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*Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, No. 13-854 (described in the March 31, 2014, Docket Report)

In patent litigation, a critical question is often the proper interpretation of terms in a patent claim—a threshold issue that bears substantially on patent validity and patent infringement. Two decades ago, in *Markman v. Westview Instruments, Inc.*, the Supreme Court held that claim construction is a task for a judge, not a jury; a court, accordingly, must determine how one reasonably skilled in the relevant art would understand the terms of a patent claim.

Since *Markman*, the Federal Circuit has reviewed district courts' *entire* claim-construction determinations *de novo*, notwithstanding Federal Rule of Civil Procedure 52(a)(6), which directs that an appellate court may not "set aside" a district court's "[f]indings of fact" unless they are "clearly erroneous."

The Supreme Court granted certiorari in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, No. 13-854, to determine the appropriate appellate standard of review for a district court's subsidiary factual findings in support of its claim construction—an ultimate question of law—and today held that these factual findings are reviewable solely for clear error.

Teva Pharmaceuticals sued several drug companies for infringing its patents for the multiple sclerosis drug Copaxone. In construing Teva's patent claims in light of factual findings that were based on Teva's expert-witness testimony about the definiteness of claim terms, the district court ruled that the defendant drug companies' generic versions of Copaxone infringed Teva's patents. On appeal, the Federal Circuit reviewed every aspect of the claim construction *de novo*, reversing the trial court's finding of definiteness of the claims and not giving deference to the trial court's evaluation of certain expert-witness testimony.

Today, by a 7-2 vote, the Supreme Court vacated and remanded, holding that the clear-error standard of review applies to a district court's subsidiary factual findings in support of its construction of a patent claim. In an opinion authored by Justice Breyer, the Court held that there is no "exception from the ordinary rule governing appellate review of factual matters." According to the Court, "[a] district court judge who has presided over, and listened to, the entirety of a proceeding has a comparatively greater opportunity to gain [] familiarity than an appeals court judge" "'with [the] specific scientific problems and principles'" at issue.

The Court sought to provide prospective guidance as to the distinction between factual issues (subject to clear-error review) and legal questions (subject to *de novo* review). When a court's claim construction rests on *intrinsic* evidence (that is, "the patent claims and specifications, along with the patent's prosecution history"), "the judge's determination will amount solely to a determination of law, and the Court of Appeals will review that construction *de novo*." When, however, a court considers *extrinsic* evidence (including "the background science or the meaning of the term in the relevant art during the relevant time period"), such subsidiary factual determinations "must be reviewed for clear error on appeal."

The dissent, authored by Justice Thomas and joined by Justice Alito, contended that because claim construction is akin to statutory construction, no Rule 52(a) deference to factual findings is appropriate.

The *Teva* decision will present important subsequent questions for patent litigation. On the one hand, the decision might be viewed as an implicit endorsement of greater use of extrinsic evidence during claim construction; on the other hand, the Supreme Court emphasized that the ultimate issue of claim construction is a legal question and that "subsidiary factfinding is unlikely to loom large in the universe of litigation claim construction." Thus, district courts, in an effort to insulate claim-construction rulings from reversal on appeal, may be more prone to accept extrinsic evidence and then center their claim-construction orders on factual findings. By contrast, the Federal Circuit might seek to recalibrate the relative importance of intrinsic and extrinsic evidence in claim construction. Legal scholars and patent lawyers will likely devote significant study to whether this decision has a material effect on the Federal Circuit's reversal rate of claim-construction issues—indeed, the Supreme Court's suggestion that the "Federal Circuit overturns district court claim construction at an unusually high rate" offers insight into the Supreme Court's motivation for its holding.

Any questions about the case should be directed to Paul Hughes (+1 202 263 3147) in our Washington office.