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Phillips v. AWH Corporation – Revisiting the Rules of Claim Construction: Still No Magic Formula

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Overview

Patent infringement cases worth tens or even hundreds of millions of dollars often turn on the meaning of a single word in a patent claim. Likewise, patent applications are routinely allowed or rejected based on a nuance of meaning in a claim term. Late last year, the United States Court of Appeals for the Federal Circuit granted a hearing *en banc* in the case of *Phillips v. AWH Corporation*, to consider the process for determining the meaning of words in a patent.¹

On July 12, 2005, the Federal Circuit issued its long-awaited opinion in *Phillips*². At issue in *Phillips* was a doctrinal battle between so-called “contextualists,” those who believe that the meaning of the words in a patent must, first and foremost, be gleaned from the context of the patent claims and its specification, and “dictionary disciples,” those who believe that the proper scope of a patent’s claim terms should primarily be determined by starting with dictionary definitions, following a 2002 decision of the Federal Circuit in *Texas Digital Systems, Inc. v. Telegenix, Inc.*³

Although this case has garnered a lot of attention from the legal press and professional bar, the decision in *Phillips* is largely a summary and reaffirmance of long-standing principles of claim construction. Importantly, however, the court rejected the “dictionary disciple” methodology of *Texas Digital* as placing too much reliance on certain extrinsic sources of claim meaning; namely, dictionaries, treatises and encyclopedias, and too little on intrinsic sources; in particular, the

specification and prosecution history. Furthermore, citing prior Federal Circuit decisions in *Markman*, *Vitronics* and *Innova*,⁴ the *Phillips* court noted that although extrinsic sources such as dictionaries, treatises and encyclopedias still may be consulted, the meaning derived from such sources is of lesser value in comparison to the contextual meaning provided by the claims themselves and the specification.

Nonetheless, as pointed out by Judges Mayer and Newman, both of whom dissented, claim construction will likely remain a murky mess as long as the court adheres to the view that claim construction is purely a question of law devoid of any factual component. Their view is illustrated by the fact that using the claim construction principles the majority enunciated, the court reached a broader construction of the key claim term “baffles” in the patent at issue, and thus reversed the grant of summary judgment of noninfringement to the defendant. At the same time, Judge Lourie in his dissent, applying the very same principles, reached the opposite conclusion, giving the term a more restricted definition based on the context of the claims and specification. He therefore would have affirmed the summary judgment ruling.

Commentary

Entities filing patent applications should be sure that the specifications they put together fully support the desired breadth and scope of the claims that they seek for their inventions since *Phillips* makes clear that each word will be read in context of the specification. This

¹ An *en banc* hearing is one in which all of the active, full-time judges (there are twelve of them) on the Federal Circuit participate. Such a hearing is convened when the court determines that it needs to reconsider, clarify or overrule certain of its precedent.

² *Phillips v. AWH Corporation*, No. 03-1269 (Fed. Cir. July 12, 2005) (*en banc*)

³ *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002)

⁴ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (*en banc*), *aff'd*, 517 U.S. 370 (1996); *Vitronics Corp. v. Conceptiontronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996); *Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 381 F.3d 1111 (Fed. Cir. 2004).

review is not only important to litigation-related claim construction but is also critical to ensuring that the written description of the invention adequately supports the claims.

Furthermore, the entire claim set should be reviewed to ensure that even “minor” differences in claim terms from one claim to the next accurately reflect the desired breadth and scope. For example, the *Phillips* majority seized upon the fact that because the term “steel baffle” appeared in another claim, the use of the unmodified term “baffle” must include baffles made of materials other than steel.

Entities that have patent applications pending would be well served to review them to confirm that claim terms have the broadest possible meaning supported by the specification and to determine whether amendments that substitute one claim term for another do not result in an issued claim for which the intended scope and breadth is not supported by the specification.

As for those presently involved in patent disputes, they will need to revisit the arguments they have, and those of their adversaries, in light of the *Phillips* decision. In cases where dictionary meanings conflict with the meanings evident from the context of the specification, this decision may significantly alter the expected outcomes.

Finally, *Phillips* is a reminder to us all that even after over 200 years, the law of patents in the United States has not yet settled on some very fundamental points. For example, two judges seriously questioned the wisdom of considering “claim construction” to be purely a matter of law, which many thought was finally settled after the 1996 affirmance of *Markman v. Westview Instruments* by the U.S. Supreme Court. Two judges used the same context-based methodology as the majority, yet arrived at a different claim construction. Because even the majority opinion explicitly stated that “there is no magic formula or catechism for conducting claim construction,” we are almost assured that *Phillips* is unlikely to be the “last word” on this subject.

Authors of the Opinion

Judge Bryson wrote for the majority, which included Chief Judge Michel and Judges Clevenger, Rader, Schall, Gajarsa, Linn, Dyk and Prost. Judges Lourie and Newman concurred in part and dissented in part. Judge Mayer dissented entirely from the majority because of the majority opinion’s failure to address the issue of whether claim construction is entirely

a matter of law, and Judge Newman joined in this dissent as well.

