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How To Beat The Odds And Win A Fed. Circ. Patent Reversal

By **Ryan Davis**

Law360, New York (August 12, 2016, 8:50 PM ET) -- Attorneys challenging a patent ruling at the Federal Circuit can face an uphill battle, as the appeals court has reversed decisions in only about one-fifth of cases this year. Despite the daunting numbers, there are steps attorneys can take to boost their odds of securing a rare reversal, experts say.

According to statistics compiled by Law360, the Federal Circuit has affirmed decisions in patent cases 79 percent of the time from January through June of this year. The rate was nearly identical for district courts, which were upheld 78 percent of the time, and the Patent Trial and Appeal Board, at 80 percent.

Here, patent experts share their strategies for persuading the Federal Circuit that the decision below should be reversed.

Pick Your Battles

After coming out on the losing end of a hard-fought patent dispute, attorneys can likely point to all sorts of things that they think the district court or the PTAB got wrong and want to see overturned on appeal. But zeroing in on a few key points is the key to victory, said Deanne Maynard of Morrison & Foerster LLP.

“Perhaps the most important thing is to choose your issues wisely. Focus on the two or three very best issues and jettison the rest of them,” said Maynard, co-chair of the firm's appellate and Supreme Court practice group.

That can be difficult for attorneys who have been involved in the case for a long time and feel strongly about an issue and may even be correct, she said, but some things are just too difficult to raise on appeal. For instance, the Federal Circuit is loath to second-guess district courts on issues like whether a piece of evidence should have been admitted.

It’s always wise to keep a Federal Circuit appeal narrowly targeted on the kind of issue the court is likely to reverse on and will actually result in meaningful relief for the client, Maynard said.

The court doesn’t respond well to “briefs that throw every issue up against the wall in the hope one will stick,” she said. “Raising 10 issues on appeal makes it less likely you will prevail.”

The Federal Circuit very often affirms the decision below with an order consisting of a single line,

suggesting that nothing raised in the appeal caught the attention of the judges. That illustrates the need to craft compelling arguments that the judges will find persuasive, said Steven Halpern of McCarter & English LLP.

"So many of the affirmances from the Federal Circuit are without an opinion," he said. "It stands to reason that to get the Federal Circuit to reverse, there really needs to be a silver bullet."

A well-crafted appeal can mitigate concerns about the low rate of reversals at the Federal Circuit, said Gabriel Bell of Latham & Watkins LLP.

“If you’ve done a good job of selecting the issues, you’re not too worried about the background statistics,” he said.

The Standard of Review Is King

The Federal Circuit reviews some issues by giving deference to the lower tribunal and others by reconsidering them afresh on appeal. Issues that fall into the second category are the name of the game for clients seeking to secure a reversal.

"If the Federal Circuit has to give a degree of deference to the skill and decision-making of the fact-finder below, you’re going to run into some trouble," Halpern said.

The key task for appellants is to frame the issues on appeal as legal ones, which the Federal Circuit can review de novo, as opposed to factual ones, which get deference.

“As the appellant, to the extent you can push questions of law, which get de novo review, the better off you are,” Bell said.

Issues like patent eligibility under decisions like Alice are questions of law that can be reviewed de novo, as is claim construction in many instances. The best situation is for appellants to essentially start with a clean slate at the Federal Circuit and present an argument without the judges thinking about the merits of what the court below decided.

“Under de novo review, the Federal Circuit asks, ‘How do we feel about that?’ and then make a decision based on how they feel about it,” Halpern said, while under a deferential standard, “if the court disagrees with the decision below, they have to ask, ‘Maybe did they get it right?’”

The difference between those two ways of thinking about a case can be the difference between success and failure for a company seeking a reversal.

“The single most important thing when deciding which issues to present is the standard of review,” Maynard said.

Claim Construction Is Fertile Ground

While some issues involving obviousness and damages can be reviewed without deference, often the best way to get the Federal Circuit to review an issue de novo is to focus on claim construction. For years, the Federal Circuit reviewed all claim construction decisions de novo, leading to a fairly high reversal rate on appeal, but the standard changed last year with the U.S. Supreme Court **decision known**

as Teva.

The justices held that the ultimate interpretation of patent's claims is a legal issue that can be reviewed de novo, but any factual findings by the lower court must be given deference. That has complicated the process somewhat, but in the months since Teva, arguing that the lower tribunal's claim construction was wrong has remained a potent source of reversals.

"Even post-Teva, a large part of the claim construction inquiry is still purely legal and the the Federal Circuit will review the legal questions afresh for itself," Maynard said.

In the wake of Teva, parties may be more inclined to introduce so-called extrinsic evidence, which is separate from what is included in the patent itself, during claim construction to ensure that if they prevail, the decision will be reviewed with deference at the Federal Circuit. As a result, getting claim construction decisions reviewed de novo may become more difficult for appellants in the future.

Litigants know that for claim construction rulings after Teva, "if it's based on extrinsic evidence, you have a level of protection from the dreaded de novo review," Halpern said.

Provide a Technology Primer

The judges on the Federal Circuit deal with patent cases every day and are conversant in a wide range of technologies, but they often need help from litigants to understand the ins and outs of the patent at issue. Making sure the judges grasp the science behind the invention can be key to winning an appeal.

The Federal Circuit has less time to get up to speed on the technology than judges in district court or the PTAB, which may live with a case for months. As a result, if the Federal Circuit judges don't understand the technology clearly, they may be inclined to go along with the findings of the more well-versed lower court.

"It's in the interest of both sides to explain the technology simply and clearly, but if you are the appellant, there is a premium on that, especially if you think the lower tribunal misunderstood the technology," Maynard said.

While these strategies can boost the chances of securing an appeal at the Federal Circuit, attorneys cautioned that their success will be limited if the groundwork has not been laid long before the notice of appeal is filed.

"You need to back up and not be thinking about the appeal when you get to the appeal. You need to start thinking about it even before the trial," Bell said.

--Editing by Mark Lebetkin and Jill Coffey.
