A SEPARATE TRIAL ON CLAIM CONSTRUCTION: IS THE MARKMAN PROCEEDING WELCOME IN CANADA?

By
Nathalie Jodoin and Adam Mizera
LEGER ROBIC RICHARD, Lawyers
ROBIC, Patent & Trademark Agents
Centre CDP Capital
1001 Square-Victoria - Bloc E – 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: (514) 987 6242 - Fax: (514) 845 7874
www.robic.ca - info@robic.com

For the first time in Canada, and being inspired by an American procedure known as the "Markman Proceeding", the Federal Court of Canada in *Realsearch Inc.* v. *Valon Kone Brunette Ltd.*, (2003) F.C.T. 669, May 28 2003 (Noël J.) (hereafter *Realsearch*), a case on patent infringement, granted an order based on Rule 107 of the *Federal Court Rules (1998)* that claim construction in this case be examined in a separate preliminary trial prior to the main trial. Thus, the Federal Court of Canada has opened up its usually restrictive interpretation of Rule 107, which is rarely granted without consent of the parties.

The Markman proceeding came into existence after the U.S. Supreme Court decision in *Markman* v. *Westview Instruments*, 517 U.S. 370 (hereafter *Markman*). This proceeding is used to establish a separate preliminary trial on claim construction. In the *Markman* case, the U.S. Supreme Court confirmed that claim construction is a matter of law. Hence, since the decision, claim construction, as a matter of law, must be evaluated by a judge alone in a preliminary trial, before being submitted to a judge and jury in the main trial.

In *Realsearch*, the Plaintiff held a patent on a mechanical device to remove bark from logs and claimed that the Defendant's device infringed their rights into such technology. In defence, the Defendant claimed that Realsearch's patent was invalid, and, through a motion, requested a separate hearing on claim construction.

In order to grant a Markman-type order for a separate trial, the Federal Court in *Realsearch* examined whether such a proceeding could help ensure a better debate on the merits of the case, while resulting in a more just, expeditious and less expensive resolution of the case between the parties. The Court noted that Canadian caselaw had shown that claim construction necessarily preceded inquiries into questions of validity and infringement.

Therefore, early claim construction could help parties better evaluate the respective merits of their positions, and their chances of succeeding in court. Although recognizing that there is no absolute guarantee of success when using such a proceeding, the court submitted that parties would inevitably benefit from such a ruling, and ordered a separate trial.

However, the context behind the *Markman* decision in the U.S., which inspired the Canadian court's ruling in *Realsearch*, is much different. *Markman* was a patent infringement case related to dry-cleaning service inventory systems. The central issue of the case related to an analysis of whether claim construction was a matter of fact to be judged by a jury or rather a matter of law, and who was better placed to analyse claim construction. The U.S. Courts in *Markman* stated that claim construction by a judge without a jury had several advantages: an increased stability in the criteria used to determine infringement or not, as well as the assurance that a judge is usually better placed to analyse the claims of a patent by using established rules of interpretation. Consequently, it was held that claim construction was not to be left to the hazards of a jury trial, and hence the concept of separate trial was created. As it can be seen, the ratios of the Canadian and American courts behind the creation of this separate proceeding is quite different.

American legal scholars have pointed out several weaknesses of the Markman proceeding. For example, if claim construction favours the Plaintiff and infringement is established, a separate proceeding will only have slowed down the main trial and delayed determinations of damages (See D.H. Binney et T.L. Myricks, "Patent Claim Interpretation After Markman – How Have the Trial Courts Adapted?" 38 IDEA 155, at p. 161.). Also, the Markman proceeding gives U.S. Federal Circuit courts the right to carry out claim construction de novo in a new trial, the latter being a matter of law which can be appealed, with a re-examination of proof and expert witnesses, thus possibility subjecting parties unnecessarily to additional proceedings (See E.J. Norman, "*Markman* v. *Westview Instruments, Inc.*: The Supreme Court Narrows the Jury's Role in Patent Litigation" (1997) 48 Mercer L. Rev. 955, at p. 963.).

Additionally, studies of the performance of American judges in infringement cases yield interesting results that can be used to evaluate whether the reasoning of the Court in *Markman* that judges were better placed than juries to carry out claim construction was correct. In 2001, close to one third of lower courts' judgements on the issues of claim construction were overturned in appeal at the Federal Circuit Court level, thus proving that lower court judges do not necessarily possess the correct tools to carry out claim construction with sufficient precision and stability (See K.A. Moore, "Are District Court Judges Equipped to Resolve Patent Cases?", (2001) 15 Harv. J. Law & Tec. 1, at p. 38.). In 2003, one study shows that that number has climbed to

close to 40% of cases (See A.T. Zidel, "Patent Claim Construction in the Trial Courts: A Study Showing the Need for Clear Guidance from the Federal Circuit", (2003) Seton Hall L. Rev. 711, à la p. 754.). Given this high number of appeals, certain authors submit that a Markman-type proceeding can only help increase a court's efficiency if appeal courts are ready to accept and dispose of quickly of interlocutory judgements related to claim construction (See : F.M. Gasparo, "*Markman* v. *Westview Instruments, Inc*. and its Procedural Shock Wave: the Markman Hearing", (1997) 5 J.L. & Pol'y 723, at p. 767 ; and C.A. Nard, "Intellectual Property Challenges in the Next Century: Process Considerations in the Age of Markman and Mantras", 2001 U. Ill. L. Rev. 355, at p. 385.). Otherwise, the potential advantages of a separate trial will be lost in a wave of appeals.

The experience of American courts seems to show that the objectives sought by the Federal Court of Canada in *Realsearch*, in terms of savings of time and resources by implementing a separate trial, will not necessarily be easy to meet. It is only in cases where claim construction results in a determination of the absence of infringement that the Markman-type proceeding will surely be beneficial to parties in Canada. Also, if this proceeding becomes more commonplace in Canada, courts will have to be prepared to accept and dispose of more interlocutory judgements on claim construction. Time only will tell whether Canadian courts will adopt the principles set out in *Realsearch*, and whether this type of order will be used effectively in Canadian patent litigation.

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