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### 'Markman' Survey Shows Rise in Summary Judgments

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By ruling that the judge, not the jury, must construe patent claims, the Federal Circuit's decision in *Markman v. Westview Instruments, Inc.*,<sup>1</sup> profoundly changed the way federal district courts manage patent cases. The decision appears to be having an equally profound effect on who wins these cases.

A review of Federal Circuit decisions from before and after *Markman* suggests that the proportion of patent cases decided by the district courts on summary judgment has steadily increased, while the proportion decided after a bench or jury trial has steadily declined. It is interesting, if not surprising, that most of these summary judgment decisions appear to favor the alleged infringer.

In *Markham*, the Federal Circuit acknowledged that its own precedents were inconsistent on the issue of whether and to what extent the interpretation of patent claims was a legal, factual or mixed question. The court reviewed a number of cases supporting each view,<sup>2</sup> but noted that, "Notwithstanding the apparent inconsistencies in our opinions, the Supreme Court has repeatedly held that the construction of a patent claim is a matter of law exclusively for the court."<sup>3</sup> The Federal Circuit held that "[I]n a case tried to a jury, the court has the power and obligation to construe as a matter of law the meaning of language used in the patent claims,"<sup>4</sup> citing the "fundamental principle of American law that the 'construction of a written evidence is exclusive with the court.'"<sup>5</sup>

The Federal Circuit understood that its decision would affect not only the allocation of responsibility as between judge and jury; but also the scope of appellate review that would follow a claim construction decision. The court expressly held that, "[W]e review district court determinations on questions of claim construction under a de novo standard of review, like other legal questions."<sup>6</sup>

Although it affirmed the Federal Circuit's ruling, the Supreme Court did not entirely endorse the Federal Circuit's reasoning. Justice David Souter, writing for a unanimous U.S. Supreme Court, seemed to acknowledge that claim construction is not a pure question of law, but a "mongrel practice."<sup>7</sup> Instead of relying on the distinction between issues of fact and issues of law, he based his analysis on the "historical method,"<sup>8</sup> noting that, when the Seventh Amendment was adopted, "judges, not juries, ordinarily construed written documents."<sup>9</sup> Finding no historical basis for *Markman*'s claim that "juries generally had interpretive responsibilities during the 18th century,"<sup>10</sup> the Court concluded that the Seventh Amendment did not require allocating claim construction determinations to the jury.<sup>11</sup>

The Court then went on to consider whether “existing precedent, . . . the relative interpretive skills of judges and juries, and the statutory policies that ought to be furthered by the allocation”<sup>12</sup> favored assigning claim construction issues to the judge.

The Court determined that “construction of written instruments is one thing that judges often do and are likely to do better than jurors unburdened by training in exegesis.”<sup>13</sup> And patent construction is a specialized skill requiring special training and practice making it much more likely that a judge would arrive at the right determination than would a jury.<sup>14</sup> To the extent credibility determinations might be necessary, the Court expected that they would be subsumed within the “necessarily sophisticated analysis of the entire document,” requiring that a term be defined only in a way that is consistent with the instrument as a whole.<sup>15</sup> As additional support for its affirmation of the Federal Circuit’s decision, the Supreme Court cited the importance of uniformity in the interpretation of a given patent.<sup>16</sup>

Because the Supreme Court had not explicitly endorsed the Federal Circuit’s belief that claim construction is an issue of law, some judges of the Federal Circuit continued to assert that deference should be accorded to the claim construction decisions of the district courts. In *Cybor Corp. v. FAS Technologies, Inc.*,<sup>17</sup> however, the Federal Circuit concluded, en banc, that it should review claim construction decisions de nova and without deference.

### **In Practice**

Although it has allocated the responsibility for claim construction to the district judges, and has told them what evidence to consider and how to weigh it, the Federal Circuit has not prescribed any particular procedure for the district courts to follow in making their claim construction rulings.<sup>18</sup> In *Markman*, the Federal Circuit suggested that the court’s claim construction pronouncement “ordinarily can be accomplished by the court in framing its charge to the jury, but may also be done in the context of dispositive motions such as those seeking judgment as a matter of law.”<sup>19</sup> Some district courts make their claim construction rulings early in the case; few judges wait until trial.<sup>20</sup>

The data collected for the present survey suggest, however, that most district courts view their *Markman* rulings as opportunities for accelerating the disposition of the entire case. Decisions analyzed for the present survey consisted of published<sup>21</sup> Federal Circuit decisions, in each of the years from 1991 through 2001, on appeals from final district court judgments on patent validity, enforceability or infringement.

