p]atent [c]ases").
[2] 35 U.S.C. § 112 (2000).
[3] *Elf Atochem N. Am.*, 894 F. Supp. at 858 (citing *In re* Vamco Mach. & Tool, Inc., 752 F.2d 1564, 1577 n.5 (Fed. Cir. 1985)).
[4] Innova/Pure Water v. Safari Water Filtration Sys., 381 F.3d 1111, 1115 (Fed. Cir. 2004).
[5] Markman v. Westview Instruments, Inc., 52 F.3d 967, 979 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996).
[6] Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed. Cir. 1996).

make this determination in a manner similar to a person having ordinary skill in the art (PHOSITA) at the time the invention was made.[7]

¶4 In holding that claim construction is not covered by the Seventh Amendment's right to a jury trial, the Court of Appeals for the Federal Circuit (CAFC) concluded in *Markman v. Westview Instruments, Inc.* that "the interpretation and construction of patent claims, which define the scope of the patentee's rights under the patent, is a matter of law exclusively for the court."[8] The CAFC's *Markman* decision formalized the claim construction process. During this procedure, parties exchange proposed definitions while the court attempts to ascertain the meanings of the claim terms that are in dispute. Typically, courts allow oral argument in such *Markman* hearings. The process culminates with the issuance of the court's order defining the disputed claim terms.

¶5 In their *Markman* decisions neither the CAFC nor the Supreme Court opined as to when claim construction hearings should occur. Indeed, the CAFC has explicitly refused to provide the district courts with any guidance as to the preferred timing of the claim construction process.[9] Furthermore, as a result of its *Markman* decision, the CAFC is required to review district court claim construction orders on a *de novo* basis.[10]

¶6 This comment argues that post-Markman jurisprudence has failed to achieve its goals of providing greater certainty and uniformity in the process of claim construction. Although *Markman* achieved uniformity across the 94 judicial districts in *who* determines the scope of claims, continued variety in *when* and *how* claim construction occurs implies that additional changes are needed to combat the still-pervasive evils of forum shopping. Because of the failure of post-Markman jurisprudence to bring about certainty or uniformity in patent claim construction, this comment posits that claims should be construed during the early stages of discovery and that parties should be able to immediately appeal the district court's Markman determination to the CAFC on an interlocutory basis.

¶7 Four procedural changes to the current process of patent claim construction are proposed. First, claim construction should be settled at an early stage in patent litigation, specifically, during the initial period of fact discovery. No changes are proposed to the type of intrinsic and extrinsic evidence that the court may consider in the resultant *Markman* hearing, rather the arguments of this comment are couched in a post-*Phillips v. AWH* world. Second, district court constructions of claims should be immediately appealable to the CAFC in accordance with 28 U.S.C. § 1292, the federal provision allowing district courts to certify controlling questions of law directly to the court of appeals on an interlocutory basis. In a hypothetical interlocutory appeal of claim construction, the CAFC will continue to evaluate the decision of the district court using a *de novo* standard of review. Third, after claim construction is settled by either the CAFC or the Supreme Court, the case should be remanded to the district court so that formal discovery proceedings may continue. Fourth, in the extremely rare cases where formal discovery indicates that the court should have issued a different meaning, the CAFC should still review the claim construction after the district court certifies the case for

[7] Phillips v. AWH Corp., 415 F.3d 1303, 1313 (Fed. Cir. 2005), *cert. denied*, 126 S. Ct. 1332 (2006).
[8] *Markman*, 52 F.3d at 970-91.
[9] Vivid Techs. v. Am. Sci. & Eng'g, 200 F.3d 795, 803 (Fed. Cir. 1999).
[10] *Markman*, 52 F.3d at 984 n.13.

appeal using a clearly erroneous standard of review. This reformed procedure maximizes judicial efficiency while still giving litigants their "two bites at the apple."

¶8 This analysis of patent claim construction includes five parts. Part II reviews the decision of the CAFC and the Supreme court in *Markman* and evaluates whether the goals predicted by Justice Souter have been accomplished. Part III addresses the current law concerning the potential times that a court may consider claim construction as well as the status of interlocutory appeals of claim construction before the CAFC. Part IV lays out the proposed solution in greater detail. Part V discusses the advantages of early discovery *Markman* hearings coupled with interlocutory appeals to the CAFC. Finally, Part VI responds to the myriad of arguments that could be made by others criticizing the proposed solution.

¶9 Few can argue that early discovery claim construction generally favors the party who is alleging patent infringement. To support this argument, one need only look to the disproportionate number of infringement cases filed in "rocket docket" districts like the District of Delaware and the Northern District of California, where most judges maintain pre-determined schedules concerning the timing of discovery and claim construction.[11] Conversely, a system that allows interlocutory appeals of claim construction likely favors patent infringement defendants since it extends the duration and costs of patent litigation. Thus, the proposed solution provides a carrot to both sides in patent infringement cases. The "big winner" in this proposal is the Federal judicial system. The resultant efficiency of the proposal conserves judicial resources while significantly increasing both certainty and uniformity in the process of claim construction.

II. EVALUATION OF *MARKMAN* AND ITS PROMISES

¶10 In concluding that claim construction is a matter of law for the judge, the *Markman* Court suggested that judicial claim construction would create intrajurisdictional certainty while increasing interjurisdictional uniformity. Empirical evidence of unusually high reversal rates demonstrates that there is very little certainty in the process of claim construction. Although the *Markman* decision creates interjurisdictional certainty in *who* determines claim construction, scheduling variation across the district courts often determines where actions are filed. One need only examine the unusually high distribution of cases in "rocket docket" districts to find evidence that there is little certainty across the district courts. Thus, there is little reason to believe that *Markman* has fulfilled its twin promises of greater certainty and uniformity in patent infringement cases.

