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FEATURES

CONFLICTS AND THE FEDERAL CIRCUIT

CHIEF JUDGE GLENN L. ARCHER, JR.*

Dean Reynolds, My Friends, and Dean Howard Markey. Good afternoon Ladies and Gentlemen. It is a pleasure to be invited to speak here today. I am pleased to be with you at this fortieth conference on Developments in Intellectual Property Law because 1995 was a year full of developments under anyone's standards.

I would like to begin by asking you: What do Michael Jordan, Cal Ripken, and patent attorneys have in common? You would be right if you were to respond, "they all make more money than a federal judge," but that is a different speech. There is another answer. For all of them to perform well, they need the referees and umpires to be consistent, and they need the rules of the game to be predictable. Ripken has to know that the strike zone is not going to change, and Jordan has to know where the three point line is. They need rules that are as consistent and predictable as possible.

The same is true with patent lawyers, inventors, and technology corporations. They must be able to base their research and development, and their patent decisions, on well-established rules. Without these assurances, the incentive to invent that underlies the patent system would be far less effective. Thus, the creation of the Court of Appeals for the Federal Circuit. Today, I will try to give you an overview of the court's efforts to maintain consistency and clarity in the law.

Prior to the creation of the Federal Circuit, conflicts existed in patent law because there was a great deal of disparity in the way that regional circuits dealt with patent issues.¹ These inter-circuit conflicts led to great instability in patent law, increased the cost of litigation, and sent patent attorneys rushing to the forum shopping mall.²

In response to these problems, Congress created the Federal Circuit in 1982 and gave it national jurisdiction over all patent

* United States Court of Appeals for the Federal Circuit. This article is an adaptation of a speech given by Chief Judge Archer at The John Marshall Law School's Fortieth Annual Conference on Developments in Intellectual Property Law held on February 22-23, 1996.

1. S. Rep. No. 275, 97th Cong., 2d Sess. 5 (1981), *reprinted in* 1982 U.S.C.A. No. 11 § 15.

2. *Id.*

issues.³ By nearly all accounts, the Federal Circuit was successful in fulfilling the mandate of Congress. The court resolved promptly what some count as thirteen major conflicts that existed, and the court corrected some confusing and misleading notions. This was accomplished under the splendid leadership of your Dean Emeritus Howard Markey, the first Chief Judge of the Federal Circuit.

The court, of course, cannot dwell on its past accomplishments. The current judges of the court also must seek the consistency in the law that prompted its creation.

The court from its inception has had a procedure to lessen the occurrence of inconsistency. An authoring judge for a panel must circulate to all of the judges any precedential opinion intended for later publication for a period of eight working days. In this way, the other judges can examine the draft for possible errors or confusion in the law. We take this circulation period very seriously. A substantial number of opinions bring about comments, both technical and substantive, from one, or more often, several judges. On occasion, this comment procedure may lead to *sua sponte in banc* consideration.

During the eight day comment period, a copy of the opinion is also circulated to the Office of our Senior Technical Assistant which, among its other roles, reviews the draft opinion and calls the court's attention to perceived inconsistencies with precedent or confusion in language. After receiving comments of judges and the STA, the authoring judge, or that panel may make clarifying changes in the opinion before publication. However, they are not required to do so.

That process has helped to diminish conflict in Federal Circuit case law. But, nobody is perfect, and while we no longer have twelve independent circuit courts passing down their patent law decisions, we do have twelve individual judges⁴ and five senior judges deciding cases in three judge panels. As one can appreciate, it is inevitable that some perceived or real conflicts in our precedent will arise.

When a young lawyer once remarked that he could not understand how two virtually identical cases could be decided differently, his senior partner noted, albeit facetiously, that he was overlooking a very significant difference between the two cases: they were decided by different judges.

I do not think judges, and certainly not those on the Federal Circuit, intentionally fail to follow established precedent. But arguable or real conflicts do develop for a variety of reasons. There may be legitimate interpretative disagreements, or different

3. Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982).

4. One position is currently vacant.

judges may give different meaning and effect to certain language in prior opinions.

