No. 06-1291

IN THE
Supreme Court of the United States

AMGEN, INC.,
Petitioner,

v.

HOECHST MARION ROUSSEL, INC.
(now known as AVENTIS PHARMACEUTICALS INC.) and
TRANSKARYOTIC THERAPIES, INC. (now known as SHIRE
HUMAN GENETIC THERAPIES, INC.),
Respondents.

**On Petition for Writ of Certiorari to the
United States Court of Appeals
For the Federal Circuit**

BRIEF OF THE AMERICAN BAR ASSOCIATION AS *AMICUS CURIAE* SUPPORTING PETITIONER

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INTEREST OF THE AMICUS CURIAE[1]

The American Bar Association ("ABA"), with more than 413,000 members, is the leading national organization of the legal profession. Its members come from each of the fifty states, the District of Columbia, and the U.S. territories. Membership is voluntary and includes attorneys in private practice, government service, corporate law departments, and public interest organizations, as well as legislators, law professors, law students, and non-lawyer associates in related fields. ABA members represent the full spectrum of public and private litigants, including plaintiffs and defendants.

The ABA's Section of Intellectual Property Law ("Section") is the world's largest organization of intellectual property professionals, with approximately 19,000 members including lawyers, associates, and law students. In recognition of the importance of patent law, the ABA established the Section in 1894 as the first ABA section to deal with a special branch of the law. The Section has contributed significantly to the development of the American system for the protection of intellectual property rights. The Section is composed of lawyers of diverse backgrounds who represent patent owners, accused infringers, individual inventors, large and small corporations, universities and

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[1] Pursuant to Rule 37.6, *amicus curiae* certifies that no counsel for a party authored this brief in whole or in part and that no person or entity, other than *amicus*, its members, or its counsel, has made a monetary contribution to the preparation or submission of this brief. The parties have consented to the filing of this brief.

Neither this brief nor the decision to file it should be interpreted to reflect the views of any judicial member of the American Bar Association. No inference should be drawn that any member of the Judicial Division Council has participated in the adoption or endorsement of the positions in this brief. This brief was not circulated to any member of the Judicial Division Council prior to filing.

research institutions, all across a wide range of technologies and industries.

At its 2004 Annual Meeting, the ABA House of Delegates adopted a policy that supports appellate review under the *de novo* standard of the ultimate issue of claim construction but which reserves appellate review under the clearly erroneous standard of any underlying findings of fact made by a trial court in connection with construing a claim term.[2] The ABA developed this policy based on its belief that the Federal Circuit's existing practice of reviewing fact-intensive patent claim construction issues without any deference to the district court's findings on the underlying or subsidiary facts does not properly account for complexities inherent in these issues. *See, e.g., Phillips v. AWH Corp*., 415 F.3d 1303, 1332 (Fed. Cir. 2005) (en banc), cert. denied, 126 S. Ct. 1332 (2006) (Mayer, J., dissenting) ("the nature of the questions underlying claim construction illustrate that they are factual . . . These subsidiary determinations are specific, multifarious and not susceptible to generalization."). One consequence of the Federal Circuit's plenary *de novo* review of these fact-intensive issues, as one would expect, has been a high reversal rate.[3] This high reversal rate has significantly increased the cost of litigation by frequently requiring relitigation of issues following a reversal,[4] or at the

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[2]The ABA House of Delegates' adoption of this position is recorded at http://www.abanet.org/leadership/2004/annual/dailyjournal/302.doc.

[3] *See, e.g*., Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 Lewis & Clark L. Rev. 231, 232 (2005) (citing 34.5% reversal rate for 1996-2003); *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1476 (Fed. Cir. 1998) (Rader, J., dissenting) (38.3% reversal rate per court's 1997 official statistics).

[4] *See, e.g., Elf Atochem North Am., Inc. v. Libbey-Owens-Ford Co*., 894 F. Supp. 844, 857, (D. Del. 1995) ("[I]n spite of a trial judge's ruling on the meaning of disputed words in a claim, should a three-judge panel of the Federal Circuit disagree, the entire case could be remanded for retrial on [a] different [claim interpretation].")

very least forcing parties to put in proof and make arguments in the alternative because of the uncertainty of the final claim construction.[5]

The ABA's views on the principle of appellate review of factual conclusions of district courts in patent cases have been developed over a long period of time by practitioners directly involved in these cases. Having had considerable experience with the impact that the Federal Circuit's no-deference rule has had on businesses and individuals across a wide range of technologies and industries, the ABA believes its insights may be of assistance to the Court.

REASONS FOR GRANTING THE PETITION

I. Granting the Petition Will Present an Opportunity for the Court to Provide Needed Guidance on the Proper Role of Appellate Courts When Reviewing Underlying Findings of Fact in Claim Construction Rulings.

