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Federal Circuit Hears Oral Arguments In Crucial Patent Case

IP Law Bulletin (Tuesday, February 08, 2005)--Over 250 people thronged the U.S. Court of Appeals for the Federal Circuit on Monday to watch oral arguments in a case that strikes at the heart of the U.S. patent litigation system and could potentially affect every patent issued in the U.S.

The case, Phillips v. AWH, could decide whether courts should look primarily to the dictionary to define the terms that describe the scope of an invention.

It is expected to provide policy guidance to district-court judges and will likely lead to a lower rate of reversals on appeal, according to observers.

In a measure of its importance, the Federal Circuit has agreed to hear the case “en banc” and has accepted over 30 amicus briefs in the appeal.

“The case is extremely important to everyone who prepares patent applications,” said Manny D. Pokotilow, the managing partner of the intellectual property firm Caesar, Rivise, Bernstein, Cohen & Pokotilow.

“The decision in this case will likely yield a set of rules to determine what the meaning of claims is. If a set of rules comes out that is consistent and easily understood, it could mean a simpler and more logical path to determining whether someone infringing a claim,” Pokotilow said.

The case hinges on the meaning of the term "baffle" in inventor Edward Phillips' patent on vandalism-resistant modular wall panels. A three-judge panel agreed with a lower court in April that Phillips' patent was limited to baffles positioned at a certain angle, and therefore his patent had not been infringed.

On Monday, attorneys for each side duked it out in front of the full panel of judges and an audience of riveted IP attorneys.

During Monday’s oral arguments, many of the judges seemed to agree with the proposition that blind reliance on dictionaries to interpret the words of a claim does not represent a correct analysis, according to Brad Wright, an attorney with Banner & Witcoff who attended the hearing.

“It seemed that some of the language in Texas Digital to the contrary may be overruled or

at least distinguished, and the court may issue cautionary language to the effect that it is erroneous to blindly rely on dictionaries to define claim terms," Wright said.

Many of the judges appeared to agree with the proposition that it was entirely appropriate to start with a dictionary definition, as long as the dictionary definition did receive any primacy over the other sources, Wright said.

None of the judges challenged Phillips's argument that ordinary terms could be understood by relying on an ordinary dictionary, whereas terms of art could be understood by relying on a technical treatise or dictionary.

The case is seen as crucial because almost half of claim construction cases are currently overturned on appeal, according to Dennis Crouch, a patent attorney at the law firm of McDonnell Boehnen Hulbert & Berghoff LLP who has been tracking the case on his blog (http://patentlaw.typepad.com).

"There is a disagreement between the Federal Circuit Judges on how to interpret claims, so different cases have had different outcomes based on the panel of judges," Crouch said. "That's one of the reasons why we're having this en banc hearing."

He said district-court judges have been complaining that they haven't received clear guidance from the Federal Circuit on claim construction.

"The court could come down on either side in this case," he said. "I think most people are not so concerned about ultimate answer, but about getting a framework that tells us what the law is."

Brad Wright agreed, noting that the most important consequence of the case will be a more predictable legal framework.

"Hopefully it will make the process more predictable – and thus less costly -- for both plaintiffs and defendants. The process of interpreting a patent claim is the single most important phase of a lawsuit and any later appeal. (…) I think the Federal Circuit has heard the message, propounded through recent articles and studies showing a high claim reversal rate and panel-dependent outcomes, that claim interpretation is killing us," Wright said.

A decision isn't expected until at least six months after the hearing.