Summary of the Opinion

The Phillips ‘798 patent is directed to modular, steel-shell panels that can be welded together to form vandalism-resistant walls. At issue was the construction of the claim term “baffles.” The district court and a panel of the Federal Circuit adopted a construction of this term that “excludes structures that extend at a 90 degree angle from the walls.” The district court granted summary judgment under that construction and the panel affirmed (with one judge dissenting).

On review *en banc*, the majority of the court reached a different construction and reversed and remanded. The court reviewed in detail the various principles of claim construction in the context of determining the extent to which the patent’s specification should be used to ascertain the proper scope of the claims. The six parts of the court’s analysis may be summarized as follows.

I. The court first affirmed the panel’s view that “baffles” is not properly construed as a means-plus-function claim term because the term is structural and does not serve as a “purely functional placeholder in which structure is filled in by the specification.” Before turning to a construction of “baffles,” the court reviewed the various principles of claim construction, as set forth in Part II below.

II.A. First, the court described as a “bedrock principle” the rule that “the claims of a patent define the invention to which the patentee is entitled the right to exclude.” The words of a claim are to be given their ordinary and customary meaning from the standpoint of one skilled in the art at the time of the invention (i.e., as of the effective filing date of the patent application). A person skilled in the art is deemed to read a claim term in the context of the rest of the claim and in the context of the entire patent, including the specification. One cannot divine claim meaning in a vacuum.

II.B. In some cases, the ordinary meaning of claim language as understood by a person of skill in the art is readily apparent even to lay people because the term requires little more than the application of a widely accepted meaning of commonly understood words. General purpose dictionaries may be helpful in these circumstances to furnish the applicable, widely accepted meaning. Where the meaning is not readily apparent, however, a court may consult a variety of sources that would also be available to the public:

namely, intrinsic evidence (claim language, specification, prosecution history) and extrinsic evidence (information regarding relevant scientific principles, meaning of technical terms, and state of the art).

The claim language informs the meaning of a disputed claim term in one or more of the following ways: through the context of the claim in which the disputed term appears, through the usage in other asserted and unasserted claims in which the same term appears, and through the doctrine of claim differentiation, which looks at the relative scope of each claim in relation to others.

The specification is “the primary basis for construing the claims” and is the “single best guide to claim meaning” because its job, as set forth by statute, is to describe the claimed invention in full, clear, concise and exact terms. Moreover, the specification may reveal that an inventor has developed his or her own lexicon or has intentionally disclaimed or disavowed certain subject matter from being within the claim scope. “It is therefore entirely appropriate for a court, when conducting claim construction, to rely heavily on the written description for guidance as to the meaning of the claims.”

The prosecution history should also be consulted as part of the public record of a patent but it is less useful for claim construction purposes than the specification because it represents an ongoing negotiation between the patentee and the PTO and thus often lacks the clarity of the specification. That said, the prosecution history may often show how the inventor understood the invention and whether he or she limited the scope of the invention in order to obtain claim allowance.

II.C. Extrinsic evidence is less significant than intrinsic evidence for purposes of claim construction. In general, it is less reliable than intrinsic evidence because (1) it is not part of the patent and “does not have the specification’s virtue of being created at the time of patent prosecution for the purpose of explaining the patent’s scope and meaning”; (2) it may not truly reflect the understanding of skilled artisans; (3) it may suffer from litigation-related bias; (4) it is prone to selective use for advocacy purposes; and (5) if unduly relied upon, it may change the meaning that is otherwise dictated by the intrinsic evidence. “In sum, extrinsic evidence may be useful to the court, but it is unlikely to result in a reliable interpretation of patent claim scope unless considered in the context of the intrinsic evidence.”

With that caveat, the court proceeded to explain how certain types of extrinsic evidence may be helpful to claim construction. Dictionaries, especially technical ones, may help to understand the underlying technology and provide the meaning of particular terminology to those skilled in the art. Expert testimony can help in a variety of ways: providing background on the technology, explaining how the invention works, ensuring that the court’s understanding of the technical aspects of a patent is consistent with the understanding of one skilled in the art, or establishing that a particular term in the patent or the prior art has a particular meaning in the field. But conclusory, unsupported assertions from experts are not useful, nor are assertions that are at odds with the intrinsic evidence.

A trial court must exercise discretion when using extrinsic evidence and weigh each piece of evidence in view of its inherent flaws.

