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Overview of practice before the United States Court of Appeals for the Federal Circuit

All United States patents are born in the United States Patent and Trademark Office in Arlington, Virginia. But the United States Court of Appeals for the Federal Circuit, located a few miles away in Washington, DC, is where US patents go to get vindicated – or die.

To understand the Federal Circuit's life and death place in the world of intellectual property, it is necessary to briefly consider the system that the Federal Circuit replaced. All patent infringement actions must be filed in federal rather than state courts. There are three levels of federal courts:

- The district courts in which trials take place.
- The US Courts of Appeal for the various circuits, to which all decisions of the district courts may be appealed as a matter of right.
- The United States Supreme Court, which decides only those cases considered sufficiently important by at least four justices.

Before 1982, decisions of the district courts in patent cases were appealed to the 'regional' circuits around the United States. For example, a decision by the US District Court for Minnesota would be appealed to the Eighth Circuit in St. Louis, Missouri.

However, for the last two decades, all appeals from all patent infringement cases have been consolidated in the Federal Circuit. It is true that companies which lose their appeals at the Federal Circuit have the right to request review by the Supreme Court. But the Supreme Court will only take a case if it believes there is an unresolved legal question having far-reaching implications. Thus, the Supreme Court may perhaps hear one patent case a year, and can sometimes go several years without agreeing to hear a single one. Therefore, as a practical matter, the Federal Circuit is the court of last resort for the overwhelming majority of patent infringement cases.

Who will decide your company's appeal?
Three people who know nothing about your technology. Here's why.

As patent litigators have come to live and practise under *Markman*, there has been a dawning realisation that since the structure and operation of an accused product is usually free from any significant factual dispute, the issue of patent infringement very often collapses down to a single question: how should the patent claims be construed? And this is where skilled appellate advocates can most frequently turn defeat into victory at the Federal Circuit. The court has made it clear that the issue of claim construction is reviewed without deference to the decision of the trial court. Simply stated, a case can be salvaged at the Federal Circuit on the issue of claim construction simply through better advocacy.

And one more thing about claim construction: it relates to other issues besides infringement. The Federal Circuit has made it clear that to determine whether a patent is invalidated by the 'prior art', it is first necessary to construe the claims of the patent. If a patent has been held invalid because the claims were construed by the district court in a broad manner which encompassed the prior art, that decision can be overturned on appeal by convincing the Federal Circuit that the patent claims should be given a more narrow construction which excludes the prior art. And – again – this can be argued at the Federal Circuit without any deference to the decision of the trial court.

Which lawyers should handle an appeal to the Federal Circuit?

When faced with a patent appeal at the Federal Circuit, most companies routinely turn to the lawyers who handled the case in the district court. To be sure, those lawyers will know the case better than anyone. But there are reasons why a company should not limit its focus to its trial counsel.

First of all, a lawyer who is skilled and experienced at trying cases in front of juries will not necessarily have the skills to properly handle an appeal. The most critical part of any appeal is the preparation of the briefs. Briefs require meticulous research and the ability to formulate and organise compelling arguments and reduce them to writing. Some of the best appellate brief writers are rank amateurs when it comes to trying cases in front of juries.

Nor does the ability to try cases in front of a jury necessarily translate into effective advocacy during oral arguments at the Federal Circuit. While lawyers must be prepared to present a clear and focused oral presentation within 15 minutes, the reality is that the opportunity to do so seldom arises, since the judges will typically pepper the attorney with questions from the moment the argument begins. Skilled appellate counsel must have the facts and the law at their fingertips. And they must have the judgment to decide instantaneously when to push the envelope with a judge and when to make a concession. Here again, questioning witnesses in front of juries may not necessarily be the best preparation for fielding questions during oral arguments at the Federal Circuit.

Even if trial counsel is totally experienced and competent in appellate advocacy, many companies still consider it prudent to bring in new counsel to work with existing counsel on an appeal to the Federal Circuit. Lawyers who have lived with a case from the day it was filed in the district court until it has been won or lost at trial may be so in love with a bad argument that they cannot imagine dropping it. New counsel may help to get rid of this type of excess baggage. While new counsel will come into the case without any prior knowledge of it, that can actually be an advantage, since their initial view of the case may approximate the perspective that the Federal Circuit judges will have when they pick up the appellate briefs and learn about a case for the first time. If an argument that was advanced at trial seems flat to your new appellate co-counsel, it may underwhelm the judges of the Federal Circuit.

The Federal Circuit is a specialised court that knows its business. Knowing what makes that court tick should be the business of your company and its lawyers as well.

parties. And in many cases, they will grant a brief temporary stay until such time as three judges can convene and decide whether to grant a stay for the entire pendency of the appeal. The Federal Circuit is usually sensitive to the urgency of appeals from preliminary injunctions and requests to stay injunctions, and will sometimes issue rulings in a matter of weeks or even days.

What if the three-judge panel gets it wrong?

At the Federal Circuit, as at every US Court of Appeals, it is possible to request 'rehearing' by the original three-judge panel and by the entire 12-member court sitting *en banc*. Decisions to grant rehearings by the original panel are unusual, and rehearing by the full court *en banc* is extremely rare. Therefore, given the statistical odds against the Supreme Court taking your case, and the similarly onerous odds against obtaining rehearing, the time to win an appeal in a patent case is before the original three-judge panel at the Federal Circuit.

How does one win an appeal at the Federal Circuit?

There are some appeals that simply cannot be won and some appeals that simply cannot be lost. For the rest, there is much that a company's lawyers can do to help. But this requires an understanding of the issues the Federal Circuit considers important.

