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# JUDICIAL CONSTELLATIONS: GUIDING PRINCIPLES AS NAVIGATIONAL AIDS

*The Honorable Paul Michel*<sup>†</sup>

## INTRODUCTION

I am going to discuss two tracks. The first will be directed to some of the observations made by others in articles and comments. The second track will concern the internal workings of our court. An understanding of the court's operations in some detail may help provide a more useful interpretation of the opinions and a broader understanding of the strengths and limitations of our court as an institution. All of the things I will mention about how the court works are relevant to both individual practices and as further background against which to assess the comments made in this Symposium.<sup>1</sup>

My flight to Cleveland to participate in the Symposium was slow. It was supposed to arrive at 6:30 p.m. Due to bad weather, it did not arrive until 10:30 p.m. The flight provides a kind of imagery that may be of some use in understanding why I think this Symposium is so valuable, why I am so pleased with who the other authors and commentators are, and why I am so pleased with the interesting and diverse audience of practitioners and students captivated by this topic.

Pilots ordinarily fly under strict instruction. In a certain manner of speaking, the air traffic controller is really flying the airplane. The pilot does not move one degree or one thousand feet in any direction without a specific command from the air traffic con-

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<sup>†</sup> Circuit Judge, United States Court of Appeals for the Federal Circuit.

<sup>1</sup> I can only tell you what I do. In everything I set forth in this discussion, I am speaking only as one judge, because I want to be as candid and direct as I can. What I write here is not necessarily the view of my court as an institution, or of any other judge on the court, or judges on other courts. This is my perspective.

troller. That is the norm. There is something else called “pilot discretion,” in which the pilot has broad leeway within certain limits. Within that context, it is very, very important for the pilot to understand where she is. Therefore, the importance of the navigational aids and beacons is very great.

What does that have to do with the topic at hand? Our court, along with all courts, is enriched through actions, commentary, and even complaints, of people who carefully watch what we do. There really are three broad categories of such people: practitioners, academics, and other judges. Through this Symposium, I have had the benefit of analyzing observations from multiple people from each of those groups. These observations are helpful beacons. They are not instructions in that I do not have to do everything that Mark Lemley, for example, says;<sup>2</sup> but I am pleased to listen to Mark and other academics. I always learn things, and such comments improve our navigational ability, quite apart from what the specific reaction might be to any particular proposal.

### I. REVIEW BY THE CAFC

The announced topic is “The Past, Present, and Future of the Federal Circuit.” Actually, I am not going to discuss the past. I am not going to discuss the present, either. And to be completely honest, I do not know about the future. I promised to discuss the internal operations, which I will.

I will start by reminding the reader about the method used when anyone seeks to understand trends, evolution, or rules, seeks to make predictions, or seeks to perform analysis that will work for the various purposes of practitioners, academics or others. There are certain cautions we should observe. First, pursuant to *stare decisis*, statements in judicial opinions that are essentially dicta have no precedential force on future panels. Such language must be distinguished (as professors encourage us in the very first weeks of first year law school). There is an important distinction between what is clearly the holding and what is clearly dicta, although admittedly there is a fair amount of stuff that is somewhere on the spectrum between those extremes. At least the extremes are clear.

Second, in our opinions, the standard of review makes a big difference on many issues. When the court seems to be leaning this way or that way, you have to take into account how much leeway the court had to disagree. Sometimes we affirm, even though

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<sup>2</sup> See generally Dan L. Burk & Mark A. Lemley, *Biotechnology's Uncertainty Principle*, 54 CASE W. RES. L. REV. 691 (2004).

we might have ruled the other way or voted the other way had we been the trial judge or member of the jury for that matter.

The most important thing I have to suggest to you refers back to my flying analogy: If you cannot navigate by the electronic beacons on the ground, or by the satellites, then the stars are your default tools for navigation. Furthermore, the best way to navigate by the stars is not by individual stars, but by constellations. This imagery is useful because no one case gives the whole picture, or the proper directions. For example, *Vitronics*<sup>3</sup> is not the definitive total treatise on claim construction, even if I was the author.

This principle is very important to remember, particularly because we all tend to focus on the latest case, which typically receives a huge amount of attention. That one case may or may not give some sense of what the next case may add by way of nuance. Often that one case is not read in the context of the two or five or eight or ten related cases, the “prelude” cases; consequently, the overall guidance is lost.

