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Claim Construction: Evidentiary Underpinnings Are a Factual Matter Reviewed for Clear Error

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On January 20, 2015, the United States Supreme Court handed down an important decision that will impact claim construction proceedings and appeals in certain patent cases. In a 7-2 decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, No. 13-854, 574 U.S. ____ (2015), the United States Supreme Court held that, consistent with long-standing precedent, the ultimate determination of what a patent claim means is still a question of law subject to *de novo* review, affording no deference to the decisions of the lower court. However, the Supreme Court also added a new twist, holding that a “clear error” standard—the more deferential standard for findings of fact—must be applied when reviewing a district court’s factual determinations made in connection with claim construction, thereby requiring deference to the lower court’s factual determinations.

The issue arose after Teva sued Sandoz for infringing a patent covering the manufacturing method for Copaxone, a drug used to treat multiple sclerosis. Sandoz argued that the patent was invalid because the term “molecular weight” appearing in the claims was indefinite. According to Sandoz, it was not clear to which of several definitions of “molecular weight” the claims were referring. Both Teva and Sandoz presented conflicting expert evidence on this point.

Taking into account the expert evidence, the district court determined that the patent was not invalid because, in the context of the patent, one of ordinary skill in the art would understand the method used to calculate “molecular weight.” On appeal, the Federal Circuit disagreed and reversed, affording no deference to the district court’s determination and finding the patent invalid. Teva subsequently petitioned the Supreme Court for review.

The Supreme Court ultimately concluded that unless it was “clearly erroneous,” the Federal Circuit should have accepted the district court’s factual finding that one of ordinary skill in the art would understand how to calculate “molecular weight” under the terms of the patent. Because the Federal Circuit failed to do so, the Supreme Court remanded for further proceedings.

Notably, ten years ago, the Federal Circuit’s then Chief Judge Mayer dissented from the opinion in *Phillips v. AWH Corp.*, stating that all of the claim construction should be a question of fact, and added that:

[n]early a decade of confusion [since *Markman v. Westview Instruments*] has resulted from the fiction that claim construction is a matter of law, when it is obvious that it depends on underlying factual determinations which, like all factual questions if

disputed, are the province of the trial court, reviewable on appeal for clear error. To pretend otherwise inspires cynicism.

376 F.3d 1382 (Fed. Cir. 2004). However, the Supreme Court's decision in *Teva* does not overrule its own precedent in *Markman*. Instead, the Court explained that *Markman* did not create an exception to Federal Rule of Civil Procedure 52, which prohibits a reviewing court from setting aside a district court's finding of fact unless those findings are clearly erroneous. Thus, in cases where the legal determination of claim construction includes determinations of questions of fact, the factual determinations are afforded deference on review.

The Supreme Court reasoned that in some circumstances, claim construction requires the consideration of "evidentiary underpinnings" and "technical words or phrases not commonly understood." In those circumstances, the district court must resolve factual matters prior to claim construction. Such "evidentiary underpinnings," like all other factual determinations, must be reviewed under the "clearly erroneous" standard, giving deference to the district court.

The Supreme Court further explained that if a district court's claim construction is based solely on the intrinsic evidence—the patent claims, specification, and prosecution history—the district court's claim construction is a matter of law subject to *de novo* review. In other words, the district court's findings are afforded no deference.

The practical impact of *Teva* will likely be very case specific. While the Supreme Court's decision in *Teva* is narrow, it will make it more difficult to challenge certain district court claim construction decisions on appeal. As such, there may be an increased attempt to introduce and rely upon extrinsic evidence to the patent, such as expert testimony, during claim construction. To be sure, reliance on extrinsic evidence, in particular experts, remains subject to the preferences of the district court judge.

Notably, *Teva* does not alter the weight to be afforded intrinsic versus extrinsic evidence in claim construction. See *Phillips v. AWH Corporation*, 415 F.3d 1303 (Fed. Cir. 2005). The intrinsic evidence continues to be of primary importance in claim construction, with extrinsic evidence having less significance. Consequently, in cases where district court judges rely only upon intrinsic evidence, *Teva* is unlikely to have a significant impact.

A copy of the *Teva v. Sandoz* opinion is [available here](#).

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