Keywords: **standard of review; claim construction**

General: **A district court's claim construction will be reviewed de novo at the Court of Appeals for the Federal Circuit.**

Lightning Ballast Control LLC v. Philips Elecs. N. Amer. Corp.

No. 2012-1014, (Fed. Cir. 2014) (en banc)
Decided February 21, 2014

I. Facts

Lighting Ballast Control ("Lighting Ballast") sued Universal Lighting Technologies ("ULT") for infringement of U.S. Patent No. 5,436,529 (the '529 Patent). The patented technology related to control and protection circuits for electronic lighting ballasts commonly used in fluorescent lighting. The litigation concerned the following claim:

> An energy conversion device employing an oscillating resonant converter producing oscillations, having DC input terminals producing a control signal and adapted to power at least one gas discharge lamp having heatable filaments, the device comprising:
>
> > *voltage source means* providing a constant or variable magnitude DC voltage between the DC input terminals…
>
> (emphasis added).

In its claim construction, the district court considered the testimony of an expert witness and the inventor himself, both of whom claimed that one of skill in the art would understand the claimed "voltage source means" corresponds to a rectifier or other structure capable of supplying useable voltage to the device. The district court determined the above language did not amount to a means-plus-function limitation and found the claims valid as written. A jury found in favor of Lighting Ballast and the district court entered final judgment of infringement and validity with respect the claim in question.

A three-judge panel of the Federal Circuit ("CAFC") reversed the district court's finding of validity of the claims after de novo review of the district court's claim construction. The three-judge panel determined the language of the claim created a means-plus-function limitation under 35 U.S.C. §112, paragraph 6, and found that the claims and specification failed to provide sufficient corresponding structure. Thus, the panel found the claims invalid for indefiniteness and reversed the judgment of the district court. Lighting Ballast appealed for a rehearing.

The CAFC agreed to hear the appeal en banc.

II. Issue

Is de novo review of a district court's claim construction appropriate, even when the decision of the district court is based on factual evidence?

III. Discussion

Yes. Stressing concern for national uniformity, consistency, and finality, Judge Newman wrote for a 6 judge majority and upheld the ruling in *Cybor Corp. v. FAS Technologies* ("*Cybor*") that created plenary review of claim construction at the appellate level.

The opinion presented the views of three separate camps, each calling for various degrees of review. Lighting Ballast argued to overturn *Cybor* and called for deferential review. Lighting Ballast argued that *Cybor*, which was the CAFC's first interpretation of the Supreme Court's decisions in *Markman II*, interpreted *Markman II* incorrectly and that despite the Supreme Court's language in *Markman II* that read, "the interpretation of a so-called patent claim … is a matter of law reserved entirely for the court," claim construction was still essentially factual in nature and therefore only appropriately reviewed under a "clearly erroneous" standard, as required by Fed. Rule of Civ. Pro. ("FRCP") 52(a)(6).

The second camp, of which the USPTO was a member, argued for hybrid levels of review. The hybrid standard would attempt to break aspects of claim construction into factual and legal inquiries and assign a clearly erroneous or de novo review standard, respectively. The court focused on the inability of the proponents of this hybrid standard to clearly differentiate between factual and legal questions and even remarked on the potential impossibility of ever perfectly distinguishing the two.

The third position (which was ultimately taken by the 6-4 majority) stressed the importance of consistency and uniformity in judicial claim construction. The majority stressed the Supreme Court's language in *Markman II* that said claim construction is a "purely legal" matter and that the interpretation of a so-called patent claim … is a matter of law." The party and amici taking this position also argued the basic tenet of the law that states, "interpreting a set of legal works … in order to determine their basic intent is a purely legal matter." *Buford v. United States*, 532 U.S. 59, 65 (2001).

Besides highlighting the plain language of Markman II and Buford, the CAFC stressed the importance of a unitary standard for national claim construction which ultimately defines a property right that is nationwide in scope. The majority also mentioned the fifteen years of experience with the *Cybor* standard and the importance of reliable and predictable outcomes to technological advance and industrial commitment, both important goals of the patent system. Ultimately, the court determined that the reasons for changing the standard of review could not overcome the importance of national uniformity, consistency, and finality, and thus, the doctrine of stare decisis carried the day.

IV. Concurrence

Judge Lourie wrote a concurring opinion further emphasizing the importance of stare decisis. Judge Lourie also stressed the intent of Congress in creating the CAFC in the first place and the problem with interpreting the meaning of a patent claim based on the opinion testimony of dueling experts (essentially hired guns) selected for their views or the ex post facto testimony of an inventor. The judge argued that reliance on district court's interpretation of a hired expert's opinion would only muddy the waters even more than de novo review. Ultimately Judge Lourie argued that the method of interpretation of a means-plus-function claim under §112, paragraph 6 is a question of law. (Of course, this assumes it's a given that the claim was a means-plus-function claim, which was the whole question in the first place.)

V. Dissent

Justice O'Malley was joined by Justices Rader, Reyna and Wallach in dissent. The dissenters stressed the seemingly direct mandate of FRCP 52(a)(6), which requires clearly erroneous level review of a district court's findings of fact:

> (6) *Setting Aside the Findings*. Findings of fact, whether based on oral or other evidence, must not be set aside unless clearly erroneous, and the reviewing court must give due regard to the trial court's opportunity to judge the witnesses' credibility.

The dissent combined this Rule with the Supreme Court's statements in *Markman II* that claim interpretation is a "mongrel practice" with "evidentiary underpinnings." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 378 (U.S. 1996) to argue that a hybrid is not only the better standard of review, but also the only correct standard of review.

The dissenters also stressed the widespread criticism of and argument (both internal and external to the CAFC) regarding de novo review and questioned the wisdom of the practice. Ultimately, the dissenters used this criticism to argue that the questions surrounding *Cybor* and de novo review have existed since the opinion was announced. Because the standard was never afforded widespread acceptance in the legal, academic, or technological communities, the fears associated with the reversal of the *Cybor* decision espoused by the majority are unfounded. Further, the dissent argued the majority's purpose of promoting uniformity and efficiency cannot be met because the *Cybor* decision was on such tenuous legal ground to begin with.

VI. Conclusion

A district court's claim construction will be reviewed de novo on appeal before the United States Court of Appeals for the Federal Circuit. In a 6-4 majority opinion, the court upheld the rule of *Cybor Corp. v. FAS Technologies*, which interpreted the Supreme Court's guidance solidified by *Markman II*.

Commentators have argued that the decision will have little effect regardless of the outcome, and if any, it will be positive. Some critics argue that while plenary review of claim construction at the appellate level may delay the concrete interpretation of patent claims and increase the cost of litigation, deferring to the district courts would only reduce the number of overturned claim constructions. This would in turn only mask the problem of patents with indefinite scope being issued by the USPTO. These commentators would like to see a renewed focus on clarity of claim scope and they argue that the Federal Circuit's refusal to resign the ultimate decision to the district courts will prevent these problems from being masked.

Additionally, the Supreme Court has agreed to hear a case directly on point. Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc. asks whether a district court's factual finding in support of its construction of a patent claim term may be reviewed de novo, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Federal Rule of Civil Procedure 52(a) requires. The case is scheduled for argument Oct. 15, 2014 and should bring clarity and finality to the debate.