A. Markman v. Westview Instruments, Inc *and its Progeny*

¶11 In *Markman v. Westview Instruments, Inc.*, the CAFC, sitting *en banc*, addressed the issue of whether claim construction is a legal issue, a factual issue, or a variant of

[11] *See generally* Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889 (2001); Donald F. Parsons, Jr., et al., *Solving the Mystery of Patentees' "Collective Enthusiasm" for Delaware*, 7 DEL. L. REV. 145 (2004).

both.[12] In holding that claim construction is a legal issue entirely within the province of the court, the CAFC stated,

> [t]he reason that the courts construe patent claims as a matter of law and should not give such task to the jury as a factual matter is straightforward: It has long been and continues to be a fundamental principle of American law that "the construction of a written evidence is exclusively with the court."[13]

¶12 Additionally, the court suggested that because a patentee is bound by written description and specification requirements "a patent is uniquely suited for having its meaning and scope determined entirely by a court as a matter of law."[14]

¶13 In *Markman II*, the Supreme Court construed the issue slightly differently by evaluating whether interpretation of patent claims "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."[15] After affirming the decision of the CAFC on historical and procedural grounds, Justice Souter, writing for a unanimous Court, elucidated two "functional considerations" that support the notion of making claim construction a matter of law.[16] First, Justice Souter noted that judges are better suited to perform claim construction because of their "special training and practice."[17] Second, the Court posited that placing claim construction solely in the hands of the district courts results in greater intrajurisdictional certainty and interjurisdictional uniformity.[18] The Court observed that the definition of patent limits is integral to the advancement of the American patent system.[19] Justice Souter surmised that uncertain patent limits at the district court threaten to create "a 'zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement.'"[20] He further justified his position by analogizing the placement of claim construction solely before the judge to Congress's decision to create the CAFC.[21] As such, because judges are trained at statutory interpretation, claim construction as a matter of law was thought to ensure greater certainty than a system in which the jury decides claim meanings.[22]

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[12] *Markman*, 52 F.3d at 976.
[13] *Id*. at 978 (citing Levy v. Gadsby, 7 U.S. (3 Cranch) 180, 186 (1805); Eddy v. Prudence Bonds Corp., 165 F.2d 157, 163 (2d Cir. 1947) (Hand, J.); 4 SAMUEL WILLISTON, WILLISTON ON CONTRACTS § 601 (3d ed. 1961)).
[14] *Id*.
[15] Markman v. Westview Instruments, Inc., 517 U.S. 370, 372 (1996).
[16] *Id*. at 388.
[17] *Id*. ("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 interpretation to such instruments than a jury; and he is, therefore, more likely to be right." (quoting Parker v. Hulme, 18 F. Cas. 1138, 1140 (1849))).
[18] *Id*. at 391.
[19] *Id*. at 390 ("'[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.'" (quoting Gen. Elec. Co. v. Wabash Appliance Corp., 304 U.S. 365, 369 (1938))).
[20] *Id*. (quoting United Carbon v. Binney & Smith, 317 U.S. 228, 236 (1942)).
[21] *Id*.
[22] *Id*. at 391 ("[T]reating interpretive issues as purely legal will promote (though it will not guarantee)

¶14 Since holding that claim construction is a matter of law in *Markman*, the CAFC refuses to prescribe any procedures for conducting claim construction. In *Vivid Technologies v. American Science & Engineering*, the CAFC was asked to adopt a uniform rule requiring district courts to order claim constructions no earlier than the end of discovery.[23] Writing for a unanimous panel, Judge Newman refused to prescribe a preferred timing of claim construction, citing the district court's "broad powers of case management, including the power to limit discovery to relevant subject matter and to adjust discovery as appropriate to each phase of litigation."[24] Furthermore the court declined to adopt a uniform rule, arguing that "the stage at which the claims are construed may vary with the issues, their complexity, the potentially dispositive nature of the construction, and other considerations of the particular case."[25]

B. *Evaluating the Twin Promises of* Markman

¶15 The Court hoped that *Markman* would create both greater certainty in patent cases and enhanced uniformity in the way patent cases are handled across different judicial districts.[26] Because the rate that district court claim constructions are reversed on appeal by the CAFC continues to be very high and since forum shopping continues to place a drain on both litigants and the courts, new procedural changes are necessary to return some certainty and uniformity to patent litigation.

1. Intrajurisdictional Certainty

¶16 Empirical research suggests that *Markman* has not created greater certainty in claim construction. Numerous legal scholars have commented on the myriad of ways that *Markman* has failed to fulfill its promise of providing greater certainty in the disposition of patent infringement cases.[27] Merriam-Webster's dictionary defines "certainty" as "a state of being free from doubt."[28] As such, in determining whether *Markman* has fostered greater firmness in the claim construction process, assessors frequently look to the rate that the CAFC reverses the claim construction orders of the district courts as a measure of whether claim construction is "free from doubt."[29]

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intrajurisdictional certainty through the application of *stare decisis* on those questions not yet subject to interjurisdictional uniformity under the authority of the single appeals court.").

[23] Vivid Techs. v. Am. Sci. & Eng'g, 200 F.3d 795, 803 (Fed. Cir. 1999).

[24] *Id*. at 803-04 (noting the district court's "broad powers of case management, including the power to limit discovery to relevant subject matter and to adjust discovery as appropriate to each phase of litigation.").

[25] *Id*. at 803.

[26] *Markman*, 517 U.S. at 391.