This Court in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996), explained that claim construction involves a mixed issue that "falls somewhere between a pristine legal standard and a simple historical fact." *Markman* held that the task of construing claims in the first instance falls to the trial judge, but left open the question of whether an appellate court should give deference to a trial court's findings on underlying or subsidiary facts that might arise in construing the claims. *Id.,* 517 U.S. at 384 n. 10.

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[5] "A Section White Paper: Agenda for 21st Century Patent Reform," ABA Section of Intellectual Property Law, revised February 20, 2007, located at http://www.abanet.org/intelprop/home/PatentReformWP.pdf at 38-39. This White Paper was developed by a task force of experts within the Section to address a number of patent reform issues. The White Paper was reviewed by all sections and divisions of the ABA without objection.

In *Cybor*, the Federal Circuit acknowledged the fact/ law dichotomy discussed in *Markman*, but concluded that claim construction is "a purely legal question" it should review "*de novo* on appeal, including any allegedly fact-based questions relating to claim construction." *Cybor*, 138 F.3d at 1456.

The Federal Circuit granted a rehearing *en banc* in *Phillips v. AWH Corp*., 415 F.3d 1303 (Fed. Cir. 2005), cert. denied, 126 S. Ct. 1332 (2006), to address several questions, including whether it should "accord any deference to any aspect of trial court claim construction rulings." The court invited briefs *amicus curie*, and the ABA submitted a brief articulating its position that underlying findings of fact should be reviewed under a clearly erroneous standard. Ultimately, the *en banc* panel decided not to resolve this question. *Phillips*, 415 F.3d at 1328.

The *Cybor* approach gives insufficient recognition to the proper competencies of the trial and appellate courts. As this Court has recognized, district courts are better situated to apply fact-dependent legal standards. *See Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 402 (1990) ("Familiar with the issues and the litigants, the district court is better situated than the court of appeals to marshal the pertinent facts and apply the fact-dependent legal standard."); *see also Salve Regina College v. Russell,* 499 U.S. 225, 233 (1991) ("deferential review of mixed questions of law and fact is warranted when it appears the district court is 'better positioned' than the appellate court to decide the issue in question or that probing appellate scrutiny will not contribute to the clarity of legal doctrine"). District court findings on fact-intensive inquiries underlying claim constructions, *Phillips*, 415 F.3d at 1331, should be given deference for precisely these reasons.

These types of concerns led to the amendment of Rule 52(a), Fed. R. Civ. P., in 1985 to make clear that all findings of fact made by the trial court, whether or not they are based on credibility determinations, must be reviewed for clear error. The Advisory Committee explained: "To permit courts of appeals to share more actively in the fact-finding function would tend to undermine the legitimacy of the district courts in the eyes of litigants, multiply appeals by encouraging appellate retrial of some factual issues, and needlessly reallocate judicial authority."

II. *De Novo* Review of Claim Constructions Has Increased Uncertainty and Expense in Patent Litigation.

The *de novo* review of all aspects of claim constructions under *Cybor* has contributed to a substantial reversal rate of district court rulings by the Federal Circuit.[6] Members of the ABA have observed that instead of having the intended effect of "providing national uniformity to the construction of a patent claim," *Cybor*, 138 F.3d at 1455, this approach instead has introduced into patent litigation considerable inefficiencies, unpredictability, and added expense.[7]

A. Appellate Review of Findings of Fact for Clear Error Would Increase Predictability and Reduce Litigation Cost.

Reviewing a district court's ultimate claim construction *de novo* and the underlying findings of fact for clear error will decrease the reversal rate at the Federal

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[6] See note 3 *supra*.

[7] "A Section White Paper: Agenda for 21st Century Patent Reform," ABA Section of Intellectual Property Law, revised February 20, 2007, located at http://www.abanet.org/intelprop/home/PatentReformWP.pdf at 38-39.

Circuit.[8] A lower reversal rate would help reduce patent litigation costs by limiting instances of relitigation and the use of inefficient trial strategies that account for the likelihood of reversal, which in turn would benefit both patentees and accused infringers alike.[9]

B. Affording Deference to Findings of Fact Is Consistent With the Federal Circuit's Goal of Promoting Uniformity in the Patent Law.

Affording deference to underlying findings of fact by a trial court would not impede uniformity. Ultimately, claim construction is a question of law. *Markman*, 517 U.S. at 390. Principles of *stare decisis*,[10] and in some instances issue preclusion, will promote uniformity in circumstances where different district courts are construing the same terms in the same patents. Reviewing underlying questions of fact for clear error will reflect the competencies of the trial and appellate courts and will appropriately allocate judicial resources.

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[8] *Id.*

[9] *Id.*

[10] *See, e.g., Markman*, 517 U.S. at 391 ("treating interpretive issues as purely legal will promote (though it will not guarantee) intrajurisdictional certainty through the application of *stare decisis* on those questions not yet subject to intrajurisdictional uniformity under the authority of the single appeals court.").

CONCLUSION

For the reasons set forth above, the ABA respectfully submits the petition for writ of *certiorari* should be granted.

Respectfully submitted,

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