Patent Litigation, Negotiation, and Settlement,
Leading Lawyers on Strategies for Effectively Resolving Patent Disputes
Appellate Strategy before
the U.S. Court of Appeals
for the Federal Circuit

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Aspects of Patent Law

Traditional patent attorneys practice in three main areas: patent counseling, patent prosecution, and patent litigation. Patent attorneys counsel their clients on strategic issues for moving forward in the industry while avoiding trouble with others’ patents. Patent prosecution refers to preparation of patent applications and practice before the U.S. Patent and Trademark Office (PTO), which require an attorney to pass the patent agents exam and to have a degree in either science or engineering. Patent litigation involves a lawsuit on the patent; for example, a patentee may sue a competitor she believes is using the invention claimed in her patent. In both patent prosecution and patent litigation, once the PTO or district court issues a decision, appeals are taken to the U.S. Court of Appeals for the Federal Circuit. This chapter focuses appeals.

Appellate Strategy before the U.S. Court of Appeals for the Federal Circuit

The jury is in; their decision is not good. After three years of litigation, three weeks of trial, and probably $5 million developing your company’s defenses to a charge of patent infringement, the jury has awarded $33 million in damages to the patentee. And that’s not all. The jury also found your company to be a willful infringer; the judge could increase damages up to three times the award, or to $99 million. What will you do? As chief intellectual property counsel for your company, how do you advise your general counsel and chief executive officer? Paying this level of damages could render your company unable to compete or worse. You have no choice but to appeal.

Costs and Benefits of Appeal in a Patent Case

Generally, once a patent case has gone through a district court trial, it has already cost, on average, $3 to $5 million, or more. Comparatively, the cost of appeal is far less: perhaps a few hundred thousand dollars for an easy case, a few million for a complicated one, but almost always exponentially less than the initial litigation. Furthermore, judgments in many patent trials are in the hundreds of millions of dollars. Hence, the loser, naturally, wants to appeal.
The appeal does not provide opportunity to try the case again. Rather, it provides a forum to review aspects of the decision under particular standards of review. Different issues have different standards of review. The standard of review reflects the level of deference the appellate court will give the district court decision. For example, if the standard of review is *de novo*, the court reviews “of-new,” arguably without deference to the district court. But if the standard of review is *clear error*, the court only tries to identify a clear error; it will not substitute its own judgment about what the right decision should have been. The substantial evidence and abuse of discretion standards are even more deferential to the lower court. There are other standards of review, but these are some of the more popular ones.

When a client asks me to determine whether a case merits appeal, I look for errors of law (reviewed *de novo*) and for clearly erroneous factual errors, which may also be worth the appeal process. If all the appealable issues are reviewed for substantial evidence or abuse of discretion, both extremely difficult standards to overcome, I will counsel my client that a successful appeal will be difficult. If the issues are so poor that some may consider an appeal on them frivolous, we should not appeal.

After a final district court decision on patent infringement, the losing party is entitled to appeal. All appeals of patent cases are heard by the U.S. Court of Appeals for the Federal Circuit. This court is unique in the federal court system, as it is the only court created under Article III of the U.S. Constitution with nationwide jurisdiction in a variety of subject matters, including patents. Federal Circuit jurisdiction covers all patent appeals, including appeals of litigations from the U.S. District Court and appeals from the U.S. Patent and Trademark Office, for example, when grant of a patent has been denied.

Because the Federal Circuit deals with so many patent cases, its judges have a unique expertise in patent law. When appealing a case to the Federal Circuit, therefore, attorneys should assume the judges at the Federal Circuit are familiar with the law. This allows the attorneys to focus on the very specific aspects of the law and the interface with technology that require appellate attention. Experienced Federal Circuit practitioners know how to prepare an appeal tailored to the unique experience Federal Circuit judges
The Appellate Process

Returning to the hypothetical with the chief patent counsel, looking back on the case, your trial counsel did a good job. Some of the issues were difficult and chances were slim. Should trial counsel also be appellate counsel? It seems harsh and costly to hire new counsel just for the appeal, but at the same time, new counsel might be able to see issues differently from trial counsel who is steeped in the entire case.