[27] *See generally* Gretchen Ann Bender, *Uncertainty and Unpredictability in Patent Litigation: The Time is Ripe for a Consistent Claim Constriction Methodology*, 8 J. INTELL. PROP. L. 175, 207 (2001); Christian A. Chu, *Empirical Analysis of the Federal Circuit's Claim Construction Trends*, 16 BERKELEY TECH. L.J. 1075 (2001); Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1 (2001); Gregory J. Wallace, *Toward Certainty and Uniformity in Patent Infringement Cases After* Festo *and* Markman*: A Proposal for a Specialized Patent Trial Court With a Rule of Greater Deference*, 77 S. CAL. L. REV. 1383 (2004); Andrew T. Zidel, *Patent Claim Construction in the Trial Courts: A Study Showing the Need for Clear Guidance from the Federal Circuit*, 33 SETON HALL L. REV. 711 (2003).

[28] MERRIAM-WEBSTER'S COLLEGIATE DICTIONARY 202 (11th ed. 2003).

[29] *See generally* Bender, *supra* note 27; Chu, *supra* note 27; Kimberly A. Moore, Markman *Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231 (2005); Zidel, *supra* note

¶17 Professor Kimberly Moore of the George Mason University School of Law warns of a "sense of fatalism" among district court judges that "no matter how careful" they are in construing claims, "there's a high likelihood that on review the [Federal Circuit] will change the construction of the claims."[30] Among the numerous critics suggesting that *Markman* has failed to reach its goals of greater certainty in the process of claim construction is Circuit Judge Rader of the CAFC, who, in an oft-cited dissenting opinion, observed that

> [w]ith respect to the district court and Court of Federal Claims cases, the rate of reversal of claim constructions is 47 out of 126 or 37.3%. A reversal rate in this range reverses more than the work of numerous trial courts; it also reverses the benefits of *Markman I*. In fact, this reversal rate, hovering near 50%, is the worst possible. Even a rate that was much higher would provide greater certainty. Instead, the current *Markman I* regime means that the trial court's early claim interpretation provides no early certainty at all, but only opens the bidding. The meaning of a claim is not certain (and the parties are not prepared to settle) until nearly the last step in the process – decision by the Court of Appeals for the Federal Circuit.[31]

¶18 In her comprehensive survey reviewing the decisions of the CAFC, Professor Moore found that in the 651 separate appeals between 1996 and 2003 in which the appellant argued that the district court misconstrued at least one claim term, the CAFC held that at least one term was wrongly construed in 37.5% of the cases.[32] Furthermore, "[i]n the cases in which one or more term was wrongly construed, the erroneous claim construction required the Federal Circuit to reverse or vacate the district court's judgment in 29.7% of the cases."[33] Most striking is Professor Moore's conclusion that the CAFC's rate of reversal of district court claim constructions is increasing with time.[34]

¶19 Other researchers have found similar trends in the reversal rates of district court claim constructions. Andrew Zidel determined that, in 2001, the CAFC reversed the claim construction decisions of the district courts in 39 of the 94 cases placed before it (41.5%).[35] Christian Chu found that between January 1, 1998 and April 30, 2000, the CAFC overturned 44% of the district court claim constructions placed before it.[36] Gretchen Ann Bender concluded that during the time between when *Markman* was decided and 2000, the CAFC ultimately changed 40% of the claim construction cases placed before it.[37]

27.

[30] Moore, *supra* note 29, at 232 (quoting Victoria Slind-Flor, Markman *Precedent Holds Up Patents: Ruling Intended to Add Predictability and Speed Fails to Do So*, NAT'L L.J., Jan. 15, 2001, at A1). Professor Moore has since been appointed to the CAFC.

[31] Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1476 (Fed. Cir. 1998) (Rader, J. dissenting).

[32] Moore, *supra* note 29, at 239.

[33] *Id*.

[34] *Id*. at 246-47.

[35] Zidel, *supra* note 27, at 741-42.

[36] Chu, *supra* note 27, at 1104.

[37] Bender, *supra* note 27, at 207.

¶20 At the point where the rate of reversal is so high, there is scant evidence to conclude that district court claim construction orders are in "a state of being free from doubt."

2. *Interjurisdictional Uniformity*

¶21 By enacting a procedural change that applies to all district courts in the United States, *Markman* has created some uniformity. Although the Court may have created certainty in *who* determines claim construction, there is little additional evidence suggesting that patent litigation practice is uniform throughout the district courts. As a result, change is necessary to thwart the evils of forum shopping currently plaguing the judicial system.

¶22 Congress created the CAFC to provide the uniformity necessary to "strengthen the United States patent system."[38] After examining the 9,615 patent cases filed between 1995 and 1999 and the 1,409 patent cases that went to trial between 1983 and 1999, Professor Moore concluded that "despite the creation of the Federal Circuit, choice of forum continues to play a critical role in the outcome of patent litigation."[39] In discussing the normative evils of forum shopping, Professor Moore noted that

> [t]his manipulability of the administration of law thwarts the ideal of neutrality in a system whose objective is to create a level playing field for resolution of disputes. The ultimate result is unpredictability and inconsistency in the application of the law among the district courts. This instability erodes public confidence in the law and its enforcement and creates doubt about the fairness of the system.[40]

¶23 Moreover, forum shopping creates judicial inefficiencies by clogging preferred courts with patent cases and by increasing the costs of litigation by adding administrative and economic burdens on the parties.[41]

III. THE POSSIBLE TIMING OF CLAIM CONSTRUCTION; THE STATUS OF INTERLOCUTORY APPEALS BEFORE THE CAFC

¶24 District courts have broad discretion to determine the timing of claim construction hearings. Despite this discretion, most courts (and commentators in the field) suggest that claim construction should be performed at the end of discovery. Reliance on extrinsic evidence is the likely reason that many courts conduct claim construction after discovery. The Northern District of California and the District of Delaware, however, are two districts employing the "rocket docket" system of early discovery claim construction. Although courts are free to certify claim construction orders for appeal on an interlocutory basis, such orders are very rare and the CAFC has yet to hear such an appeal.