Sometimes, both parties may think there is a conflict when the judges do not. For example, in the recent *Ochiai* case, both the Patent Office Solicitor and the appellant "devoted substantial portions of their briefs to demonstrating that our precedents on the obviousness *vel non* of chemical processes" were conflicting.⁵ Both parties identified the same two sets of three cases as presenting the conflict. The panel, while acknowledging tensions were present in these cases, believed that the parties drew "far too bleak a picture of the state of our case law."⁶ The *Ochiai* opinion stated that "[a]ny conflicts as may be perceived to exist derive from an impermissible effort to extract *per se* rules [on nonobviousness] from decisions that disavow precisely such extraction."⁷

To resolve conflicts in our precedent, the Federal Circuit has usually been quite willing to hear important cases *in banc*, and I do emphasize *IMPORTANT* cases. On the question of the likelihood of having a court grant a suggestion for *in banc*, most circuit judges, including Federal Circuit judges, would tell you that your chances are slim to none. Yet, since its creation, the Federal Circuit has decided fifty-eight cases *in banc*. In the very recent past, we finished up with ten *in banc* cases, more than have been decided in any other similar period in the court's history. In spite of the extra burden on the court, *in banc* activity is extremely important to the development of the court's body of law — it usually adds clarity and predictability to the law. Obviously, this was true in cases such as *Kingsdown Medical Consultants v. Hollister, Inc.*,⁸ *In re Donaldson*,⁹ as well as many others. *Kingsdown Medical Consultants* made an important contribution to decision-making in the inequitable conduct area. *Donaldson* cleared up the way the Patent Office should apply Section 112, Paragraph 6 where claim limitations are written in means plus function form.

In banc proceedings are used not only to resolve conflicts but also to consider *new* issues or to revisit extremely *important* issues. *In re Alappat*,¹⁰ for example, presented a novel issue. The issue was whether the Commissioner of Patents possessed authority to name a new and expanded panel of the Board of Patent Appeals and Interferences to hear a motion for reconsideration of a normal three member panel decision.

5. *In re Ochiai*, 71 F.3d 1565, 1571 (Fed. Cir. 1995).

6. *Id.* at 1571.

7. *Id.* at 1572.

8. 863 F.2d 867 (Fed. Cir. 1988) (*in banc*).

9. 16 F.3d 1189 (Fed. Cir. 1994) (*in banc*).

10. 33 F.3d 1526 (Fed. Cir. 1994).

More recently the court has used the *in banc* process to revisit important issues in patent law — such as the doctrine of equivalents, the construction of claims and the measure of infringement damages. Determining equivalence was held in early Federal Circuit opinions to be a fact question. But, in the 1990s, some opinions suggested the possibility that deciding equivalence should be an equitable, discretionary matter. The subject came to a head in *Hilton Davis Chemical Co. v. Warner-Jenkinson, Inc.*, when the court *in banc* asked the parties to brief this question. There, the court reaffirmed that the doctrine of equivalents is an issue of fact.¹¹

But *Hilton Davis*, as often happens in *in banc* cases was vigorously debated. In addition to the per curiam majority opinion, it includes a concurring opinion and three dissenting opinions, all of which span some fifty-nine printed pages in the United States Patent Quarterly. In spite of all of this writing, *Hilton Davis* nonetheless seems to be generating some new questions and issues.

Consider the recent case of *National Presto Industries v. West Bend*.¹² West Bend argued that Presto did not present sufficient expert witness testimony and “linking attorney argument” on “function,” “way,” and “result,” citing *Lear Siegler, Inc. v. Sealy Mattress Co.*¹³ and a concurring opinion in *Malta v. Schulmerich Carillons, Inc.*,¹⁴ “as requiring this formulaic exposition by witnesses and lawyers.” The *National Presto* opinion rejected that argument, stating that *Hilton Davis* “reaffirmed that proof of equivalency is not a matter of formula.”¹⁵ The court went on to say, “[t]hus this argument is without substance, and indeed neither *Lear-Siegler* nor *Malta* requires any particular formulation.”¹⁶

Lear-Siegler was not discussed by the *Hilton Davis* majority. But *National Presto* might be viewed as putting some *Hilton-Davis* gloss on *Lear-Siegler*. We will just have to see.