Some clients will retain the same attorneys that handled the initial case, while others will hire new attorneys for the appeal process. Both approaches have their advantages, and either may work well depending on the specific situation. An attorney who worked on the case previously knows all of its issues and details; there is an obvious efficiency of using trial counsel for appeals. Conversely, a lawyer new to the case, while requiring a substantial amount of work to get up to speed, will be less likely to view issues emotionally and may be able to prioritize appealable issues better. Careful planning and teamwork, however, can mitigate the perceived disadvantages of either approach.

Several clients with which I work employ multiple law firms on appeal to gain the best of both worlds. The trial counsel remains involved on appeal and an appellate team, possibly from a different law firm, is brought in as well. Either team may take the lead in the initial drafting of the appeal, and after that, the two teams and the client coordinate on the draft briefs. Such a plan requires organization, coordination, and planning ahead, but when the client can afford it, the advantages gained from having both the case-knowledgeable attorneys and the new appellate attorneys are immeasurable.

For example, we were recently appellees, and we were debating whether to file a cross-appeal. We had lost at the district court on claim construction,1

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1 The scope of a patent is defined by its claims, located at the end of the patent. Claim construction involves a determination by the court of the meaning of the asserted claims to a hypothetical person of ordinary skill in the art, as a matter of
which had caused us to concede patent infringement\(^2\) and try the case on patent invalidity only. Fortuitously, we won a jury verdict holding the patent invalid and now found ourselves in the desirable position of appellees. The strategy question: should we open the door to a different claim construction on cross-appeal? Patentee-appellant could not appeal the claim construction—after all, it had gotten exactly what it asked for, a broad claim construction that forced us to concede infringement. We believed claim construction was improper, but because of its breadth, we had won at the district court on invalidity. The claim under the court's construction was broader than the patent’s description disclosed, and hence was invalid. On appeal, however, the Federal Circuit could decide that the patent indeed was valid and reverse the district court. Should that happen, under the court’s claim construction, we had conceded infringement so we would lose. Hence, if the court were inclined to reverse on validity, we would want again to argue our preferred claim construction that avoids infringement. However, we didn’t want to open that door on appeal unless we lost on validity; a catch twenty-two that trial counsel saw adamantly one way, and appellate counsel saw the other way.

Trial counsel, steeped in the case, believed it was only prudent to cross-appeal on claim construction to preserve grounds for an eventual win if the Federal Circuit remands at this point. After all, the Federal Circuit, as knowledgeable as they are, were bound to see the error in claim construction. The court even could address it \textit{sua sponte}, as they have been known to do.

Appellate counsel, however, believed a complex cross-appeal on why the claim construction was too broad and would dilute the brief. Keep in mind that claim construction is reviewed \textit{de novo}, while the other issues on appeal relating to invalidity are reviewed at the higher \textit{clear error} standard. Hence, the easiest thing for the court to reverse would have been the cross-appeal claim construction issue. However, a favorable claim construction would not necessarily result in an eventual win. The case would have to be

\(\text{law. Each claim comprises a set of limitations: specific terms, or phrases, that define the technology covered by the claim and hence covered by the patent.}\)

\(^2\) If all of the patent claim limitations are met by the accused device, the accused device is said to infringe the patent.
remanded to the district court, and there was a likelihood of a jury trial on infringement under the doctrine of equivalents. All we really needed and wanted as appellee was for the Federal Circuit to affirm.

In the end, we drafted the cross-appeal early, reviewed it, and let it sit; we discussed its merits and risks; and after deliberation, we chose not to file the cross-appeal. In ruling on the case, the Federal Circuit affirmed the district court’s judgment of patent invalidity. We will never know how the court would have addressed the cross-appeal on claim construction, and we didn’t need to know. However, the interchange between counsel and the existence of a good, early cross-appeal draft helped the parties evaluate the risks and benefits of presenting the issue.