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[38] H.R. REP. NO. 97-312, at 20 (1981).
[39] Moore, *supra* note 11, at 892.
[40] *Id*. at 924.
[41] *Id*. at 924-25.

A. Possible Timings for Claim Construction

¶25 District courts have broad discretion to decide when to conduct Markman hearings and issue orders defining the claim terms at issue.[42] Despite this broad discretion, in practice, the district courts typically conduct claim construction at one of four time periods.[43] First, a judge may conduct a claim construction hearing before any discovery occurs, presumably shortly after parties exchange the complaint and answer.[44] Second, the court could hold the hearing at some point during discovery. Options for in-discovery claim construction include, early in discovery, at the conclusion of fact discovery but before expert discovery, or after expert discovery.[45]

¶26 The Northern District of California and the District of Delaware, where claim construction begins soon after parties have exchanged 26(a)(1) disclosures, advocates early discovery claim construction, as does this comment.[46] A third option for the court is to conduct claim construction after the conclusion of all discovery, generally at the same time that motions for summary judgment are placed before the court.[47] The court's final option is to determine claim construction at trial, typically after the trial has been completed but before the judge instructs the jury.[48]

¶27 When analyzing its annual Markman Survey, the Intellectual Property Section of the American Bar Association repeatedly finds that most courts consider claim construction after the close of discovery.[49] However such findings must be considered in light of the fact that 83% of the district courts surveyed allowed extrinsic evidence to be admitted during the Markman hearing.[50] The value of extrinsic evidence has thus been lessened in the post-*Phillips* world.

B. Interlocutory Appeals before the CAFC

¶28 The CAFC *could* hear interlocutory appeals since any intermediate district court decision may be appealed on an interlocutory basis.[51] The CAFC has exclusive jurisdiction over "any case over which the court would have jurisdiction of an appeal,"

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[42] *See* Vivid Techs. v. Am. Sci. & Eng'g, 200 F.3d 795, 803 (Fed. Cir. 1999).
[43] Mark R. Malek, Markman *Exposed: Continuing Problems With* Markman *Hearings*, 7 J. TECH. L. & POL'Y 195, 216 (2002).
[44] *Id*.
[45] William F. Lee & Anita K. Krug, *Still Adjusting to* Markman*: A Prescription for the Timing of Claim Construction Hearings*, 13 HARV. J.L. & TECH. 55, 82 (1999); Timothy M. Salmon, Comment, *Procedural Uncertainty in* Markman *Hearings: When Will the Federal Circuit Show the Way*, 18 ST. JOHN'S J. LEGAL COMMENT. 1031, 1038 (2004).
[46] N.D. CAL. PATENT L.R. 2-1. See Malek, *supra* note 43, at 219, for a concise summary of the local patent rules for the Northern District of California.
[47] Lee & Krug, *supra* note 45, at 80-81.
[48] Salmon, *supra* note 45, at 1043-44.
[49] *See generally Committee No. 601 – Trial Practice and Procedure: 2002-2003 Annual Report*, A.B.A. SEC. INTELL. PROP. L. (Brian E. Banner ed., 2003); *Committee No. 601 – Trial Practice and Procedure: 2000-2001 Annual Report*, A.B.A. SEC. INTELL. PROP. L. (Mark K. Dickson & James F. Forstner eds., 2001); *Committee No. 601 – Trial Practice and Procedure: 1999-2000 Annual Report*, A.B.A. SEC. INTELL. PROP. L. (Mark K. Dickson & James F. Forstner eds., 2000).
[50] *Committee No. 601 – Trial Practice and Procedure: 1999-2000 Annual Report*, A.B.A. SEC. INTELL. PROP. L., at 3 (Mark K. Dickson & James F. Forstner eds., 2000).
[51] 28 U.S.C. § 1292 (2000).

including matters of patent infringement.[52] To rise to the level necessary to be appealed on an interlocutory basis, an issue must meet three requirements.[53] First, the issue must involve a "controlling question of law."[54] Second, the question of law must be one "as to which there is substantial ground for difference of opinion."[55] Third, only those orders which "may materially advance the ultimate termination of the litigation" can be made available for interlocutory appeal.[56]

¶29 At the point that "[i]t is well recognized that the construction of the claims may resolve some or all of the issues of infringement," it is evident that claim construction is a controlling question of law.[57] Additionally, claim construction is construed by the district court as a matter of law.[58] Moreover, "[t]he legislative history of subsection (b) of section 1292 . . . indicates that it was to be used only in extraordinary cases where decision of an interlocutory appeal might avoid protracted and expensive litigation."[59]

¶30 An order has "substantial ground for difference of opinion" when "the question is difficult, novel, and either a question on which there is little precedent or one whose correct resolution is not substantially guided by previous decisions."[60] Questions of claim construction are certainly difficult, almost always lack precedent, and are rarely, if ever, guided by previous decisions. Also, the frequent reversal of district court claim construction orders by the CAFC suggests claim construction gives rise to the necessary range of opinion.[61]

¶31 Finally, because parties will have significantly more knowledge of their positions once claim construction is settled, and may ultimately be induced to settle, interlocutory appeals of claim construction can "materially advance the ultimate termination of the litigation."[62] Thus, claim construction decisions of the district courts may be appealed to the CAFC on an interlocutory basis.