One such issue relates to burdens of proof, an issue that permeates patent litigation. In its simplest form, it involves the unsurprising proposition that a patent owner has the burden of proving infringement. In contrast, the accused infringer has the burden of proving that the patent is invalid. But even these are oversimplifications. Certain issues like infringement need only be proven by a 'preponderance of the evidence' (ie infringement is more likely than not), while certain defences such as invalidity must be proven to a greater certainty, ie by 'clear and convincing evidence'.

All this is complicated further by the procedural posture of a case. While an accused infringer must prove invalidity at trial, where a patent owner is seeking a preliminary injunction, it is the patent owner that must prove that the accused infringer is ultimately likely to fail in its effort to prove invalidity.

The Federal Circuit takes burdens of proof very seriously, which is complicated further by another issue of great concern to the Federal Circuit: the scope of appellate review, which determines how much deference the Federal Circuit will give to the rulings of the district court or a jury. As to certain types of rulings, the Federal Circuit's degree of deference is high, meaning that it is difficult to establish reversible error. For example, a factual determination by a jury cannot be overturned by the Federal Circuit if it merely disagrees with that finding, so long as the finding is supported by substantial evidence.

On the other hand, as to several important issues, the Federal Circuit gives no deference at all to decisions by a district court. For example, if the district court granted 'summary judgment' to one party or the other, which requires a conclusion that there is no genuine issue of material fact, the Federal Circuit gives no deference to that ruling and decides the question anew.

It will probably be apparent by now that a skilled appellate advocate will do his or her best to tailor an appeal to focus on the issues on which the burdens of proof and scope of review are most favorable. For example, where an accused infringer has defended on the basis of invalidity and has lost in front of a jury, the patent owner, as the appellee, will want to stress the heavy burden of proof which the accused infringer faced at trial, and the high degree of deference which the Federal Circuit must show to findings by a jury.

There is one issue, however, that has become so ubiquitous in patent litigation that no attorney should attempt an appeal at the Federal Circuit without a thorough knowledge of that issue and how it is addressed by the Federal Circuit.

What's all the fuss about claim construction?

All US patents have 'claims' which define the legal scope of the patent owner's right to exclude others. Broadly speaking, there are two questions to be answered in deciding whether a company is infringing a patent: what is the scope of the patent?; and is the accused product or process within that scope?

Until the mid-1990s, juries were often allowed to decide both questions. But in the Federal Circuit's *Markman* decision, which was affirmed by the Supreme Court, it was held that it is up to the trial judge, not a jury, to construe the claims of a patent and decide upon its scope.

The Federal Circuit has 12 authorised full-time judgeships. It also has the benefit of occasional assistance from semi-retired 'senior' judges and from 'visiting' judges from around the country.

One reason for the creation of the Federal Circuit was to establish a single court having expertise in patent law that would provide nationwide uniformity to the US patent laws as they are administered around the country. When the court was first formed, a number of the judges had extensive background in patent law. But Federal Circuit judges are appointed by the President with the advice and consent of the Senate, and not every new judge arrives with significant or necessarily any expertise at all in patent law. They are all, however, accomplished lawyers, who become quite knowledgeable about patent law by virtue of having to decide patent cases week after week.

What this means to your company is that the three judges who will hear your appeal hopefully will have some or even considerable expertise in patent law. But since patent cases involve countless different technologies, it is a safe bet that none of the judges who will hear a given appeal has any significant pre-existing expertise in the technology involved in your case.

How does an appeal to the Federal Circuit work?

The process begins with the filing of a pro forma notice of appeal in the trial court from which the appeal is taken. The party who lost – the 'appellant' – prepares and files a comprehensive opening brief arguing the errors allegedly made by the trial court. The party who won in the trial court – the 'appellee' – then files a responsive brief, arguing that no errors took place or that any errors were harmless. Thereafter, the appellant gets to have the last word by filing a relatively short reply brief. While this process is taking place, the lawyers from both sides assemble the important evidentiary materials into an 'appendix'.

In some instances, both sides of a case will appeal. For example, where a patent has been held valid and infringed, and damages have been awarded, the defendant will typically appeal, contending that the patent owner should receive nothing, and the patent owner may also appeal, claiming that it should have received more damages, or an award of attorney fees, etc. In this situation, where there are 'cross-appeals', there is an additional brief added to the sequence.

Once the briefing is completed, the court will schedule oral argument before three judges, usually allowing 15 minutes per side. Lawyers who study the decisions of the Federal Circuit become familiar with the views of the various judges as set forth in published and unpublished opinions. But it is impossible to structure a Federal Circuit argument in advance in an effort to take advantage of the perceived predilections of one or two particular judges, because the court goes out of its way to keep secret the identity of the judges who will hear and decide an appeal until the morning of the oral argument. What that means is that counsel must go into an oral argument prepared to address judges who are perceived as friendly to their position, judges who are perceived to be unfriendly, and judges who may have no strong views on the issue.

Once the argument is completed, in some cases, a decision can come as quickly as the next day, where the Federal Circuit simply agrees with the district court and writes no further opinion. In most patent cases, however, some opinion is written to explain the court's reasoning, and this can take several months.

That sounds like a long, drawn-out process – is it?

Normally, yes. From start to finish, an appeal can typically take about a year.

But there are also circumstances in which relief from the Federal Circuit can be requested and sometimes received on an urgent basis. This may occur when a district court has issued some form of emergent relief, such as a 'preliminary injunction', in which a defendant is ordered to halt its allegedly infringing activities pending a final trial. The Federal Circuit has jurisdiction to review decisions granting (or denying) preliminary injunctions, even while the case at the district court proceeds.

When a defendant needs relief from a preliminary injunction, it usually needs such relief immediately, and cannot wait for the full briefing and argument cycle to take place. The Federal Circuit will consider requests to 'stay' preliminary injunctions until such time as they have an opportunity to receive and review the written and oral arguments of the