

EFFECTIVE ADVOCACY THROUGH COOPERATIVE AND PROPORTIONAL USE OF PROCEDURE

OR LITIGATE AS IF YOU PLAN TO GO TO TRIAL



Federal Rule of Civil Procedure 1

These rules govern the procedure in all civil actions and proceedings in the United States district courts They should be construed, administered and employed by the court and the parties to secure the **just, speedy, and inexpensive determination** of every action and proceeding.

Advisory Committee Notes 2015 Amendment

Discussions of ways to improve the administration of civil justice regularly include pleas to discourage over-use, misuse, and abuse of procedural tools that increase cost and result in delay. **Effective advocacy is consistent with – and indeed depends upon – cooperative and proportional use of procedure.**

Patent Litigation – Not Speedy

From 2008 to 2015

National Average Time from Case Filing to Claim Construction: **720 days**

National Average Time from Case Filing to Summary Judgment Order:

- **945 days** (MSJ Against Patentee)
- **1013 days** (MSJ for Patentee)

National Average Time from Case Filing to Trial: **1203 days**

Patent Litigation – Not Inexpensive

Median Costs of Patent Litigation in 2015 for Infringement Suits of all Varieties

- **Less than \$1 Million at Risk**
 - To End of Discovery \$400,000
 - Inclusive, all costs **\$600,000**
- **\$1-\$10 Million at Risk**
 - To End of Discovery \$950,000
 - Inclusive, all costs **\$2,000,000**
- **\$10-\$25 Million at Risk**
 - To End of Discovery \$1,900,000
 - Inclusive, all costs **\$3,100,000**
- **More than \$25 Million at Risk**
 - To End of Discovery \$3,000,000
 - Inclusive, all costs **\$5,000,000**

Procedures Instituted for Efficient, Cost Effective Litigation

- ❖ Heightened Pleading Standards
- ❖ Local Case Management Tools
- ❖ Damages Contentions and Gatekeeping
- ❖ AIA Rules and Procedures

Pleading Standards

Elimination of Form 18

- For **allegations of direct infringement**, what meets the plausibility standard?
- Congressional Proposals to required claim charts in the pleadings (for all claims asserted?)
 - Sufficient to identify claims and at least one accused instrumentality, and provide an exemplar of a claim reading on the device/process
 - how detailed?
 - Information and belief based on publicly available information
- For **allegations of indirect infringement**, what meets the plausibility standard?
- Evidence of the direct infringement (who, what, where, when, how)
 - Evidence of knowledge and intent

Discovery Scope and Limits Rule 26(b)(1)

Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and **proportional to the needs of the case, considering**

- **The importance of the issues at stake in the action,**
- **The amount in controversy,**
- **The parties' relative access to relevant information,**
- **The parties resources,**
- **The importance of the discovery in resolving the issues, and**
- **Whether the burden or expense of the proposed discovery outweighs its likely benefit.**

Local Patent Case Management Rules

Introduced in 2001 in the Northern District of California

- In recognition of the complexities and uniqueness of issues associated with management of patent infringement litigation
- Rules to provide standard structure for addressing the issues which typically arise in such cases and to foster predictability and facilitate planning for litigants and the court
- **31 Districts have some form of local patent case management rules**

Local Rules, Cont.

Common features

- Default Protective Orders
- Model ESI and Source Code production procedures
- **Preliminary disclosure of infringement contentions**
- **Preliminary disclosure of invalidity contentions**
- **Fixed schedule** for claim construction briefing and hearing

Local Rules, cont.

Increasing adoption of limitations on

- Number of Claims asserted
- Number of Prior Art combinations
- Number of Claim Terms/Phrases for Proposed Construction
- Number of Accused Instrumentalities (use of representative samples)

In 2015, 80% of motions brought in District Courts to limit the number of claims and/or art asserted were granted

In re Katz Interactive Call Processing Patent Litigation, 639 F.3d 1303 (Fed. Cir. 2011)
Rejecting patent holder's argument that is was a Due Process violation for the District Court to limit the number of claims asserted and require patent holder to demonstrate that any unselected claims raised issues of infringement or invalidity that were not duplicative of the selected claims

Leave to Amend

Opportunity to amend contentions varies among districts and judges

Best Practice recommendation:

to preserve due process considerations, allow for amendment of contentions based on diligent discovery and claim construction issues

Damages Contentions and Gatekeeping

Rule 26(a)(1)(A)(iii)

A party must provide a computation of each category of damages claimed by the disclosing party, who must also make available for inspection and copying as under Rule 34 the documents or other evidentiary materials, unless privileged or protected from disclosure, on which each computation is based

There is no exemption for patent cases, but rarely adhered to

Proposed Early Preliminary Damage Contentions

- Assist in Proportionality Considerations
- Frame the analysis – lost profits, royalty base and apportionment considerations, existing licenses, FRAND agreements
- Timing – notice and/or marking

Damages, Cont.

Damage awards should be based on "sound economic and factual predicates"

Court's Gatekeeping Role pursuant to Fed. Rule of Evidence 702 – ensure that an expert's testimony rests on a reliable foundation and is relevant to the task at hand.

Evaluate the legal construct on a case-by-case basis, **solely on principles and methodology, not the conclusions generated.**

Briefed and heard separately, or in conjunction with summary judgment motion (as a motion to strike)

AIA Issues and District Court Proceedings

Joinder

Accused infringers can be joined to a single suit only if any claim "arises out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale or selling the same accused product or process."

Different defendants with different products cannot be joined to the same suit based solely on the fact that they have been accused of infringement the patent.

Result – **instead of one lawsuit with 15 defendants, 15 separate lawsuits on same patent(s) low-numbered to the same judge**

- Active case management by the court, set proactive service deadlines
- Coordinate discovery and hearings for claim construction and invalidity determinations
- Enter joint defense agreement to allow multiple defendants to share privileged and work product materials

AIA Issues, cont.

Inter Partes Review -- To Stay or Not to Stay

Designed to establish a more efficient and streamlined patent system and limit unnecessary and counterproductive litigation costs

Granted if "there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition"

Petition for review must be filed within one year after being served with complaint

Does the District Court Stay Litigation

- Involving multiple patents, multiple defendants, not all asserted claims
- Estoppel effects
- Timing, too soon, too late
- How long?

The Role of Lawyers and Clients

What is your goal in litigation?

If it is time-consuming, resource diverting (\$ and people) machinations intended to leverage settlement postures, bully adversaries or stall proceedings, you can ignore all these tools and procedures intended to help advance a good faith dispute to an efficient, speedy and just resolution....

Being Ready for Trial Should be Your Goal



- If you are ethically, diligently and zealously advancing your client's best interests, you should be preparing, requesting, producing, briefing and arguing throughout the litigation with the goal of being properly and efficiently prepared to proceed to trial.
- **Although less than 3% of civil cases go to trial, being ready is your best leverage to obtaining an efficient, speed and just resolution**
 - Narrow and focus the infringement and invalidity issues
 - Select claim construction issues that are meaningful (and actually require construction under the law)
 - Reasonably evaluate the exposure and risks
 - Timely provide the discovery needed in the case
 - Aim your requests to the discovery you need to prove your case
 - Bring motions of reasonable volume and subject matter that advance the case (not to educate the court or smoke out the opposition's theories)
 - Be able to "Say Yes to the Date"
