IP Alert: En Banc Federal Circuit to Revisit Cybor No-Deference Rule

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En Banc Federal Circuit to Revisit *Cybor* No-Deference Rule

By Paul M. Rivard

The Federal Circuit heard arguments on September 13, 2013, in *Lighting Ballast Control LLC v. Philips Electronics North America*. In March, the court granted a petition for rehearing en banc to reconsider its 1998 ruling in *Cybor Corp. v. FAS Techs. Inc.*, which held that district court claim construction rulings are reviewed on appeal entirely *de novo* (without deference). The rehearing was granted to address the following questions:

a. Should this court overrule *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998)?

b. Should this court afford deference to any aspect of a district court's claim construction?

c. If so, which aspects should be afforded deference?

The case was closely watched in the IP community and attracted numerous amicus briefs offering a range of views on the questions presented. Interestingly, both parties as well as the United States as amicus curiae argued that *Cybor* should be overruled and that deference should be given to at least some aspects of claim construction. The parties disagree primarily on the third question of which aspects of claim construction should be given deference.

Lighting Ballast argued that all facets of claim construction should be given deference, analogizing interpreting a patent claim to interpreting a contract, with the patent claim being the contract and the patent's specification and other items used to interpret it being parole evidence for which deferential review should be given.

Universal Lighting and the government favored a narrower approach, under which a district court's findings based on intrinsic evidence, such as the patent specification and prosecution history, would continue to be reviewed *de novo*, whereas findings based on extrinsic evidence such as expert testimony would be reviewed for clear error.

While many observers believed the court's decision to rehear the case en banc signaled the court leaning toward overruling *Cybor*, much of the questioning during the arguments seemed to suggest a reluctance to disturb *Cybor*'s holdings. Judge Lourie expressed concern that deferential review would impede uniformity because different courts could arrive at different constructions of the same patent. Judge Taranto also questioned whether *stare decisis* alone prevented the court from overruling *Cybor*, particularly if only to make a small change to its holding.

Judge Moore repeatedly voiced concern over categorizing as a "historical fact" the question of how a person skilled in the art understood a claim term at the time of invention, urging that this is really tantamount to the ultimate issue of claim construction which she believes the Supreme Court in *Markman* called a legal issue. She was particularly concerned that if *Cybor* were overruled, litigants would rush to characterize many claim constructions issues as "historical facts" in hopes of obtaining deferential review.

On the question of uniformity, counsel for Universal Lighting urged any lack of uniformity resulting from overruling *Cybor* would be outweighed by the increased predictability in patent litigation. Counsel for Lighting Ballast urged the concern is largely theoretical and that non-uniform decisions have resulted even under the *de novo* standard when different panels of the Federal Circuit reviewed district court decisions involving the same patent. The government argued that the public is unlikely to be harmed by any non-uniformity because a later construction that differs from an earlier construction is likely to be more detrimental to the patentee, because collateral estoppel usually prevents a later ruling from being more favorable to the patentee.

Chief Judge Rader, who authored a strongly worded dissent in the *Cybor* opinion, remained uncharacteristically quiet during

arguments apart from making introductory remarks and at one point cut off counsel whose time had expired. It will be particularly interesting to see whether the Chief Judge garners a "quiet" majority on the side of overruling *Cybor*. The court is expected to issue its ruling later this year.

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