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Intellectual Property ADVISORY ■

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The Federal Circuit Confirms the *Cybor* Standard of *De Novo* Review of Claim Construction Continues to Apply

On February 21, 2014, the U.S. Court of Appeals for the Federal Circuit confirmed that the *Cybor* standard of *de novo* review continues to apply to claim construction.

The decision, ***Lighting Ballast Control LLC v. Philips Electronics North America Corp. et al.***, No. 2012-1014 (Feb. 21, 2014), was issued on appeal to the Federal Circuit from the United States District Court for the Northern District of Texas in case no. 09-CV-0029. The Federal Circuit en banc granted the petition filed by patentee Lighting Ballast Control LLC requesting the court reconsider the holding in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998), which established a *de novo* standard of review for claim construction. Noting the importance of *stare decisis*, the Federal Circuit confirmed the Cybor holding that claim construction is an issue of law that is reviewed *de novo*.

The Issues Addressed by the Federal Circuit

The Federal Circuit en banc agreed to reconsider *Cybor*, and invited amicus briefing on three questions: 1) whether *Cybor* should be overruled, 2) whether the Federal Circuit should afford deference to any aspect of a district court's claim construction, and 3) if so, which aspects?

The Three Views Argued

Twenty-one amicus briefs were filed on behalf of 38 entities. From the amicus briefing and parties' arguments, the Federal Circuit determined that there were generally three views regarding *Cybor*. The first view, which was favored by Lighting Ballast, was that the *Cybor* decision is incorrect and should be overruled. The proponents of the first view argued that patent claim construction is a question of fact that should be reviewed using the deferential clearly erroneous standard. The proponents further argued that the Supreme Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) (*Markman II*), *aff'g Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (en banc) (*Markman I*), recognized that claim construction is a "mongrel practice" of law and fact with "evidentiary underpinnings" and that *Markman II* did not address the standard of appellate review. In support of their argument, the

proponents of this first view noted that district courts construing claim terms are afforded the benefit of expert testimony and documentary evidence.

The second view, favored by some amici curiae, could be viewed as a hybrid between *de novo* and deferential review of claim construction. Under this second view, claim construction that relies on extrinsic evidence, such as expert testimony, would receive clearly erroneous review, whereas claim constructions that rely solely on intrinsic evidence, such as the patent's prosecution history, would receive *de novo* review.

The third view, favored by some amici curiae, was that *Cybor* remains good law in light of *Markman II*. In particular, the supporters of this third view emphasized the patent community's 15 years of experience with *Cybor* and that *stare decisis* weighs against overturning *Cybor*.

Proponents of Changing *Cybor* Fail to Overcome Standards of *Stare Decisis*

The Federal Circuit framed the issue as "not whether to adopt a *de novo* standard of review of claim construction, but whether to change that standard adopted fifteen years ago and applied in many hundreds of decisions." Considering the issue, the Federal Circuit emphasized the importance of consistency and stability to the administration of patent law. The Federal Circuit noted that the proponents in favor of changing *Cybor* had failed to show that the *Cybor de novo* review of claim construction is unworkable or that subsequent developments have undermined the reasoning of *Cybor*. Further, those in favor of changing *Cybor* failed to propose a workable replacement for Cybor. Finally, the Federal Circuit noted that critics of *Cybor* failed to provide any analysis to support the argument that a deferential review of claim construction is more likely to result in a correct claim construction. Finding that the proponents of overruling or modifying *Cybor* had failed to meet the "demanding standards of the doctrine of *stare decisis,*" the Federal Circuit concluded that there was neither "grave necessity" nor "special justification" for departing from *Cybor*.

Concurrence, Dissent and Remarks on the Dissent

The concurring opinion notes that much of the criticism of *Cybor* is moot because although the *Cybor* standard calls for a *de novo* review of claim construction, the reality is that some deference is given to "the fine work district court judges construing patent claims."

The dissenting opinion argued in favor of overruling *Cybor*, reasoning that "[b]oth parties, the PTO, and most amici agree that there are factual components to claim construction." The dissent further criticized *Cybor*, arguing that "[the Federal Circuit] is given free rein to interpret claim terms, but lacks the resources to do it right." The dissent repeatedly emphasized that *stare decisis* should not prevent the Federal Circuit from overruling *Cybor* where, in the dissent's opinion, there are compelling reasons to do so. Finally, the dissent argued that *Cybor* has resulted in increased patent litigation and has inhibited settlements.

Addressing the dissent, the majority relied on data published by the Administrative Office of the United States Courts to show that the dissent's theories regarding increased patent litigation and inhibited settlements due to *Cybor* are without merit. Specifically, the data shows that the percentage of district court patent cases that are appealed has been steadily decreasing since *Cybor*. To further support its

position, the majority noted that "all of the technology industries that offered advice to the court[] urge retention of *Cybor*'s standard."

Implications of *Lighting Ballast*

In affirming that the rule of *Cybor* is still good law, the Federal Circuit confirmed that a district court's claim constructions are reviewed *de novo* on appeal.

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