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Appellate lawyers analyze cases differently from trial attorneys, say Paul Hastings attorneys Sean D. Unger, Danielle C. Doremus and Stephen B. Kinnaird. Looking at three recent, disparate Supreme Court opinions, they show how nuances in them form critical patterns that can help appellate lawyers be successful in unrelated cases.

Peeling the Onion: Appellate Lawyers' Take on Disparate Cases

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Appellate lawyers sometimes get asked by clients and colleagues how an appellate lawyer is different from any other type of lawyer. The answers to that question are many, but one of them is that when appellate lawyers read cases to stay current, they are often reading them for a different purpose than a subject-matter expert would.

A securities lawyer reads a case to learn what the current interpretation of securities law is. An appellate lawyer is likely interested in that question, too, but when an appellate lawyer reads a case, she is just as interested in the process.

The appellate lawyer is curious about the structure of the reasoning, recognizing that in her next environmental appeal the same court's most recent approach to statutory interpretation in an employment dispute may prove a useful analogy.

While the ''what is the answer?'' question matters to all of us, the ''how did they get there?'' analysis may matter more to the appellate lawyer's next appeal in the same or perhaps disparate area of law.

Three recent decisions from the U.S. Supreme Court in three different areas of law—whistleblower protections for government employees, fact-finding during

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claim construction in patent disputes, and tacking priority trademark fights—provide an interesting case study.

Taken alone, the outcomes in these disputes offer little reason for a general audience to read each case. The ''answer'' in the employment dispute has no impact on the ''answer'' in the patent case. But to an appellate lawyer, each case offers interesting guideposts and lessons for argument construction across all cases.

Background

In the span of two days, the Supreme Court issued decisions in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 83 U.S.L.W. 4055, 2015 BL 12182, 2015 WL 232131 (U.S. Jan. 20, 2015) (No. 13-854); *Department of Homeland Security v. MacLean*, 83 U.S.L.W. 4075, 2015 BL 13470, 2015 WL 248560 (U.S. Jan. 21, 2015) (No. 13-894); and *Hana Financial, Inc. v. Hana Bank*, 83 U.S.L.W. 4085, 2015 BL 13506, 2015 WL 248559 (U.S. Jan. 21, 2015) (No. 13-1211). The ultimate holding in each case is easy to state.

The decision in *Teva*, a patent case, reversed the Federal Circuit's rule that subsidiary factual disputes resolved during a district court's claim construction are reviewed *de novo*. The court held that such factual findings should be reviewed under the more demanding ''clearly erroneous'' standard instead. *Teva*, 2015 WL 232131, at *5.

''Federal Rule of Civil Procedure 52(a)(6),'' the court explained ''states that a court of appeals 'must not . . . set aside' a district court's '[f]indings of fact' unless they are 'clearly erroneous.' '' *Teva*, 2015 WL 232131, at *5 (U.S. Jan. 20, 2015). ''In [the court's] view, this rule and the standard it sets forth must apply when a court of appeals reviews a district court's resolution of subsidiary factual matters made in the course of its construction of a patent claim.'' *Id.* ''Clearly erroneous,'' in other words, not ''*de novo*'' is the standard that the Federal Circuit must apply to the facts found as part of a claim construction.

The decision in *MacLean* was similarly direct. There, the court held that a federal whistleblower statute protecting a government employee who discloses a potential legal violation or a danger to public health or safety, does not exempt disclosures specifically and solely prohibited by regulation. *MacLean*, 2015 WL 248560, at *3. While the statute exempts statements '' 'specifically prohibited by law' '' from whistleblower protection, the court held the same exemption does not include statements prohibited by regulation. *Id.* (quoting 5 U.S.C. § 2302(b)(8)(A)).

