No. 05-602

In The Supreme Court of the United States

AWH CORPORATION,
HOPEMAN BROTHERS, INC., and
LOFTON CORPORATION,

Petitioners,

v.

EDWARD H. PHILLIPS,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITIONERS' REPLY BRIEF SUPPORTING PETITION FOR WRIT OF CERTIORARI

MARK W. FISCHER
Counsel of Record
NEAL S. COHEN
PETER J. KINSELLA
J. OWEN BORUM
AARON D. VAN OORT
FAEGRE & BENSON LLP
1900 15th Street
Boulder, Colorado 80302
(303) 447-7700
Counsel for AWH Corporation, Hopeman Brothers, Inc., and Lofton Corporation

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OR CALL COLLECT (402) 342-2831

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Respondent argues in opposition to the petition that this Court should *never* grant certiorari to consider the standard of review that applies on appeal to fact finding in the patent claim construction process, and that at least it should not do so in this case. Neither argument is convincing. Plainly, this Court will sometime have to intervene and settle the standard of review. Both the Federal Circuit and the patent bar are in turmoil on this issue. Members of the Federal Circuit openly acknowledge that their standard of review is founded on a fallacy. *Twenty-three amici* filed briefs on the issue in the proceeding below, including the American Bar Association, the American Intellectual Property Law Association, and the Federal Circuit Bar Association. The United States Patent and Trademark Office itself filed an *amicus* brief urging the Federal Circuit to apply some form of deferential review. For these reasons, as well as all the reasons set forth in the Petition, review is necessary by this Court.

This case, moreover, presents the ideal vehicle for considering and resolving the issue. None of the three alleged vehicle problems raised by Respondent is real. First, Respondent inaccurately suggests that the standard of review is an open issue in the Federal Circuit, arguing that the Court of Appeals "declined to make a ruling" on the issue of the proper standard of review in the case below. Br. Opp. at 6. Nothing could be further from the truth. The decision below is the *third* time that the Federal Circuit has considered the standard of review *en banc*. Each time – in *Markman,* in *Cybor*, and now again in this case – it has left its rule of universal *de novo* review intact. As the Federal Circuit declared in the decision below, "We

therefore leave undisturbed our prior en banc decision in *Cybor*." App. at 51. This Court cannot expect any further development of the issue in the Federal Circuit. The issue is ripe for review in this Court. *See* Pet. at 18-20.

Respondent is similarly mistaken in arguing that the procedural posture of this case is an impediment to review. The Court frequently grants review of cases in precisely the same procedural posture as the case at bar. Indeed, it has done so at least three times within the last two years. *See Cooper Indus., Inc.* v. *Aviall Servs., Inc.*, 543 U.S. 157 (2004); *Brosseau* v. *Haugen*, 543 U.S. 194 (2004); *F. Hoffman-LaRoche Ltd.,* v. *Empagran S.A.*, 542 U.S. 155 (2004). The *Cooper* case is a particularly apt example. There, the District Court had granted summary judgment in favor of Defendant Cooper. As in the present case, a panel of the Court of Appeals affirmed the District Court's opinion, but on *en banc* rehearing, the Court of Appeals reversed, reinstated Aviall's claim, and remanded for further proceedings. *Aviall Servs., Inc.* v. *Cooper Indus., Inc.*, 312 F.3d 677, 691 (5th Cir. 2002) (*en banc*). Without waiting for the District Court to proceed through trial, this Court granted certiorari, 540 U.S. 1099 (2004), and ultimately reversed. If anything, the procedural posture of this case supports a grant of review, because it shows how closely balanced the merits are in the case and demonstrates the difference that a deferential standard of review could make.

Finally, this Court's consideration of the standard of review will not be inhibited in any way by the fact that the district court judge who issued the ruling on claim construction in this case was not the judge who presided over the claims construction hearing. *See* Pet. at 4 n.1. The issue before this Court is an issue of law: whether Federal Rule of Civil Procedure 52(a) and this Court's precedents

require that factual findings made in the claim construction process must be reviewed deferentially on appellate review. Whatever rule the Court ultimately adopts will apply to fact finding generally, regardless of whether the district judge in the particular case heard live testimony or not. As the Court has already explained in *Anderson* v. *Bessemer City*, 470 U.S. 564, 574 (1985), the rule of deferential review applies "even when the district court's findings do not rest on credibility determinations, but are based instead on physical or documentary evidence or inferences from other facts." This case is an ideal vehicle through which to set forth the precise level of deference that is required.

Respectfully submitted,

MARK W. FISCHER
Counsel of Record
NEAL S. COHEN
PETER J. KINSELLA
J. OWEN BORUM
AARON D. VAN OORT
FAEGRE & BENSON LLP
1900 15th Street
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(303) 447-7700
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