

## IP News Alert

# SUPREME COURT ORDERS DEFERENCE TO FACTUAL FINDINGS FOR CLAIM CONSTRUCTION

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- The Supreme Court overturns full *de novo* review of claim construction rulings.
- Underlying factual findings, such as those based on extrinsic evidence, are to be reviewed for clear error.
- *De novo* review remains for legal findings, such as when a claim construction ruling is based solely upon intrinsic evidence.



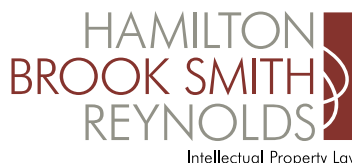
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On Tuesday, January 20, 2015, the U.S. Supreme Court handed down its much-anticipated decision in *Teva Pharmaceuticals USA Inc. v. Sandoz Inc.* The Court's 7-2 decision overturned a long-standing Federal Circuit precedent by ordering that certain aspects of claim construction rulings should be given deference. Specifically, a district court's factual findings are now subject to clear error review rather than *de novo* review. Examples of factual findings include where the district court relies on extrinsic evidence, such as expert testimony, to ascertain what one of ordinary skill in the art would have understood a claim term to mean.

Importantly, the high court ruled that legal findings remain subject to *de novo* review. For example, when a district court only examines intrinsic evidence, such as the claims, patent specification, and file history, to construe claim terms, no deference is provided and such constructions remain subject to *de novo* review.

The Supreme Court predicted that this opinion would not apply to many patent cases because district court judges often do not make factual findings during the claim construction process. Justice Breyer, writing for the majority, indicated that "[s]ubsidiary fact-finding is unlikely to loom large in the universe of litigated claim construction."

Whether the Supreme Court's prediction on the impact of this opinion proves correct remains to be seen. Currently, some judges do not regularly entertain extrinsic evidence during the claim construction process. In light of this opinion, these district courts could modify their construction practice and begin to consider extrinsic evidence more often. Such a modified approach might lower the rate reversal for claim construction rulings, and thus add more certainty to district court claim construction rulings. In theory, a party may attempt to increase reliance on extrinsic evidence in order to achieve constructions that are less apt to be subject to challenge on appeal. But in practice, a party is unlikely to know at the time evidence is being introduced whether it will be the one to seek reversal of a claim construction on appeal.



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