Finally, the decision in *Hana Financial*, a case involving priority in trademark disputes, was equally clear. The question presented had to do with priority in trademark disputes. While ''[r]ights in a trademark are determined by the date of the mark's first use in commerce,'' in limited circumstances, courts have allowed a party to ''clothe a new mark with the priority position of an older mark''—a practice known as tacking. *Hana Financial*, 2015 WL 248559, at *2. In *Hana Financial* the court analyzed who should determine whether ''tacking'' applies, judge or jury, and held the jury should decide. *Id.* at *5.

Taken together, *Teva*, *MacLean*, and *Hana Financial* are three cases with three clear rules. The outcome in each case is arguably relevant only to the given field in which it was decided.

Teva's holding about appellate standards in patent claim construction appeals has little relevance to an employment lawyer trying to determine whether *MacLean* impacts his or her whistleblowing case. Nor is the result in either case directly relevant to trademark disputes.

But to the appellate lawyer, each case offers interesting guideposts and lessons that may cut across appeals and subject matters.

Each Decision Has Another Layer to the Appellate Lawyer

While the outcome in *Teva*, standing alone, is an important development in patent law (shifting the ultimate fact-finding authority from the Federal Circuit to the district courts, subject only to a clear error review), its reasoning is equally interesting to the appellate lawyer.

Justice Breyer wrote the opinion for the *Teva* court, and he started his analysis in Rule 52's plain text. That may be of little consequence as the question presented was whether the rule applied when the issue was patent claim construction, but to the appellate lawyer, the textual language of ''[f]indings of fact'' in the rule—which Justice Thomas did not find even applicable to claim construction, *see Teva*, 2015 WL 232131, at *18 (Thomas, J. dissenting)—may not have been the driving motivation for the decision.

Teva is not the Supreme Court's only discussion on patent claim construction. In *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), the court decided that the whole issue of claim construction was one of law for the court, not the jury. *Id.* at 384. Importantly (and famously), the court reasoned that ''*functional* considerations,'' made courts better suited to determine the acquired meaning of patent terms. *Id.* at 388-89 (emphasis added).

Because *Markman* held that claim construction was a legal issue, it potentially set the court up in *Teva* to apply *de novo* review to any fact-findings embedded in claim construction, and to ground that decision in *Markman* and its functional considerations.

Yet, Justice Breyer initially and primarily grounded his analysis in Rule 52's text and shunned any direct reliance on *Markman*. The question is ''why?''

The answer, interestingly enough, may be in part because Justice Breyer and the court thought deferring to the district court's fact finding was the best ''functional'' outcome, and Rule 52 provided the vehicle to both conclude that factual finding does occur in some parts of the claim construction process and that any implications in *Markman* that such findings were ''legal'' and not ''factual'' could be set aside.

Without backing away from the law that the ''ultimate interpretation'' of a patent claim ''is a legal conclusion[,]'' reviewed ''*de novo*,'' Justice Breyer explained that *Markman* did not address and did not change Rule 52's clear command that any underlying factual determinations in that analysis are entitled to clear error review. *Id.* at *6, 10. The opinion's main thrust is very legal: The outcome is what the rule compels. *Markman* does not compel otherwise.

But that focus on the rule likely obscures the functional considerations behind the decision.

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In concluding his explanation why Rule 52 and a clear error standard of review applies, Justice Breyer explained that ''practical considerations favor clear error review.'' *Teva*, 2015 WL 232131, at *7. Identifying the relevant background science or the meaning of a term in the relevant art is easier where a court has presided over the entirety of the proceeding and heard from live witnesses. *Id.* at *7.

Accordingly, the court held, the district court is in a better position to analyze these factual disputes than the appellate court. *Id.* at *10.

Markman and *Teva* thus arguably both turn on, or at least were influenced by, practical considerations. Those considerations yield different results based on context.

In resolving who should conduct a patent claim construction, judge or jury, the court in *Markman* went with the judge. In deciding where greater deference should be afforded to factual findings in that claim construction, the district court or the court of appeal, *Teva* sides with the district court.

Why is this interesting to appellate lawyers? Why do they care? Because the focus on the practical in both *Markman* and ultimately in *Teva* explains the power and need to understand your appellate tribunal.