**Advanced Planning is Essential**

As the previous example illustrates, a brief should be ready for client review at least a month before it is due. This gives the client and counsel time to mull the issues, incorporate suggestions and revisions, and make sure the brief is edited thoroughly before filing. Attorneys need to ruminate over presented arguments. The complexities of technology and its overlay with patent law often require much strategy. Filing a brief that is rushed and not fully vetted can be one of the biggest mistakes counsel can make. Hence, an appeal brief should be started as soon as the decision is made to appeal.

**Picking the Issues**

Although the client and attorney may identify several appealable issues from the original decision, a persuasive appeal addresses only a limited number of issues. The appellate process necessitates picking the most significant issues that require reversal. A shotgun approach simply will not be successful. Such an approach leads to the assumption by the reader that, because the drafter couldn’t choose the issues that will make the appeal successful, none of the issues merit reversal. Reversible issues likely are those that can be drafted to employ the most favorable standards of review.

One of the major challenges in appellate brief drafting is where to draw the line. Every word must count, and every sentence must move the court one
step closer to a decision in your favor. It is ironic that it takes more time and work to say less, and to say it effectively. In the aftermath of a hotly contested trial, every battle seems crucial and most issues appear to merit appeal. However, most of these issues will not be winners on appeal. Which should be discarded? Candidate issues should be written up.

The Federal Circuit takes pride in its reputation for applying consistent standards of review. Once you know the proper standard of review for each issue, you often will have a good idea about how the court will prioritize them. The court usually will focus first on the issues with the lowest standard of review, such as issues with a de novo standard of review.

Drafting the Brief

Once the issues on appeal have been decided and the proper standards of review have been applied to determine priority, the drafting process begins. Remember that the Federal Circuit, as a court of appeal, is a reviewing court, not a court of first impression. Hence, it cannot change the facts as found in the district court. However, the fact section of a brief provides a wonderful opportunity to tell the client’s story. Keep in mind to tell only what the court needs to know to decide your way. War stories of the trial fail on appeal, and forcing the Federal Circuit to wade through irrelevant facts is likely to backfire as the court may lose interest, and you may lose credibility with the court.

When drafting the argument section of the brief, remember that your headings provide a statement of each issue. The headings should present the court with an outline to follow for ruling in your client’s favor. Headings should be clear and concise. Indeed, your headings, shown together in the table of contents, become the outline of your brief.

Stick to this outline. A good appeal brief treats each issue separately and only addresses the issues presented. Counsel must avoid the tendency to compromise by putting additional, irrelevant arguments into footnotes. In fact, once the brief is in draft form, I like to go through it solely for the purpose of irradiating irrelevant statements. By the way, those irrelevant statements usually are found in the footnotes.
Consider your audience. Even judges get tired of reading page after page of uninterrupted text. Subheadings, at least every two to three pages, ease the monotony. Also, since appellate rules limit the number of words rather than the number of pages, incorporate color copies of exhibits and/or demonstratives into the text. Both judges and their law clerks enjoy briefs that include these graphic elements, as they bring a party’s written word to life. They also provide a quickly accessible reference; break up tedious reading and vividly drive your message home.

Federal Circuit judges are expert in their law. So, there is no need to waste valuable real estate expounding on something that is a given. State the proposition and support it with only the most relevant case. String citations also are a waste of valuable space. Save your words to treat the important, disputed issues properly with in-depth analysis of the most relevant case law.

