

ALERTS

Intellectual Property Law Alert - Supreme Court Alters The Standard Of Review For Patent Claim Construction

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In *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, (574 U.S. ____ (2015)) (Slip Opinion Jan. 20, 2015), the Supreme Court of the United States held that the review of Markman claim construction decisions is now considered a mixed question of fact and law. Any underlying factual determinations based on extrinsic evidence will be reviewed for clear error, a very difficult standard to meet. The application of those findings to an ultimate construction will still be reviewed de novo as questions of law. Patent litigators will need to support their factual assertions re claim terms at the district court level. There will also likely be disputes over the line between what are fact questions and what are legal constructions. The district courts will also need to make detailed factual findings when they consider and rely on extrinsic evidence in making claim constructions. It is unclear if this will complicate or simplify issues on review or whether it will lead to more certainty in claim construction review on appeal. It does seem likely to lead to more litigation issues at the claim construction stage.

Traditionally, a court first determines if a claim term is ambiguous without resorting to extrinsic evidence. It looks to the words of the claim themselves. If they are clear on their face and not ambiguous then there is no need to resort to extrinsic evidence (an approach used in construing contract terms that SCOTUS relied on by analogy in *Teva*) and hence the resulting claim construction would be reviewed de novo. Parties may try to submit extrinsic evidence on whether a term is ambiguous. They may try to argue that the construction within the entire claim and in view of the entire specification of a factual determination of a claim term meaning is a legal determination and thus review of that legal determination is de novo. The *Teva* ruling encourages litigation over whether and when a claim construction is a factual or legal issue because that drives the standard of review. If it is favorable one litigant wants it to be factual as the standard of review is for clear error, while the other litigant wants it to be legal so the review is de novo. The prior Federal Circuit decisions did not make this distinction.

We believe this decision reinforces the need for in-house counsel and business executives involved in patent litigation on either side to spend more time up front analyzing potential claim construction disputes and develop any necessary factual record as to their meaning early in the case and then to consistently advocate those positions , as it will be extremely difficult now to obtain reversal based on a court's factual findings in support of a claim construction.

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