Justice Breyer, for example, has made it a hallmark of his own jurisprudential philosophy to consider the pragmatic, and has privately written that when the law considers who is the appropriate decisionmaker between competing decisionmakers the law should defer to the body with comparative institutional expertise. *See* Stephen Breyer, MAKING OUR DEMOCRACY WORK: A JUDGE'S VIEW 106, ET SEQ. (2010).

The appellate lawyer would be interested in *Teva's* and the court's renewed acceptance of this ''functional'' line of analysis because it is proving increasingly persuasive.[1]

In fact, the next day, in *Hana Financial* the court again deferred decisionmaking authority to the decisionmaker it felt best qualified to resolve the dispute. There, the choice was between the district court as fact-finder or the jury, asking who should resolve the trademark tacking question. The court, in a unanimous opinion written by Justice Sotomayor, left the decision to the jury.

The court did not get beyond the first paragraph of its analysis before explaining that ''[b]ecause the tacking inquiry operates from the perspective of an ordinary purchaser or consumer, we hold a jury should make this determination.'' *Hana Financial*, 2015 WL 248559, at *2. Later in its analysis, the court buttressed that reasoning. ''[W]e have long recognized across a variety of doctrinal contexts,'' the court explained, ''when the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decisionmaker that ought to provide that fact-intensive answer.'' *Id.* at *3.

Teva and *Hana Financial*, which initially appeared disparate—one is a patent claim construction case, the other a trademark priority dispute—actually share a common core.

To the appellate lawyer, this is interesting. Both cases ultimately raised questions of decisionmaking authority and who is the best decisionmaker given the context of the case.

In both cases, the court engaged, at least in part, in a functional analysis, placing the authority in the hands of the decisionmaker it concluded was best suited to make the decision.

In the patent fact-dispute context, that was the district court because it had the benefit of live witnesses and familiarity with the full record. In the trademark tacking dispute, it was the jury because when the question is what the community thinks, it is best to ask the community.

Two disparate cases shared a common analytic theme.

Teva and _Hana Financial_ share a common core: Both raised questions of decisionmaking authority and who is the best decisionmaker given the context of the case.

MacLean did not involve a question of decisionmaking authority so it can neither be squared, nor contrasted with, the court's approach in *Teva* and *Hana Financial*. That does not mean, however, that the decision lacked interest beyond its outcome to the appellate lawyer. It does.

In particular, *MacLean* is interesting for its invocation of the *Russello* presumption.

The statute at issue in *MacLean* protected whistleblowing. It prohibits federal employees from taking personnel actions against ''any employee or applicant for employment'' for certain disclosures of illegal, dangerous, or wasteful government conduct ''if such disclosure is not *specifically prohibited by law*'' or required by executive order for defense or national security reasons. 5 U.S.C. § 2032(b)(8)(A) (emphasis added).

The petitioner was a federal air marshal who disclosed the government's cutting of certain air marshal services because he believed such cuts were in violation of the law. *MacLean*, 2015 WL 248560, at *3-4. Government regulations barred the disclosure.

Before the Supreme Court, the government argued that the exemption to whistleblower protection for disclosures ''specifically prohibited by law'' included regulations. *Id.* at *5-6. The Supreme Court disagreed.

In explaining why, the court noted that ''[t]hroughout Section 2302, Congress repeatedly used the phrase