I want to discuss topics broached by the district judges.<sup>4</sup> Each time I contribute to a symposium or participate as a member of the audience at a conference and hear my brothers and sisters on the district court speak, I walk away with absolute confidence that this really is a great country, and we have a very good court system. The architecture of the Constitution set out some very good basic ideas to promote independence. The most important thing is that we have nearly seven hundred men and women in this country sitting as district judges and handling patent and other important disputes. As you can easily see from the judges participating in this symposium, they are exceptionally capable and bright and hugely engaged in their work.

One question another participant raised is why the reversal rate is so high for patent cases.<sup>5</sup> I do not know what the reversal rate is. The last figure I looked at for reversal of district court patent cases, on all issues, was thirty-two percent. My feeling is the reversal rate for claim construction alone has to be less than that figure, somewhere just shy of thirty percent. The average reversal rate in our court is in the low twenties. If we reverse twenty percent of the cases, but the reversal rate for patent claim construction issues is thirty percent, an eyebrow, or perhaps two, is raised. But

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<sup>3</sup> *Vitronics Corp. v. Conception, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996).

<sup>4</sup> See The Honorable Kathleen O'Malley, et al., *A Panel Discussion: Claim Construction from the Perspective of the District Judge*, 54 CASE W. RES. L. REV. 671 (2004).

<sup>5</sup> *Id.* at 680-83.

I doubt these figures signal a crisis or that the system is terribly sick. Consequently, we must keep this issue in perspective.

Assuming the reversal rate on all issues is approximately twenty percent, the next question is: What about the de novo issues such as statutory construction? I do not know what the reversal rate is for those issues, and our computer does not keep track of that information. My guess is that the reversal rate for de novo issues in general is higher than the average. For example, perhaps the reversal rate for claim construction is thirty or thirty-five percent.<sup>6</sup>

The other authors mentioned many possible causes for this reversal rate.<sup>7</sup> Without discounting the power of any of the causes mentioned before, I suggest an additional cause: the procedures in place at the Patent and Trademark Office. It may not be too cynical to suggest that patent prosecutors strive for the broadest coverage possible, while putting off other considerations until later. Narrower claims will almost always survive challenges, even if the broader claims do not. The doctrine of equivalents is also a background consideration. Ambiguous wording may create an elasticity in the claims. In general, there is a great deal of incentive to be deliberately broad, and even to be deliberately ambiguous. On the other hand, the patent examiner does not have much incentive to fight back given the limited time and energy available.

The system basically gives us patents that are deliberately, unavoidably, or in fact, very broad—often over-broad—and somewhat vague and ambiguous in the wording. When these factors are taken into account, a reversal rate of claim construction even in the range of thirty percent may be of some interest, or perhaps even some concern, but it is not a crisis. Furthermore, it may be the case that the reversal rate has come down significantly since the years right after *Markman*.<sup>8</sup>

It concerns me greatly to learn that district judges sometimes feel demoralized. We should be very careful in the labels we use. Even though we, as judges, review claim construction de novo, de novo may not be the best label to use because it does not represent what we really do. We do not analyze a claim construction from scratch—not only should we not, we really cannot. Even if we could and should, I doubt whether, even starting from scratch, we

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<sup>6</sup> These numbers may be high, but I would suggest they are not hugely out of line.

<sup>7</sup> See O'Malley, *supra* note 5, at 680-83.

<sup>8</sup> *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) (discussing a patent infringement where the trial court granted judgment as a matter of law for the respondent, despite the jury finding an infringement; the Federal Circuit affirmed the trial court and the Supreme Court affirmed the Federal Circuit).

could do it better than most of the district judges. This begs the question that if what we do is not quite *de novo*, what is it?

First, I read the district judge's opinion on the claim construction to find out what his interpretation was and how the judge got there. If it is convincing and is not contradicted by something that is clearly stated in the claims, specification, prosecution history, or other such sources, I am highly inclined to affirm. The three other judges participating in this Symposium are certainly prime examples of judges who write very, very carefully and in detail about how they reach their decision on claim construction. These judges probably have a much lower reversal rate than other judges. Review is really not *de novo* after all. It is unfortunate that there is no label in between *de novo* and clear error review. Functionally, claim construction falls in this middle ground.

Earlier, I was touting the value to people like me of hearing commentary, discussion, and dialogue from district judges, practitioners, and academics. There is, in addition to those very useful sources, a new level of debate coming into view. Very large governmental organizations are speaking out on a broad analytic level about what is right and what is suboptimal in the patent system.

