

Supreme Court Holds that Underlying Factual Issues in Patent Claim Construction Must be Reviewed for Clear Error

By [Louis E. Fogel](#)

The Supreme Court's recent decision in *Teva Pharms. USA, Inc. v. Sandoz, Inc., et al.*, 135 S. Ct. 831 (2015) will have a big impact on patent claim construction determinations. Decided on January 20, 2015, the Supreme Court in *Teva* held that the Federal Circuit must apply the deferential "clear error" standard of review to the underlying factual issues in a district court's claim construction ruling, although the non-deferential "*de novo*" review standard still applies to the ultimate claim construction determination. This is a departure from the prior situation in which the appellate court applied *de novo* review to even the factual issues associated with a district court's claim construction analysis. According to many, this lack of deference has resulted in a high reversal rate (33-44%) on patent claim construction rulings, as compared to a reversal rate of (< 20%) on non-claim construction issues relating to patent law. See, e.g., *Fogel, L.E. and Ray, C.J. "Teva Pharmaceuticals v. Sandoz: Availability of Generic Glatiramer Acetate and the Impact to Patent Litigation Claim Construction,"* Expert Opinion on Therapeutic Patents, 25(1):1-4 (2015) (and references cited therein)).

In reaching its decision, the Supreme Court distinguished cases where a patent claim can only be construed based the intrinsic evidence (the claims, specification, and prosecution history) and cases where the district court must consult extrinsic evidence (treatises, dictionaries, experts, etc.) for assistance in providing information about the background science or the meaning of a term during the relevant time period. The Court did not disturb the long-held view that a claim term's construction itself remains a legal conclusion and that the appellate court must continue to apply *de novo* review to the district court's ultimate claim construction. Rather, the clear error review standard is just applied to those cases when the district court judge has made factual findings regarding the extrinsic evidence.

Although the ultimate affect of the *Teva* decision is still unknown, the likely outcome is that there will be a lower reversal rate on claim construction issues by the Federal Circuit. This predicted outcome will provide litigants with greater certainty in evaluating the merits of their case.

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