¶32 Although the option of holding interlocutory appeals is available, the CAFC refuses to exercise its discretion and grant interlocutory appeals of claim construction.[63] In her dissenting opinion in *Cybor Corp. v. FAS Technologies, Inc.*, Judge Newman articulated that

> [m]ost of the shortfalls between expectation and reality arise from the manner of implementation of our de novo authority for claim interpretation . . . . Although the district courts have extended themselves, and so-called '*Markman* hearings' are common, this has not been accompanied by interlocutory review of the trial judge's claim

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[52] *Id.* at § 1292(c).
[53] *Id.* at § 1292(b).
[54] *Id.*
[55] *Id.*
[56] *Id.*
[57] Vivid Techs. v. Am. Sci. & Eng'g, 200 F.3d 795, 803 (Fed. Cir. 1999).
[58] Markman v. Westview Instruments, Inc., 52 F.3d 967, 978 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996).
[59] U.S. Rubber Co. v. Wright, 359 F.2d 784, 785 (9th Cir. 1966).
[60] *In re* Grand Jury Proceedings June 1991, 767 F. Supp. 222, 225-26 (D. Colo. 1991).
[61] Craig Allen Nard, *Intellectual Property Challenges in the Next Century: Process Considerations in the Age of* Markman *and Mantras*, 2001 U. ILL. L. REV. 355, 373-74 (2001).
[62] *Id.* at 374.
[63] Cybor Corp. v. FAS Techs, Inc., 138 F.3d 1448, 1479 (Fed. Cir. 1998) (Newman, J. dissenting).

> interpretation. The Federal Circuit has thus far declined all such certified requests . . . [i]nstead of conducting the expected dispositive de novo review, we simply declined the question.[64]

¶33 The CAFC has refused to hear interlocutory appeals despite yearnings from the district courts.[65] Professor Craig Allen Nard has suggested that the CAFC's reluctance to hear interlocutory appeals of claim construction may simply reflect the general trend among federal appellate courts to not grant interlocutory appeals that are raised pursuant to 28 U.S.C. § 1292(b).[66]

IV. EARLY DISCOVERY CLAIM CONSTRUCTIONS THAT ARE IMMEDIATELY APPEALABLE TO THE CAFC ON AN INTERLOCUTORY BASIS – A RIPE PROCEDURAL CHANGE

¶34 In *Phillips v. AWH*, the CAFC revisited the issue of what types of sources are available to the district court when construing claims. The court noted that there are six primary types of sources that courts may use, including the patent claims, specification, and prosecution history as well as testimony, dictionaries, and treatises. Because discovery is not required to obtain any of these sources, the *Phillips* court has effectually de-emphasized the necessity for discovery prior to claim construction. Moreover, such early discovery claim construction could be immediately appealed to the CAFC on an interlocutory basis, ensuring that certainty is maximized before the parties engage in costly discovery proceedings.

A. Early Discovery Claim Construction

¶35 At the point that claim construction is a matter of law whose determination is solely the province of the court, it is disingenuous to argue that substantial discovery is necessary to determine the meaning of claim terms. Before making the case for early discovery claim constructions, it is necessary to review the recent holding of the CAFC in *Phillips v. AWH*.

1. Phillips v. AWH

¶36 The CAFC's most recent examination of the procedural trials and tribulations of claim construction occurred in *Phillips v. AWH Corp.* In *Phillips*, the CAFC, sitting *en banc*, reviewed an earlier panel decision upholding a district court finding of infringement on "steel-shell panels that can be welded together to form vandalism resistant walls."[67] The court granted the petition for rehearing "in order to resolve issues

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[64] *Id.*
[65] TM Patents, L.P. v. IBM, 72 F. Supp. 2d 370, 377 n.1 (S.D.N.Y. 1999) ("[S]o final is a *Markman* ruling that one could make a strong case for routinely certifying an interlocutory appeal to the Federal Circuit . . . . Given the frequency with which the Federal Circuit overrules the District Court judges on issues of claim interpretation, such appeals would save millions of dollars and thousands of hours of trial time based on patent constructions that turn out to be erroneous.").
[66] Nard, *supra* note 61, at 372.
[67] Phillips v. AWH Corp. (*Phillips II*), 415 F.3d 1303, 1309 (Fed. Cir. 2005).

concerning the construction of patent claims."[68] It certified seven questions for review, inviting amicus briefs from all interested parties.[69]

¶37 Relevant to this comment is the court's summary of the utility of certain types of evidence in the process of claim construction. Initially, the court divided cases requiring claim construction into two types: those where "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 the controversies where "determining the ordinary and customary meaning of the claim requires examination of terms that have a particular meaning in a field of art."[70] In resolving disputes over the meaning of terms in the first type of cases, the CAFC noted that "general purpose dictionaries may be helpful."[71] In the instances of the second type, the court discussed the myriad of sources that a court may use to determine the ordinary meaning of claim language.[72] Courts rely on both intrinsic and extrinsic evidence to aid in claim construction.[73] Intrinsic evidence includes the patent claims, the specification, and the prosecution history.[74] Extrinsic evidence is material that is external to the patent and includes inventor and expert testimony, general purpose and technical dictionaries, and learned treatises.[75]

¶38 In attempting to determine claim meaning, the *en banc* court observed that the inquiry begins with the context that the disputed words appear in the claims at issue.[76] Additionally, "[b]ecause claim terms are normally used consistently throughout the patent," courts may also use other patent claims to aid in defining terms that are in issue.[77] After reviewing the patent claims, the court next examines the patent specification. The court commented that the "importance of the specification . . . derives from its statutory role," specifically, the "statutory requirement that the specification describe the claimed invention in 'full, clear, concise, and exact terms.'"[78] Addressing the utility of the specification in claim construction, the CAFC previously commented that, "[u]sually, it is dispositive; it is the single best guide to the meaning of a disputed term."[79]