Recently the Federal Trade Commission issued a 315-page report of very serious scholarship, with more footnotes than the Yale Law Journal.<sup>9</sup> This year, the National Academy of Sciences issued its report, which, similar to the FTC report, had a two-year gestation period.<sup>10</sup> Sometime in the spring, the Department of Justice's Antitrust Division will issue a counterpart report. Some of the other alphabet-soup organizations, including the Intellectual Property Owners (IPO), American Intellectual Property Law Association (AIPLA), and the American Bar Association (ABA), may also issue reports that in some way will be responsive to earlier reports. The result is an escalating dialogue that includes various scholarly (and lengthy) reports by government agencies.<sup>11</sup> With this in mind, we are in for a very, very interesting year.

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<sup>9</sup> U.S. FED. TRADE COMM'N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY (Oct. 2003), *available at* <http://www.ftc.gov/os/2003/10/innovationrpt.pdf>.

<sup>10</sup> A PATENT SYSTEM FOR THE 21ST CENTURY (Stephen A. Merrill et al. eds., Nat'l Acads. Press, final version forthcoming 2004), prepublication version *available at* <http://www.nap.edu/books/0309089107/html/>.

<sup>11</sup> I like full participation and applaud all this. Much good will probably come out of it, particularly if all of the voices are heard. However, I would not give any one organization any kind of supreme authority or veto power, including the Federal Circuit.

## II. INTERNAL WORKINGS

I joined the court in 1988, at which time we had twelve judges, as there are now. In 1988 we had 217 patent cases pending; today we have 430 patent cases pending. Also, in the intervening years since 1988, the difficulty of the average patent case in our court has gone up at least one order of magnitude. Consequently, we have the same twelve people now doing a vastly larger amount of work on vastly harder cases. While this is not an excuse and it does not explain anything, it gives insight into the institution itself, and what is going on inside the institution.

In the Federal Circuit's first five or seven years, a great amount of effort was directed at trying to undo some not-so-great law in certain other unidentified circuits. In addition, there was some confusion that arose from Supreme Court decisions, in part because there were very few patent decisions in the modern era and in part because the decisions that existed were sometimes ambiguous. Sometime in the late '80s,<sup>12</sup> the focus shifted toward evolving technologies and the need for greater clarity, coherence, and predictability in the doctrine. In the years since, we have focused increasingly on those kinds of considerations.

Currently, we have an enormously diverse court. We have two former patent examiners, two former trial judges, and one former academic. Some judges have extensive training in science and technology. For instance, two are highly trained electronics people, and two are Ph.D. chemists. We also have people like me whose scientific or engineering training is negligible. The court may benefit by having some district judges with considerable experience presiding over patent cases, which is one archetype not found among our current twelve.<sup>13</sup>

There are a few things about the way our court operates that are worth mentioning. First, each panel is randomly assembled, and cases are randomly assigned to panels. The presiding judge on the panel is the senior-most judge in "active service." These factors are not subject to manipulation. Of course, as a result we do not have any specialization. If we get a big chemical case, we do not mandate Judge Alan. D. Lourie<sup>14</sup> or Judge Pauline Newman<sup>15</sup> take that case because they have a Ph.D. in chemistry. Instead, everybody gets a representative sample of everything—the tech-

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<sup>12</sup> By mere coincidence, this was about the time I joined the court.

<sup>13</sup> If the President, any President, were listening to me, I would tell him to appoint a couple of district judges. Of course, the President does not listen to me, and no President does.

<sup>14</sup> United States Court of Appeals for the Federal Circuit.

<sup>15</sup> United States Court of Appeals for the Federal Circuit.

nology and the contract cases, the trade cases, or the other dozen areas we have. This is one fact about our court that is worth remembering.

It is difficult to judge the intensity of the debate among our court members by what you can read in F.3d, or the computer equivalent. It is like the proverbial iceberg: Only the top one-third is visible. The two-thirds that is not visible is the extensive memo traffic we fire back and forth at one another. Every opinion goes through several stages and garners input from panel members *and* non-panel members. It is a very vigorous process, and the debate is enormously robust. I tell my non-lawyer friends and neighbors that being an appellate judge has turned out to be a contact sport, like boxing, rugby, or football, because we have very bruising dialogue. The process keeps everybody better informed and on their toes, and everybody is checking everybody else all the time.<sup>16</sup>

The fact that we often consider rehearing cases en banc before a decision is rendered generates a great deal of traffic back and forth. Conversely, even after an opinion is issued, there is a petition for rehearing en banc in nearly every patent case. As a result, the case then goes through the same process all over again. In between, there is, in addition to the panel members and non-panel members, a central staff that checks every precedential opinion against every prior opinion discussing the same issues. This represents our attempt to minimize the risk of appearing to change the law when we are not intending to do so, or adding what we call "confusion" to a particular area of the law.