Another *in banc* opinion that has caused considerable debate is, of course, the *Markman v. Westview Instruments*¹⁷ case, which I authored. In addition to the majority opinion, there were two

11. *Hilton Davis Chem. Co. v. Warner-Jenkinson, Inc.* 62 F.3d 1512, 1520 (Fed. Cir. 1995) (in banc).

12. 76 F.3d 1185 (Fed. Cir. 1996).

13. *Lear Siegler, Inc. v. Sealy Mattress Co.*, 873 F.2d 1422 (Fed. Cir. 1989).

14. 952 F.2d 1320 (Fed. Cir. 1991).

15. 37 USPQ2d at 1688.

16. *Id.*

17. 52 F.3d 967 (Fed. Cir. 1995) (in banc). Subsequent to the delivery of this speech, the United States Supreme Court affirmed *Markman* on April 23, 1996. *Markman v. Westview Instruments, Inc.*, 116 S. Ct. 1394 (1996). For a further discussion of the Supreme Court's holding, see *infra* note 21.

concurrences and a dissenting opinion, all of which again span many printed pages in the Patent Quarterly. The case has been argued and is now awaiting decision at the Supreme Court. The Supreme Court's decision will, of course, determine the course and effect of *Markman* and it is premature to speculate too much about it now. There is one thing about the decision, however, that I would like to mention.

As you know, the court held "that in a case tried to a jury, the court has the power and obligation to construe as a matter of law the meaning of language used in the patent claim," and because claim construction is a question of law, "the construction given the claim is reviewed *de novo* on appeal."¹⁸ Under this language, it is the district court in the first instance that has the power and obligation to construe the claim language as a matter of law. Then the Federal Circuit has *de novo* review of this construction. It should be remembered, however, that the Federal Circuit is a reviewing court and a prior proceeding has occurred at the trial level.

In this respect, it is very instructive to recall what the Supreme Court said about appellate review of law questions in *Salve Regina College v. Russell*,¹⁹ a 1991 decision: "Independent appellate review necessarily entails a careful consideration of the district court's legal analysis, and an efficient and sensitive appellate court will naturally consider this analysis in undertaking its review."²⁰ Thus, the Supreme Court seems to caution that an appellate court does not write on a clean slate when it exercises *de novo* review of legal questions. And presumably, if the lower court's legal analysis is persuasive, by definition it should be adopted.

If the *Markman* decision is substantially upheld by the Supreme Court there undoubtedly will be arguments raised as to its effect on other issues that have been held to be questions of law. It would be speculation to guess at what these arguments may be, but I know they are bound to be interesting and challenging. However, we should and must await the words of the Supreme Court, which could affirm, reverse or modify the Federal Circuit's *Markman* decision in significant ways.²¹

18. *Markman*, 52 F.3d at 979.

19. 499 U.S. 225 (1991).

20. *Id.* at 232.

21. The U.S. Supreme Court affirmed *Markman* in a unanimous decision authored by Justice Souter. *Markman v. Westview Instruments, Inc.*, 116 S.Ct. 1384 (1996). The issue, as framed by the Court, was:

whether the interpretation of a so-called patent claim, the portion of the patent document that defines the scope of the patentee's rights, is a matter of law reserved entirely for the court, or subject to a Seventh Amendment guarantee that a jury will determine the meaning of any disputed term of

In concluding, I will say that this has been an interesting and dynamic period for patent law. Your panel tomorrow on current developments, I am sure, will confirm this. I cannot promise you consistent refereeing in professional sports, but I think the rules will soon become clearer for patent practitioners. Our ultimate objective as judges on the Federal Circuit should be to bring as much consistency and predictability to the patent law as we can. I think it is quite clear that, with our procedures and *in banc* activity, we are striving — hopefully with success — to do just that.

I again thank you for inviting me to The John Marshall Law School's Fortieth Annual Conference on Developments in Intellectual Property Law.

art about which expert testimony is offered.

Id. at 1387. The Court held that the construction of a patent, "including terms of art within its claim, is exclusively within the province of the court." *Id.* The Court based this holding upon an extensive historical analysis; an overview of Seventh Amendment jurisprudence and traditional common-law rights; a view that judges, rather than juries, are better suited to determine the meaning of various patent terms; and the need for uniformity in the treatment of a given patent. *Id.*