¶39 The third type of intrinsic evidence that courts may consider is the patent prosecution history.[80] The file history includes all correspondence between the inventor (specifically, the inventor's attorney) and the patent office, and is a complete record of all proceedings including any prior art disclosed to the USPTO.[81] Because the "prosecution history represents an ongoing negotiation between the PTO and the applicant," and "lacks the clarity of the specification" it is at the bottom of the intrinsic evidence "hierarchy."[82]

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[68] Phillips v. AWH Corp. (*Phillips I*), 376 F.3d 1382, 1382 (Fed. Cir. 2004).
[69] *Id.* at 1383.
[70] *Phillips II*, 415 F.3d at 1314.
[71] *Id.*
[72] *Id.*
[73] *Id.* at 1313-14.
[74] *Id.*
[75] *Id.* at 1317.
[76] *Id.* at 1314.
[77] *Id.* at 1314-15.
[78] *Id.* at 1316 (citing 35 U.S.C. § 112, para. 1).
[79] Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed. Cir. 1996).
[80] *Phillips II*, 415 F.3d at 1317.
[81] *Id.*
[82] *Id.*

¶40 Consistently, the CAFC has held that extrinsic evidence is "less significant than the intrinsic record in determining 'the legally operative meaning of claim language.'"[83] The first branch of the extrinsic evidence hierarchy yields two types of evidence: the use of inventor/ expert testimony and the use of dictionaries and treatises on the subject matter at issue.

> The *Phillips* court observed that 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.[84]

¶41 However, the court stated that such testimony should be given little weight when it is contrary to the intrinsic evidence.[85] Moreover, the CAFC summarized its view that "extrinsic evidence in general is less reliable than the patent and its prosecution history in determining how to read claim terms . . . ."[86]

¶42 General purpose and technical dictionaries as well as learned treatises may also be used to determine claim meaning.[87] Judge Bryson noted that,

> [b]ecause 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 than can assist the court . . . .[88]

¶43 Additionally, the *Phillips* court abandoned its earlier holding in *Texas Digital Systems v. Telegenix*, which upheld the use of dictionaries as a starting point in determining claim meaning.[89] It criticized the *Texas Digital* holding as having "too much reliance on extrinsic sources."[90] The CAFC held that a district court may consider any particular extrinsic sources "as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence."[91]

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[83] *Id.* (citing C.R. Bard, Inc. v. U.S. Surgical Corp., 388 F.3d 858, 862 (Fed. Cir. 2004), quoting Vanderlande Indus. Nederland BV v. ITC, 366 F.3d 1311, 1318 (Fed. Cir. 2004)).
[84] *Id*. at 1318.
[85] *Id*.
[86] *Id*. at 1318-19 ("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 . . . . Second . . . 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 . . . can suffer from bias that is not present in intrinsic evidence . . . . 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. . . . Finally, 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. . . .").
[87] *Id.* at 1318.
[88] *Id.*
[89] *Id.* at 1324.
[90] *Id.* at 1320.
[91] *Id.* at 1324.

¶44 Based on the holding in *Phillips*, it is possible to conclude that there is a hierarchy of evidence that may be used to find the plain meaning of claim terms that are in issue. First, courts should look to intrinsic evidence for the plain meaning of the words in dispute, particularly the patent claims, the specification, and the prosecution history. Second, a court may evaluate extrinsic evidence to the extent this evidence accords with the intrinsic evidence.

2. *Why Phillips is Central to the Timing of Markman Hearings.*

¶45 At the point that claim construction is determined by the court as a matter of law, it is self-evident that substantial discovery is unnecessary to determine the plain meaning of claim terms. In *Phillips*, the CAFC discussed six types of intrinsic and extrinsic evidence that may be used to determine claim meaning, including the patent claims, specification, and prosecution history as well as testimony, dictionaries, and treatises.[92] Each of these six sources is available to the court regardless of the level of discovery performed by the parties. As such, absent guidance from the CAFC to the contrary, substantial discovery is unnecessary to determine claim construction.

3. *Evidence of Early Claim Construction Success – the Special Case of the Northern District of California*

¶46 Beginning in 1997 the Northern District of California became the first court to enact local rules that govern the disposition of patent cases.[93] The local rules begin to impact the patent case very early. At the same time that the parties hold an initial Rule 26 conference, they must also hold a case management conference.[94] During this conference, parties must propose modifications to the local rules and decide the order in which parties will present, whether live testimony will be offered in the *Markman* hearing, any discovery limits, and the scheduling of the claim construction hearing.[95]

¶47 Within ten days of the initial case management conference, the party accusing patent infringement must produce a "Disclosure of Asserted Claims and Preliminary Infringement Contentions," (DOA-PIC) including claim charts identifying the asserted claims infringed.[96] When producing the aforementioned disclosure, the party asserting infringement must also produce "[a]ll documents evidencing the conception, reduction to practice, design, and development of each claimed invention . . . ."[97] Within forty-five days of receiving a DOA-PIC, a party opposing a claim of patent infringement must file its preliminary invalidity contentions and produce any documents related to such counterclaims.[98] Ten days after the party opposing accusations of patent infringement produces its invalidity contentions, the claim construction process begins with each party

[92] *Id.*
[93] Patent L.R. 1-3 (2001).
[94] Patent L.R. 2-1 (2001).
[95] *Id.*
[96] Patent L.R. at 3-1.
[97] Patent L.R. at 3-2.
[98] Patent L.R. at 3-3 - 3-4.

simultaneously exchanging "a list of claim terms, phrases, or clauses which that party contends should be construed by the Court . . . ."[99]

¶48 Any necessary context that a court desires when construing claims is provided once the documents related to the conception and reduction to practice of the invention are produced. If parties are unable to determine their claim construction position based upon the patent, they should certainly be able to after reviewing these documents. A search for journal or review articles criticizing the rules in the Northern District of California yielded no results. In fact, two commentators positing that the "right" time for claim construction is after all discovery has been completed, concede that "under these rules, [where] the parties must adhere to a variety of mandatory initial disclosures, the discovery process is more productive."[100] Just as the Northern District of California requires early discovery claim construction, so should all other district courts. Put simply, extensive discovery is not necessary to construe disputed claim terms.