We do not randomly decide who writes an opinion. It is technically the assignment of the presiding judge. In practice it is a consensus decision ninety percent of the time. It tends to reflect a number of different factors: Who does not have much of a backlog? Who knows the technology better than somebody else? Who has written on a given issue recently, or has done a lot of research about it? Anybody with a leg up is more likely to be the author; anybody with a handicap, backlog, or illness, is less likely to be the author.

When formulating a position, we juggle a number of factors and make decisions quite rapidly. Our conferences on cases are held the very same day as the oral argument. We decide result, rationale, type of opinion, author, which issues have to be reached, and which can be skipped, virtually in every case. The process goes quite quickly—three, four, or five minutes per case.

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<sup>16</sup> It is important to reiterate that outside commentators further contribute to the debate.



In deciding whether to take a case en banc, more-versus-less is not the key consideration. The key consideration is whether we are taking the right cases en banc. There is nothing particularly wrong with requiring seven out of twelve judges approving if you are going to overrule a prior holding—that really is not the problem. Again, the petitions for en banc rehearing are often not much better written than petitions for discretionary pretrial review under section 1292(b),<sup>17</sup> which limits our exercise of discretion. The important thing is to take the right cases en banc, without fear or favor, and to do so promptly and with a certain amount of courage.<sup>18</sup>

En banc is a very important part of our process and we spend a great deal of time and energy on it. There is not any reticence to rehear en banc. Occasionally, after we start to go en banc, we back off because we realize that the record and the issues as adjudicated below really do not squarely present the issue that seems so ripe for a conflict resolution, or resolution of a question of exceptional importance. We give an enormous amount of attention to this on a case-by-case basis. We are very conscious of our role as a nationwide court, and the need of practitioners in industry and in law firms everywhere for maximum predictive power. We know that some of our cases seem to be in tension with other cases, or seem to use confusingly different verbalization. Sometimes doctrine shifts. A great many things that are alleged to be conflicts are conflicts only at the most superficial and linguistic or dicta level. There are, however, circumstances where there is a real conflict. I often vote to go en banc when we get maybe four, five, or six, not seven votes. When that happens, I am disappointed, but I wait for the next time when we may get seven.

I mention these things not to say that there should not perhaps be additional mechanisms put in place—maybe there should. The point is to recognize that we have a lot of things in place to prevent confusion and promote conformity. These checks help minimize problems and reaffirm the fact that we watch such things with great intensity.

I am often fascinated to read about the latest trend by the court, or that the court decided to do X, Y, or Z, or the court seems to believe A, B, or C. We have a meeting once a month, and our discussion of philosophy or content or doctrine at the monthly meeting is zero—we only discuss housekeeping. We do not have meetings to discuss whether we are going to rein in the doctrine of equivalents. We are as busy as we can possibly be simply decid-

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<sup>17</sup> 28 U.S.C. § 1292(b) (2000).

<sup>18</sup> Importantly, this includes admitting when we are wrong.

ing the cases, explaining the grounds of our decision, and trying to determine where there is an opportunity to clarify the law or to develop it, albeit cautiously. We really do not have an agenda; actually, it would be very difficult and undesirable to have an agenda.

Part of not having an agenda means that we have never taken a position as an institution that we simply will not grant a section 1292(b) discretionary interlocutory (nonsummary judgment) appeal from a *Markman* ruling. We might, which begs the question, "When?" We will do so when we get a convincing reason stated in the petition. I have ruled on quite a number of these petitions, and I think a fair and frank assessment would be the reasons given were pretty pathetic. If good reasons were given, we might well do it.