In 1991, 28 cases<sup>22</sup> satisfied these criteria: 19 (68 percent) were appeals from judgments entered after bench or jury trials, and nine (32 percent) were appeals from summary judgment. Of the cases on appeal from summary judgment, eight (28 percent of the total selected 1991 cases) were appeals from summary judgments against the patentee, and one (4 percent of the total selected 1991 cases) was an appeal from a summary judgment in favor of the patentee.

The total number of cases meeting the criteria for this survey increased from 28 in 1991 to 53 in 1999, 64 in 2000 and 86 in 2001. But while there was virtually no change in the number of cases on appeal from a bench or jury trial (19 In 1991 versus 21 in

2001), the number of cases on appeal following summary judgment increased from nine in 1991 to 65 in 2001.

Summary judgment was rarely granted in favor of the patentee. In 1991, only one case followed summary judgment in favor of the patentee versus eight against the patentee. Although there were 10 decisions in 2001 following summary judgment in favor of the patentee, summary judgment decisions against the patentee increased to 55 in that same year. Very few of these cases represented situations in which the parties stipulated to judgment on the infringement issue after the court had made its claim construction. Virtually all of the accelerated judgments were contested.

Thus, of the 86 decisions analyzed for 2001, 21 (24 percent) were appeals from judgments entered after bench or jury trials, and 65 (76 percent) were on appeal from summary judgment. Of the cases on appeal from summary judgment, 55 (64 percent of the total selected 2001 cases) were on appeal from summary judgments against the patentee, and 10 (12 percent of the total selected 2001 cases) were on appeal from summary judgments in favor of the patentee.

The figures for all of the years analyzed are set out in Tables 1 and 2 [below].

### **Review De Novo**

It is not surprising that summary judgments in patent cases have consistently favored the alleged infringer. The patentee must prevail on each of the issues of validity, infringement and enforceability in order to recover. The alleged infringer, on the other hand, needs only one good defense. A favorable claim construction may eliminate the possibility of literal infringement as a matter of law. That, possibly in combination with the complete bar now resulting from prosecution history estoppel,<sup>23</sup> may end the case. Or, if the claims are construed broadly, the district court may find the patent invalid as a matter of law.

On the other hand, if the claim construction favors the patentee, the district court must still decide the issues of validity (a legal issue based on underlying factual determinations) and infringement (a question of fact). To the extent that the claim construction procedures prescribed by *Markman* facilitate summary judgment, then, it is not surprising that these procedures appear to favor the alleged infringer as well.

This does not suggest that the results fostered by *Markman* are unfair. It is in the interest of the parties and the judicial system to weed out cases that should not be tried at an early stage, and the judges of the Federal Circuit have expressed their awareness of how their policy choices may frustrate or promote this objective.<sup>24</sup>

Whether *Markman* succeeds in doing so, however, cannot be determined without examining the consequences of the second branch of the *Markman* decision, i.e., its holding, reinforced by the court in *Cybor Corp.*, that the Federal Circuit will review claim construction decisions de novo and without deference.

Other, more scientific, studies have pointed out the high rate of reversals found in the Federal Circuit's claim construction rulings.<sup>25</sup> District judges have expressed their understandable frustration with these results.<sup>26</sup>

The 2001 Federal Circuit decisions analyzed for this article will give them no comfort. In 2001, the Federal Circuit affirmed 67 percent of the patent decisions made after a bench or jury trial; it affirmed 60 percent of summary judgments granted in favor of the patentee, but it affirmed just 50 percent of summary judgments granted against the patentee.

The Federal Circuit has written frequently and at length about how the district judges should carry out their claim construction responsibilities, for example, how to evaluate intrinsic evidence, when to consider extrinsic evidence, how to use dictionaries and technical treatises. Nearly 50 of the Federal Circuit’s 2001 patent law decisions contained detailed and extensive analysis of particular claim terms, ranging from the commonplace (the word “or” in a patent claim directed to a computer data processing system)<sup>27</sup> to the highly technical (e.g., “a predetermined rate schedule which varies sinusoidally” in a patent for a satellite guidance system).<sup>28</sup>

Yet, despite the hard work of the district courts and the Federal Circuit, the reversal rate in claim construction cases remains high. As Judge Timothy B. Dyk has said, “decisions provide inadequate guidance as to when it is appropriate to look to the specification to narrow the claim by interpretation and when it is not appropriate to do so. Until we provide better guidance, I fear that the lower courts and litigants will remain confused.”<sup>29</sup> The same can be said about other claim construction issues.