Response and Reply Briefs

Once the appellant files the “blue brief,” the appellee—the satisfied party in the original case—files a “red brief” in return. The appellee has forty-five days in which to file this brief. Preparation of the red brief involves many of the same processes as the “blue brief” but has the obvious difference that appellant has chosen the issues for you. While the appellee should stick to the issues raised by the appellant, the appellee certainly can redraft those through its own eyes. For example, an issue that the appellant thought should be reviewed de novo may, in the appellee’s eyes, require review under the clearly erroneous standard. Being able to cast the issue using multiple standards of review is one of the most valuable talents to appellate work. An appellee also may file a cross-appeal on elements of the case that it lost (such as claim construction in the above example). A cross-appeal is simply an appeal by the appellee. The appellee, as the winning party at the district court, could not have appealed issues it lost unless the appellant appealed, and of course, a cross-appeal adds complexity. Some cross-appeals also add to the risks of the appellee by opening the door to more issues the court could decide unfavorably.

Once the red brief is filed, the appellant replies in a “gray brief,” which it
has fourteen days to file. The art of writing a gray brief entails finding a way to present the argument without rehashing the blue brief. Gray briefs, the smallest and most quickly written of the briefs, many times are the most important. Federal Circuit judges, after reading the decision being appealed, may go straight to the gray brief to find the distillation of the issues, rather than first wading through the mass of material that comes beforehand. After reviewing the gray brief to determine how the issues are refined, the judges then return to the previous briefs with this added focus.

After all the briefs and the appendix—a combined document containing copies of all exhibits that are referenced in the briefs—have been filed, the court schedules oral arguments for a date that is usually three to four months out. During the three to four months, the attorney and client should be going over arguments and evidence, and preparing the oral presentation to be both as strong and concise as possible.

**Oral Argument**

Parties generally are limited to fifteen minutes per side for oral argument. Condensing the technology and relevant patent law into that amount of time is a tough task, but well worth it. At oral argument, even more than in the briefs, it is not necessary to provide background to the Federal Circuit judges; they have read your briefs and are prepared for this discussion. Opening statements setting forth the issues should be two to three minutes—and even then, an attorney rarely gets through before the judges start firing questions.

The term “oral argument” may be a misnomer. Federal Circuit judges have observed that the fifteen minutes the three judges on the panel spend with each party is more like a discussion of the issues among educated attorneys than it is like an argument. Keep in mind that this is the sole opportunity a Federal Circuit judge has to receive answers to questions that may have been nagging him as he studied the briefs. And, with three judges on every panel, the fifteen minutes flies by with this question-and-answer interchange.

So, how to limit issues and make the most of that valuable fifteen minutes?
One useful strategy is to narrow the issues you plan to discuss, then pick the most important to argue first; you likely are not going to get to them all, because the court undoubtedly will begin its questioning and control the direction of oral argument from there. This also means the appellee—who can’t raise anything at oral argument the appellant didn’t mention—should not be able to address the issues the appellant did not reach. This type of prioritizing can be a useful strategy if the appellant is particularly strong or weak on certain issues.

The Federal Circuit values brevity. If counsel’s time has expired but the court has more to cover, the court may reinstate some of counsel’s time at oral argument. On the flip side, counsel should know when to “sit down.” Obviously, if time runs out, sit down. In addition, if you sense the judges are comfortable with your case, you have covered the points you must cover, and no one is asking you questions, it is always a good idea to say, “Your honors, if there are no more questions, I will sit down,” even before your time has elapsed. That is a potent and underutilized skill. Such action leaves no doubt about how strongly you believe in your client’s case, and it avoids giving your opponent ammunition to attack you on rebuttal.

As appellant, save a couple of minutes for reply, just in case. However, that doesn’t mean you have to use the time. Unless you want to correct a misstatement of fact or law by your opponent, let it go. If you do have something to say, limit yourself to one, at most two, short and instructive points.

An appellee’s argument may be the more difficult to prepare. The appellee must try to anticipate the issues upon which the appellate will focus. The appellee should prepare a short and piercing answer for each point, and should be prepared to answer any other issues the court may raise.