B. Interlocutory appeals

¶49 Several others have commented on the utility of making claim construction decisions appealable to the CAFC on an interlocutory basis.[101] However, none of these commentators have suggested the combination of both early discovery claim construction and interlocutory appeals. In weighing in favor of making interlocutory appeals available on a discretionary basis, Professor Nard suggests that the Supreme Court can "exercise its authority pursuant to the Rules Enabling Act to promulgate a rule specifically making Markman orders appealable as a matter of discretion or, in the alternative, appealable as of right."[102]

¶50 To advance certainty and to conserve resources amongst both the courts and parties subject to patent litigation, district courts should certify interlocutory appeals immediately after issuing claim construction orders. Similarly, the CAFC should accept such appeals and evaluate the decisions of the lower court *de novo*. Where the CAFC finds no reason to disagree with the district court, the panel may simply recertify the lower court's order.

V. ADVANTAGES OF EARLY DISCOVERY CLAIM CONSTRUCTION COMBINED WITH IMMEDIATE APPEALS TO THE CAFC ON AN INTERLOCUTORY BASIS.

¶51 Early discovery claim construction coupled with claim construction orders that are immediately appealable to the CAFC on an interlocutory basis achieves numerous advantages. First, setting the timing of claim construction enhances uniformity by

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[99] Patent L.R. at 4-1.
[100] Lee & Krug, *supra* note 45, at 79.
[101] *See e.g.* Nard, *supra* note 61, at 378; Michael A. O'Shea, *A Changing Role for the* Markman *Hearing: In Light of Festo IX*, Markman *Hearings Could Become M-F-G Hearings Which Are Longer, More Complex, and Ripe for Appeal*, 37 CREIGHTON L. REV. 843 (2004); George Summerfield & Todd Parkhurst, *Procedures For Claim Construction After Markman*, 20 MISS. C. L. REV. 107, 115-16 (1999); Frank M. Gasparo, Note, Markman v. Westview Instruments, Inc. *and its Procedural Shock Wave: The* Markman *Hearing*, 5 J.L. & POL'Y 723, 762-63 (1997).
[102] Nard, *supra* note 61, at 357.

solidifying the claim construction schedule in all instances of patent litigation. Moreover, uniformity is enhanced because all district courts operate under the same claim construction schedule. Such scheduling uniformity also discourages forum shopping. Professor Kimberly Moore concluded that speed of adjudication is one of many factors that results in forum shopping, particularly by patent holders filing infringement suits.[103] Additionally, Parsons et. al noted that the early scheduling conferences in the District of Delaware contribute to that district's status as a patent litigation center.[104] Similar evidence can be logically inferred in the Northern District of California, where early scheduling is the norm.

¶52 Second, early discovery claim construction combined with interlocutory appeals to the CAFC fosters greater certainty at a significantly earlier stage in the litigation. Once claim construction is settled by the CAFC, the case is remanded to the district court to continue formal discovery, expert reports, summary judgment, etc. Because claim construction is settled before discovery is concluded, the parties are better able to solidify their strategic position at an early stage.

¶53 Third, the proposed solution fosters judicial efficiency in several ways. Early solidification of claim construction encourages the parties to use alternate dispute resolution at an early point in the dispute which can induce both sides to settle at an early stage. Also, early claim construction procedures encourage greater due diligence before filing suit which may result in more pre-filing settlements while reducing the number of patent infringement suits filed.

¶54 Although early discovery claim construction may significantly increase the cost of early stage patent litigation, the onset and growth of contingency patent litigation helps to ensure that all parties are given a chance. Furthermore, Malek indicates that early discovery claim construction is the *only* way "to open the door to the patent litigation process" to small, individual inventors who lack wealthy investors.[105] Also, this uniform solution creates additional efficiency since both the parties and the court need not spend time and effort negotiating scheduling of claim construction. In addition, the resultant uniformity in scheduling of claim construction significantly reduces the evils of forum shopping. Finally, early settlement of claim construction reduces future appeals.

¶55 Fourth, the proposed solution maximizes the accuracy of patent claim construction. In the very rare instances that discovery proves that an alternate claim construction should have been made, the CAFC can revisit the issue once the judgment of the district court is certified. Because the CAFC is reviewing its earlier determination to see if it was clearly erroneous, there is little threat to judicial economy.

¶56 Though the proposed solution will significantly raise the burden placed upon the CAFC, a balancing test reveals that early discovery claim construction decisions which are immediately appealable to the CAFC are comparatively more economical than the present system. Critics of the current system of patent litigation contend that the current model is too expensive, too wasteful, and results in too much uncertainty.[106] At present, a party seeking to appeal its claim construction order must either stipulate to infringement, or waste significant financial resources of both the judiciary and the parties on a trial

[103] Moore, *supra* note 11, at 908.
[104] Parsons, et al., *supra* note 11, at 152.
[105] Malek, *supra* note 43, at 223-24.
[106] O'Shea, *supra* note 101, at 857.

which "rolls the dice." Presumably, the claim construction in these cases is generally appealed anyway.[107] Interlocutory appeals avoid this troublesome situation. The balance also favors the proposed solution since the increased settlement rate will lighten the load of the district courts, resulting in enhanced efficiency. Thus, early discovery claim construction that allows for interlocutory appeals to the CAFC yields numerous advantages.