[1] *Teva* is interesting on a number of other appellate fronts, including for example the court's adherence to the rule that expert opinion is not appropriate on questions of law, *see Teva*, 2015 WL 232131, at *10 (quoting *Winans v. New York & Erie R. Co.*, 21 How. 88, 100-01 (1859) (' 'Experts may be examined to explain terms of art, and the state of the art, at any given time,'' but they cannot be used to prove ''the proper or legal construction of any instrument of writing.' '')), and the court's by-name invocation of a Judge Learned Hand decision to support its reasoning. *Id.* at *7. The Supreme Court is oft inclined to cite or to agree with Judge Hand, and this is but another example. *See, e.g.*, *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 82 U.S.L.W. 4195, 2014 BL 80718 (U.S. March 25, 2014) (No. 12-873) (citing *Ely-Norris Safe Co. v. Mosler Safe Co.*, 7 F.2d 603, 604 (2d Cir. 1925) (L. Hand, J.)); *Moncrieffe v. Holder*, 81 U.S.L.W. 4265, 2013 BL 107115 (U.S. April 23, 2013) (No. 11-702) (citing *United States ex rel. Guarino v. Uhl*, 107 F.2d 399, 400 (2d Cir. 1939) (L. Hand, J.)).

'law, rule, or regulation.' '' *MacLean*, 2015 WL 248560, at *6. ''In contrast, Congress did not use the phrase 'law, rule, or regulation' in the statutory language at issue here; it used the word 'law' standing alone.'' *Id.*

Citing *Russello v. United States*, 464 U.S. 16, 23 (1983), the court found that ''significant,'' ''because Congress generally acts intentionally when it uses particular language in one section of a statute but omits it in another.'' *Id.*

''Congress's choice,'' the court concluded, ''to say 'specifically prohibited by law' rather than 'specifically prohibited by law, rule, or regulation' suggests that Congress meant to exclude rules and regulations.'' *MacLean*, 2015 WL 248560, at *6.

To the appellate lawyer, the court's invocation of a canon of statutory construction is an important data point, interesting separate from the eventual outcome. An appellate lawyer is often faced with questions of statutory construction and knows that invoking a canon of construction is not without peril.

Justice Scalia and Brian Garner, in their book, *Reading Law*, have cautioned those who invoke the negative-implication doctrine (the expression of one thing implies the exclusion of others), that ''[v]irtually all the authorities who discuss the negative-implication canon emphasize that it must be applied with great caution, since its application depends so much on context.'' *See* A. Scalia & B. Garner, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 107 (2012).

Discussing the canon it applied here, the court, for example, has elsewhere explained that the ''[t]he *Russello* presumption that the presence of a phrase in one provision and its absence in another reveals Congress' design—grows weaker with each difference in the formulation of the provisions under inspection.'' *City of Columbus v. Ours Garage & Wrecker Serv., Inc.*, 536 U.S. 424, 435-36 (2002).

MacLean helps with that uncertainty. The court explains that ''[t]he interpretive canon that Congress acts intentionally when it omits language included elsewhere applies with particular force here for two reasons.'' *MacLean*, 2015 WL 248560, at *6.

''First, Congress used 'law' and 'law, rule, or regulation' in close proximity—indeed, in the same sentence.'' *Id.* ''Second, Congress used the broader phrase 'law, rule, or regulation' repeatedly—nine times in Section 2302 alone.'' *Id.* (citation omitted).

''Those two aspects of the whistleblower statute,'' the court explained, ''make Congress's choice to use the narrower word 'law' seem quite deliberate.'' *Id.*

To the appellate lawyer, *MacLean*'s reasoning offers a way to bolster, or argue against, the invocation of the *Russello* presumption in an appeal in a very different area of the law.

An appellate lawyer may argue in a later appeal that the proximity of the included but later omitted term is dispositive, or that the distance is a reason why the presumption should have little effect. Either way, the reliance on *MacLean* would have little to nothing to do with whistleblowing, but may nonetheless motivate the outcome of the case.

Conclusion

The takeaway from this article is not to suggest that *Teva*, *Hana Financial*, or *MacLean* will change the face of patent, trademark, or employment law. That is a question for subject-matter experts to answer.

Rather, these cases demonstrate the insights an appellate lawyer can bring to legal questions in every area of practice.

An appellate court's reasoning often transcends subject matter. With expertise in that second layer, appellate lawyers can help subject-matter experts and clients identify and apply the critical patterns that will drive the best outcomes for their case.

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