It takes both knowledge of precedent and experience to be able to anticipate the issues upon which the Federal Circuit is likely to focus. Counsel, arguing for the first time at the Federal Circuit, should visit the court for an earlier month’s hearings and sit through several. Not only will you pick up on the court’s hot buttons but also on the various strategies experienced Federal Circuit advocates employ. Counsel also should go
through one or more mock arguments. There simply is no substitute for a mock hearing set up just as the real hearing with three “judges” who have read the briefs and are prepared to grill counsel. Sometimes, touchy spots are not revealed until such a mock argument. At least they are revealed then, when there still is time to address them.

*Caution*

Many counsel are tempted to bring their trial visual aids to the Federal Circuit hearing. Do not bring visual aids. If you want the judges to see an exhibit, reduce it to 8.5 by 11 and include it in a brief. During oral argument, you always can ask the court to turn to the relevant page in the brief or appendix. The problem with visual aids is twofold. First, many times the judges cannot see them very well (i.e., patent claim charts blown up onto big boards are a distraction because the print may be too small for the court to read). Also consider whether the court needs the entire claim on the same chart left over from trial. Probably only a limited number of the same issues remain in the case. Such an exhibit is distracting to the court because the judges may not be able to read all of the text, and it may not be clear what still is at issue. Second, visual aids distract the court from the main emphasis of your argument. Courts of appeals decide issues of law, and they cannot re-determine factual issues. However, if you provide the court with an interesting exhibit, such as the accused device, it is human nature to focus on it instead of the crux of your legal argument. Provide visual aids for chambers during briefing, before oral argument.

In probably the worst and most ineffective argument I ever witnessed, a very experienced and well-known patent litigator brought his big boards with the patent claims on them. He placed four boards in the courtroom; two on each side of the lectern. Those in the gallery could not see anything, because the boards blocked their view of the bench. By the way, the judges’ law clerks sit in the gallery at the Federal Circuit. Common sense should counsel against blocking their view. When counsel began to speak, he immediately left the lectern and went over to the boards. Unfortunately, the microphone, which provides the official record of oral argument and the amplification so others in the courtroom can hear the speaker, was left stationary on that lectern. With his back turned to the judges and away from
the microphone, he began to laboriously go over the patent claims at issue. His fifteen minutes went by brutally slowly for his observers, but probably at light speed for him. Not one question was asked by the panel, and before he knew it, the presiding judge was informing him that his time had expired. He had accomplished nothing positive in his fifteen minutes; the judges had lost interest in the man with his back turned and the charts they could not read. As appellant, you could guess the outcome of his case—affirmed.

An appellate attorney does not have time to waste with distracted judges. Leave your visual aids and case summaries at home. Your visual aids will work their best if placed in the body of your brief.

**Advice on Success**

A successful Federal Circuit practice requires a well-rounded attorney providing both top-notch legal services and top-notch client service. Counsel must keep up with both the law and the issues at hand; keep the client abreast of the issues; and be available to the client at all times. Staying abreast of changes in the law by reviewing the Federal Circuit’s major decisions is essential. Good seminars and the patent bar associations may be useful resources that may highlight major cases or changes. Keep in mind that patent law is expensive and many times involves a company’s most valuable intellectual property assets. Hence, it is vital for the attorney to be available to clients at any time. The client need to know their patent attorney considers its most valuable intellectual property assets as seriously as it does.

Most attorneys do not have the opportunity to practice at the Federal Circuit as frequently as would be optimal. So how should you hone your skills? I recommend speaking whenever you can. Bar groups such as the Federal Circuit Bar Association, the American Intellectual Property Law Association, and the local intellectual property bar association provide an excellent forum for speaking. In addition, their many bar journals are looking for well-written articles on current hot topics. Not only does speaking and writing help hone skills, but it also helps provide the necessary recognition to develop clients.
Clients who want to be successful in patent cases both at trial and on appeal must remember that patent law is complex and expensive. They need to engage competent, qualified attorneys who specialize in their field. The client can ensure that it has made the appropriate choice of attorney by remaining substantively involved. Only when lawyer and client are attentive to each other and work together as a team can they most effectively unravel the complexities of patent appeals.