VI. A BRIEF EXAMINATION AND RESPONSE TO THE ARGUMENTS AGAINST EARLY DISCOVERY CLAIM CONSTRUCTION COUPLED WITH INTERLOCUTORY APPEALS.

¶57 No arguments have been made opposing interlocutory appeals to the CAFC. However, it is predicted that any argument against such a solution begins with the heightened caseload to be faced by the CAFC.

¶58 Several pre-*Phillips* commentators have posited that the optimal time for claim construction is either after the close of discovery or at the same time that the district court decides motions for summary judgment.[108] In arguing against early discovery Markman hearings these commentators generally advance four arguments. First, extensive discovery allows parties to focus the issues before the judge on the patent claims that are at issue, thereby reducing the burden placed upon the district court. [109] Second, allowing the judge to participate in discovery aids her in placing herself in the position of the PHOSITA.[110] Third, substantial discovery is needed to provide factual context to both the judge and the parties.[111] Fourth, that in the cases where discovery proves that the claim construction was incorrect, substantial time is wasted by early Markman.[112]

¶59 Each of these arguments generally fails when viewed in the context of *Phillips v. AWH*. Although early discovery claim construction may result in the construction of non-vital claim terms, the amount of time spent on such constructions is minimal when compared with the amount of time that can be wasted on unnecessary trials. Moreover, parties may still drop claim terms as the fruits of discovery are ripened.

¶60 Although judges may prefer the factual context that post-discovery claim construction provides, courts can adapt to the proposed schedule. As courts begin to experiment with early discovery claim construction their judicial expertise in claim interpretation will be altered to reflect the added time pressures of early discovery claim

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[107] Nard, *supra* note 61, at 371.

[108] *See e.g.* David H. Binney & Toussaint L. Myricks, *Patent Claim Interpretation After* Markman – *How Have the Trial Courts Adapted?*, 38 IDEA 155, 184 (1997) (stating that "[t]he ideal timing for a *Markman* hearing is probably shortly after the close of discovery"); John R. Lane & Christine A. Pepe, *Living Before, Through, and With* Markman*: Claim Construction as a Matter of Law*, 1 BUFF. INTELL. PROP. L.J. 59, 63-64 (2001) (arguing "determining claim construction before the close of pre-trial discovery may be premature"); Lee & Krug, *supra* note 45, at 86 (concluding that the "right" time for claim construction is "after all discovery has been completed, at the time the court considers the parties' summary judgment motions."); Salmon, *supra* note 45, at 1031 (citing the advantages of post-discovery *Markman* hearings upon motions for summary judgment); JOHN W. SHAW, MARKMAN HEARINGS – WHEN IS THE BEST TIME? (July 31, 2002), http://www.ycst.com/Articles/57_jshaw_markman.pdf.

[109] Binney & Myricks, *supra* note 108, at 184; Lee & Krug, *supra* note 45, at 80; Salmon, *supra* note 45, at 1041-42; Shaw, *supra* note 108, at 8-10.

[110] Salmon, *supra* note 45, at 1042; Shaw, *supra* note 108, at 12-13.

[111] Binney & Myricks, *supra* note 108, at 184; Lane & Pepe, *supra* note 108, at 63; Lee & Krug, *supra* note 45, at 84-85; Shaw, *supra* note 108, at 6-7.

[112] Lee & Krug, *supra* note 45, at 78; Shaw, *supra* note 108, at 7-8.

construction. Under the proposed solution, the court may continue to consider the same extrinsic evidence that it currently uses to understand the position of the PHOSITA. Though the proposed solution may reduce the district court claim construction to little more than a rough draft, the nature of patent litigation has necessitated such broad steps. The empirical evidence suggests that district court claim construction produces a rough draft whether it is appealable on an interlocutory basis or not.

VII. CONCLUSION

¶61 *Markman* brought promises of greater certainty and uniformity in patent claim construction. However, the high rate of reversal of district court claim construction orders by the CAFC evidences the uncertainty in claim construction. Furthermore, the prevalence of forum shopping showcases the need for greater uniformity. Although *Markman* was a good first step, the time has come for additional procedural changes to bring about both enhanced certainty and expanded uniformity.

¶62 To enhance uniformity of claim construction across the federal districts, a uniform rule should be adopted requiring early discovery claim construction. The local patent rules of the Northern District of California may be used as guide for such a rule. In light of the recent holding of the CAFC in *Phillips v. AWH*, district courts must use intrinsic evidence as the starting point for all claim constructions. In early discovery claim construction, the court can hear the same evidence that it would hear in post-discovery Markman hearings. The accompanying reduction in forum shopping provides greater efficiency to both the parties and the court system.

¶63 To maximize the certainty of claim construction at the earliest possible time, district courts should be encouraged to certify interlocutory appeals of their claim construction. Moreover, the CAFC must begin to accept these appeals. The resultant reduction in the level of uncertainty informs parties of their positions at an early stage and can induce parties to settle.

¶64 The CAFC recently celebrated its twenty-third birthday and the patent community will soon celebrate the ten year anniversary of *Markman*. The time is ripe for the next big step to be taken to bring about greater uniformity in the disposition of patent infringement cases.