There is no doubt that *Markman* encourages the district courts to accelerate the disposition of patent cases. There is also no doubt that many of these accelerated dispositions have turned out, after appeal, not to be final. On balance, it is still unclear whether *Markman* promotes or frustrates the objective of allowing the district courts to dispose early and economically of patent cases that should not go to trial.

TABLE 1

YEAR	TOTAL NUMBER OF CASES	BENCH OR JURY TRIAL	PERCENT OF TOTAL	SUMMARY JUDGMENT	PERCENT OF TOTAL
1991	28	19	68	9	32
1992	17	12	71	5	29
1993	21	14	67	7	33
1994	17	10	59	7	41
1995	29	19	66	10	34
1996	40	27	68	13	32
1997	55	27	49	28	51
1998	46	23	50	23	50
1999	53	20	37	33	63
2000	64	27	42	37	58
2001	86	21	24	65	76

TABLE 2

YEAR	TOTAL CASES FOLLOWING SUMMARY JUDGMENT	SUMMARY JUDGMENT FOR PATENTEE	SUMMARY JUDGMENT AGAINST PATENTEE
1991	9	1	8
1992	5	4	4
1993	7	0	7
1994	7	3	4
1995	10	2	8
1996	13	0	13
1997	28	6	22
1998	23	2	21
1999	33	3	30
2000	37	4	33
2001	65	10	55

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<sup>1</sup> *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995), aff'd, 517 U.S. 370(1990).

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> 517 U.S. at 378.

<sup>8</sup> Id.

<sup>9</sup> Id.

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> Id.

<sup>16</sup> Id.

<sup>17</sup> 138 F.3d 1448, 1454-1455 (Fed. Cir. 1998) (en banc).

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<sup>18</sup> “District courts have wide latitude in how they conduct the proceedings before them, and there is nothing unique about claim construction that requires the court to proceed according to any particular protocol.” *Ballard Med. Prods. v. Allegiance Healthcare Corp.*, 268 F.3d 1352, 1358 (Fed. Cir. 2001).

<sup>19</sup> *Markman*, 52 F.3d at 981.

<sup>20</sup> Some courts, e.g. the United States District Court for the Northern District of California, have adopted detailed local rules governing how and when claim construction questions shall be decided. See, e.g., N.D. Cal. Patent L.R. 4-1 – 4-6.

<sup>21</sup> In order to test whether the inclusion of unpublished decisions might have changed the results, the unpublished patent decisions that the Federal Circuit issued in 2001 were also analyzed. They were consistent, for purposes of this survey, with the published decisions. There were 36 unpublished decisions which would otherwise have met the selection criteria for the survey. Of these, 23 followed summary judgment against the patentee, two followed summary judgment in favor of the patentee, and 11 followed a bench or jury trial.

<sup>22</sup> A number of the cases reviewed included counterclaims relating to patents owned by the defendant. These cases were considered as two cases for determining the total number of cases for a particular year.

<sup>23</sup> *Festo Corp. v. Shoketsu Kinsoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000).

<sup>24</sup> For example, in *Johnson & Johnston Associates, Inc. v. R.E. Service Co., Inc.*, No. 99-1076, -1179, -1180 (Fed. Cir. March 28, 2002), the court recently decided, en banc, that a patentee could not rely on the doctrine of equivalents to recover subject matter disclosed but not claimed in a patent specification. In response to Judge Randall Rader’s suggestion that a foreseeability test should be adopted to determine when to allow reliance on the doctrine of equivalents, Judge Alan Lourie wrote, “I do not agree that the concept of foreseeability would simplify equivalence issues and make them more amenable to summary judgment.” *Johnson & Johnston Associates, Inc. v. R.E. Service Co., Inc.*, No. 99-1076, -1179, -1180 (Fed. Cir. March 28, 2002) (Lourie, J., concurring).

<sup>25</sup> ) 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 Judges Equipped to Resolve Patent Cases?” 15 *Harv. J. L. & Tech.* 1 (2001).

<sup>26</sup> Victoria Slind-Flor, “Judges Receive Mixed Reviews on Handling of Patent Claims,” *N.Y.L.J.*, March 14, 2002 at 1.

<sup>27</sup> *Brown v. 3M*, 265 F.3d 1349 (Fed. Cir. 2001).

<sup>28</sup> *Lockheed Martin Corporation v. Space Systems/Loral, Inc.* 249 F.3d 1314 (Fed. Cir. 2001).

<sup>29</sup> *SciMed Life Sys. Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337, 1347 (Fed. Cir. 2001) (Dyk, J. concurring).

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