

APPLE, INC. v. SAMSUNG ELEC. CO., LTD., Appeal Nos. 2015-1171, 2015-1195, 2015-1994 (Fed. Cir. October 7, 2016). En Banc. Appealed from N.D. Cal (Judge Koh).

Background:

A prior panel of the Federal Circuit reversed the denial of Samsung's JMOL with regard to the jury verdict of infringement and non-obviousness of Apple's patents. Apple filed a petition for rehearing en banc. Apple's petition argued that the panel reversed the jury's finding of infringement by relying on extra-record evidence, none of which was of record and that appears to have been located only through independent research. Apple argued that this extra-record extrinsic evidence was used to modify the agreed to and unappealed claim construction. Apple also argued that this extra-record evidence was used in considering the factual question whether Samsung's phones met a claim limitation. Apple further argued that the case should be taken en banc because "in an unprecedented decision", the panel reversed nearly every fact finding by the jury which favored Apple.

Issue/Holding:

Did the Federal Circuit err in reversing the denial of JMOL? Yes, district court judgment reinstated.

Discussion:

The Federal Circuit concluded that the jury's verdict was supported by substantial evidence in the record and the panel improperly reversed the denial of JMOL. The Federal Circuit reaffirmed the appellate function as limited to deciding the issues raised on appeal by the parties, deciding these issues only on the basis of the record made in the court below, and as requiring appropriate deference be applied to the review of fact findings.

The Federal Circuit held, with respect to whether an appellate panel can look to extra-record extrinsic evidence to construe a patent claim term that based on the holding in *Teva Pharmaceuticals*, the factual components of claim construction should include the background science or the meaning of a term in the relevant art during the relevant time period (and such fact findings are indisputably the province of the district court) and, thus, extra-record extrinsic evidence should not have been used. Accordingly, the Federal Circuit held that the appellate court should not have relied on extra-record extrinsic evidence or have made factual findings about what such extrinsic evidence suggests about the plain meaning of a claim term and how such extra-record evidence may inform an understanding of how the accused device operates. The Federal Circuit further held that the appellate court is not permitted to reverse fact findings that were not appealed and that the appellate court is required to review jury fact findings when they are appealed for substantial evidence.

The prior panel reversed nearly a dozen jury fact findings including infringement, motivation to combine, the teachings of prior art references, commercial success, industry praise, copying, and long-felt need across three different patents, and did so despite the fact that some of these findings were not appealed and without ever mentioning the applicable substantial evidence standard of review. The Federal Circuit held that with regard to this objective indicia, its findings departed from existing law.