III. Having summarized the basic rules of claim construction, the court turned to the central issue regarding whether a dictionary should take precedence over the specification as the primary source of claim meaning. It held that *Texas Digital* placed undue emphasis on extrinsic sources such as dictionaries, treatises and encyclopedias and too little emphasis on the intrinsic evidence. Specifically, the *Texas Digital* approach uses the specification only as a check against dictionary meaning. This methodology must be rejected because it “improperly restricts the role of the specification in claim construction.” A dictionary-first approach improperly focuses the inquiry on the abstract meaning of a word rather than the meaning given within the context of the patent. An abstract meaning cannot be the ordinary meaning, which is defined as the meaning ascribed to a term by a skilled artisan after reading the entire patent. Starting with the dictionary thus leads to a “risk of systematic overbreadth” – where the resulting claim construction is unduly expansive and not consonant with the invention as described. “The patent system is based on the proposition that claims cover only the invented subject matter.” The use of a dictionary definition can conflict with that directive because the patent applicant did not create the dictionary to describe his or her invention. “Thus, there may be a disconnect between the patentee’s responsibility to describe and claim his invention, and the dictionary editors’ objective of aggregating all possible definitions for particular words.”

All of this is not to say that dictionaries are not useful. They may be appropriately consulted by a district court, but the court should not start with the broad dictionary definition and then see if the specification in any way contradicts or narrows that definition.

The opinion noted that in applying the contextual approach to construing claims, one must avoid importing limitations from the specification into the claim. There is a distinction between using the specification to interpret the meaning of a claim and importing limitations from the specification into the claim. Often the distinction is difficult to apply in practice, but “attempting to resolve that problem in the context of a particular patent is likely to capture the scope of the actual invention more accurately than either strictly limiting the scope of the claims to the embodiments disclosed in the specification or divorcing the claim language from the specification.” The court’s opinion teaches that the specification can properly be used if the district court’s focus remains on understanding how a person of ordinary skill would understand the claim terms. Much of the time, the context of the claims and the specification will reveal whether the patentee is setting out specific examples to teach and enable those skilled in the art to make and use the invention and to provide a best mode for doing so, or is instead intending the claims and the embodiments in the specification to be coextensive in scope.

In sum, the court reaffirmed the approach in *Vitronics*, which is to say that there is no rigid algorithm for arriving at the correct claim construction, and that there are a variety of sources that a district court may properly consult to resolve the meaning of a disputed claim term, giving appropriate weight to each source, but always in the context of the claims and specification as viewed by one of skill in the art.

IV. Next, the court turned to the specific claim construction issue in the case below, which was whether the claimed “baffles” had to be oriented at an angle other than 90 degrees in order to provide the function recited in the specification of deflecting projectiles like bullets. (Judges Lourie and Newman dissented from this part of the majority’s opinion.) Applying the above principles, the majority ruled that the “baffles” do not have to serve all of the recited objectives in the specification, one of which being the deflection of projectiles, and rejected a construction that would exclude “baffles” disposed at a right angle as opposed to an acute or obtuse angle.

While that construction might render the patent invalid in view of the prior art, the court declined to adopt a rule that would make an invalidity analysis a regular component of claim construction. The maxim that a claim should be construed so as to preserve its validity applies only where the claim meaning is still ambiguous after the court has used all of the available tools of claim construction. This maxim has no applicability in this case because the court determined that the claim term is not ambiguous. According to the majority, the term “baffle” therefore does not have to have the restrictive definition given it by the district court or the panel.

The majority reversed and remanded the district court’s summary judgment of noninfringement.

V. The court affirmed the dismissal of the trade secret misappropriation claim based on the statute of limitations.

VI. Last, the court declined to rule on the issue of whether to accord any deference to any aspect of a district court’s claim construction rulings. The standard of review for claim construction rulings remains *de novo*, as set forth in *Cybor Corp. v. FAS Technologies*.⁵ (Judge Newman also dissented from this part of the majority’s opinion.)

* * *

Dissents

Judge Lourie, joined by Judge Newman, concurred in part and dissented in part, agreeing with the majority’s claim construction approach but disagreeing with the result. Judge Lourie also urged that even though claim construction is a question of law, the Federal Circuit should lean toward affirmance of a lower court’s claim construction in the absence of “a strong conviction of error.”

Judge Mayer, joined by Judge Newman, dissented from the majority opinion because of its adherence to the underlying premise that claim construction is entirely a matter of law. He criticized the majority for “vainly attempt[ing] to establish standards by which this court will interpret claims” because the majority opinion merely restates what has been the practice since *Vitronics*. In his view, treating claim construction as a pure question of law is a delusion. Rather, he proposed that claim construction be reviewed in accordance with Fed. R. Civ. P. 52(a), which applies a clearly erroneous standard for any findings of fact. Judge Mayer concluded with the following statement:

⁵ *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc).

“The court’s opinion today is akin to rearranging the deck chairs on the Titanic—the orchestra is playing as if nothing is amiss, but the ship is still heading for Davey Jones’ locker.”

For further information, you may contact:

Darryl Woo, Partner, Litigation Group –
(415) 875-2368 / dwoo@fenwick.com

Henry Su, Partner, Litigation Group –
(650) 335-7651 / hsu@fenwick.com

Stuart Meyer, Partner, Patent Group –
(650) 335-7286 / smeyer@fenwick.com

Rajiv Patel, Partner, Patent Group –
(650) 335-7607 / rpatel@fenwick.com

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