Professor Craig Nard<sup>19</sup> challenged me to think of a kind of case in which we might grant such a motion. We might hear an interlocutory appeal in a case where the claim construction looks like it is wrong. We might also grant an interlocutory appeal in a case where, if the claim had been read differently, there definitely would have been a grant of a summary judgment and a pretrial appeal. In such a case, because the claim construction went wrong, a motion for summary judgment was denied that otherwise would have been granted. In such a case, without granting the appeal, there will be a very expensive trial, only to perhaps have to do it all over again, as Judge Patti Saris<sup>20</sup> reminded us.<sup>21</sup>

The same holds true with many of other things that people suggest we might want to consider doing. For example, our ability to modulate notions of the ordinary skill in the art as of a given time is limited by the record. Indeed, judges are limited generally by the record on appeal: We are not supposed to go fishing for extraneous sources unbeknownst to the lawyers who tried the case, not to mention the district judge who adjudicated the case. This limitation is both limiting and liberating because it means that in some future case with a better record, we can have a better sense of the issue.

In terms of what percentage of the appeals come from summary judgments or actions taken short of trial versus result after full trial, let me use myself as the bookend. In 1988, fewer than one-fifth of our district court patent appeals were from summary

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<sup>19</sup> Professor of Law and Director for Law, Technology, and the Arts, Case Western Reserve University School of Law.

<sup>20</sup> United States District Court, District of Massachusetts.

<sup>21</sup> See O'Malley, *supra* note 5, at 681-82.

judgment. Today, it is more than three-quarters, and almost always it is summary judgment of non-infringement. Additionally, almost always it is entirely clear that if the claim construction is right, non-infringement is the correct answer.

It is very, very rare for a case to be at risk for reversal on the basis of jury instructions. It is also very, very rare to have cases at risk for reversal because of what some people, through repetition of lore rather than careful attention to the holding, might tell us is the law. For example, I am told that *Vitronics*<sup>22</sup> (I am sensitive to that since I am the author) stands for the proposition that the district judge may not look at extrinsic evidence, or at least may not do so without first declaring there is hopeless ambiguity in the claim. I have reread *Vitronics* many times, and that certainly is not in the holding, and I cannot find it in dicta, either.

In terms of a case's "feel," as opposed to what the case says, there may be a bit of feel in *Vitronics* that one should be cautious about extrinsic evidence. The question then focuses on the reversal rate of district judges for allowing in extrinsic evidence. The answer is zero; we have never reversed a district judge since *Markman* for admitting any extrinsic evidence they thought might be admissible or appropriate. Furthermore, we do not reverse district judges for relying on extrinsic evidence unless it is relied on to utterly contradict clear meaning contained in the intrinsic record (a rare occurrence).

*Vitronics*, to my reading, does not stand for the proposition for which it is commonly cited. I use it as an example because it is very tricky to understand all of the intersecting patent doctrines, standards, and rules, even with perfect assessment of the individual decision's precedential force. If we engage in chasing dicta, then we unnecessarily compound our difficulty.

Some claim that because of the structure of patent cases, a non-infringement case is over if we grant summary judgment at the trial court, but that if we grant summary judgment in the other direction, we will likely have a trial on validity. In response, if the suggestion is that I speculate that district judges are finding non-infringement only to get the case up on appeal, I disagree. District judges are very disciplined people. The Court of Appeals judges are also very self-disciplined people. That is the nature of the job.

Judge Kathleen O'Malley<sup>23</sup> is exactly right.<sup>24</sup> You wish you could grant a summary judgment to get the case up on appeal, but

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<sup>22</sup> *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996).

<sup>23</sup> United States District Court, Northern District of Ohio.

<sup>24</sup> See O'Malley, *supra* note 5, at 687.

you do not do it because you know you are not allowed. There is no indication that summary judgments are being granted when they should not be because a judge is dying to get the case up on appeal. There are some situations where the patentees will make a concession, or defendants will drop invalidity challenges. That situation is different because parties should be free to do anything that is not un-American, fattening, or felonious.

Finally, in reference to the issue of dicta, some suggest that one potential problem that could be generating some frustration among district courts and observers is that perhaps the Federal Circuit is writing too much. As a result, they argue the court should be doing many more Rule 36 affirmances or some sort of non-precedential one-line reversals to avoid having to plow the same ground repeatedly.

I disagree. We have to write more carefully perhaps, but not write less. We owe the bar, the district courts, the Patent Office, and anybody else interested, coherent explanations of why we ruled the way we did. We must do this for several reasons: credibility of the courts, development of law, clarification of the law, and predictive power. There are many opinions that have troubling dicta, and I am bothered by some of the same statements that bother the other Symposium participants. In the end, however, I have the confidence that the next decision does not need to be unduly straight-jacketed by the troubling dicta because it is just that—dicta. With this in mind, in the end, we have tremendous potential to make course corrections as we fly the airplane.

