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DISTRICT COURT PATENT CASE MANAGEMENT POST-AIA

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Patent cases present unique challenges to the judicial system due to their technical complexity and the many legal issues typically presented. Compounding the management challenge is the fact that patent litigation often involves enormous amounts of money and sometimes the very survival of the parties.

In the late 1990's some judicial districts began to adopt local rules for the management of patent cases. Adoption of such rules became more widespread over the next few years, and typically provided for early infringement and invalidity contentions, a schedule for briefing of claim construction issues, and sometimes disclosures of contentions relating to willfulness and other issues.

By the early 2000's, pressure grew for legislative reform of the patent system. Inevitably, industries divided into camps of influence, some lobbying for dramatic changes in the prosecution of patents, others for reform of patent litigation. After several attempts at reform stalled, Senate leaders in the spring of 2011 eliminated controversial litigation reforms, paving the way for House passage of H.R. 1249. Following President Obama's characterization of the legislation as a "jobs bill," the Senate quickly passed the House version, which was signed into law in September 2011.²

The Smith-Leahy America Invents Act promises to be the most radical revision of American patent law in the last half-century. This paper deals with case management issues flowing from enactment of the AIA, together with other ongoing management issues often encountered in patent cases.

I. PARALLEL PROCEEDINGS

The AIA introduces a new scheme for post-grant review³ of patent validity by the Patent and Trademark Office.⁴ Pendency of PTO proceedings parallel to cases in District Courts will present new challenges in case management.

A. Stays of District Court Cases Pending Post-Grant Review

The availability of the new post-grant review procedures will exacerbate the existing issue of the propriety of a stay of a District Court proceeding pending the

1 The ideas in this paper were prompted by my co-faculty for this panel: Ray Chen, Hon. Faith Hochberg, Karen Keller, Ron Shutz, Robert Sterne and Hon. Ronald Whyte. Opinions and errors are mine alone.

2 A complete copy of the AIA as enacted can be found at: <http://www.govtrack.us/congress/bills/112/hr1249/text>.

3 In this paper, "post-grant review" refers generically to inter partes review, supplemental examination, post grant review and Section 18 proceedings under the AIA, as well as to ex parte reexaminations that survive the AIA.

4 The details of this new approach to PTO post-grant review of validity will be discussed in depth by other panels.

completion of parallel validity proceedings before the PTO. For years District Courts have struggled with the issue of stays during reexamination or reissue proceedings before the PTO. Predictably, different courts have demonstrated varying inclinations to stay their proceedings pending completion of a reexam or reissue. Some districts have appeared skeptical of the utility of stays,⁵ while others have adopted guidelines more likely to result in stays during the pendency of reexams.⁶ Still others have crafted stay orders that effectively imposed estoppels on litigants who unsuccessfully urged invalidity in reexaminations.⁷ Judicial approaches to this issue lack uniformity, with most courts adopting a case-by-case approach.

Although the AIA revolutionized the scheme of post-grant review by the PTO, the Act provides scant guidance about stays of parallel District Court litigation. The history of Congressional debate of the AIA provides little insight.⁸ During debate Senator Charles Schumer noted that business method patents are “the bane of the patent world,”⁹ and introduced an amendment providing specific guidelines for the grant of stays pending post-grant proceedings dealing with business method patents relating to the financial industry. Specifically, Senator Schumer indicated that his amendment (which became the basis for Section 18 of the Act) was modeled on a single unpublished 2006 decision of a District Court in Colorado.¹⁰ Notably, Senator Schumer and others elected to rely on this unpublished decision and to ignore substantial other authority evaluating the issue of stays pending reexam, presumably because only the *Broadcast Innovation* case included a factor directing the court to evaluate whether a stay would reduce the burden of litigation on the parties and on the court.¹¹

The result of Senator Schumer’s amendment was the inclusion in the AIA of specific statutory guidance for the grant of a stay in proceedings under Section 18 of the Act involving the transitional program for covered business method patents. (In simplified terms, this section is a special post-grant review provision for business method patents applicable to the financial industry.) The stay provision provides:

(b) REQUEST FOR STAY. –

(1) In General. – If a party seeks a stay of a civil action alleging infringement of a patent under section 281 of title 35, United States Code, relating to a transitional proceeding for that patent, the court shall decide whether to enter a stay based on –

- (A) whether to stay, or the denial thereof, will simplify the issues in question and streamline the trial;
- (B) whether discovery is complete and whether a trial date has been set;
- (C) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.

5 *Sovereign Software LLC v. Amazon.com, Inc.*, 356 F.Supp. 2d 600, 662 (E.D. Tex. 2005).

6 *Ricoh Co., Ltd. v. Aeroflex, Inc.*, 2006, U.S. Dist. LEXIS 93756 at *13 (N.D. Cal. 2006).

7 *Premier Inf'l Associates LLC v. Hewlett-Packard Co.*, 554 F.Supp.2d 717 (E.D. Tex. 2008).

8 A complete guide to the legislative history of the AIA can be found at: http://www.uspto.gov/aia_implementation/guide-to-aia-p1.pdf.

9 Congressional Record (March 8, 2011).

10 *Broadcast Innovation v. Charter Communications*, 2006, W.L. 1897165 (Colo. 2006).

11 Congressional Record (March 8, 2011).

While this statutory language appears only to guide the discretion of the court (directing consideration of whether the case will be simplified; the stage of the litigation; the presence or absence of prejudice), the legislative history reveals that the final factor (whether the stay will reduce the burden of litigation on the parties and the court) was intended by the Congressional drafters to result in a denial of a stay of litigation only “in extremely rare circumstances.”¹²

Further emphasizing Congressional intent that the PTO have first crack at determining invalidity of financial business method patents, Section 18 also provides for an interlocutory appeal from grant or denial of the stay; directs the Federal Circuit to review District Court decisions to ensure consistent application of established precedent; and provides that the review may be *de novo*.

Section 18, however, is only one of several new post-grant procedures which will present to the District Courts the issue of the propriety of stay during the pendency of post-grant actions before the PTO. In contrast to the detailed guidance for District Court stays provided by Section 18, none of the other post-grant procedures created by the AIA make any mention of the factors guiding a District Court in considering a stay, nor does anything in the AIA address the preexisting issue of stays during reexams or reissue proceedings. The entirely new scheme of post-grant review created by the AIA, coupled with the absence of Congressional guidance as to the posture of the District Courts during such proceedings, have created conflicting views of the appropriate treatment of requests for stays in the District Courts pending PTO action on post-grant review.

One view is that the creation of new vehicles for post-grant review in the AIA is an indication of Congressional intent that the first post-grant review of validity should be within the PTO. This view is buttressed by the statute’s admonition that post-grant review should be completed with dispatch,¹³ and by the assumption that the new post-grant review procedures will be less expensive than proceedings before the District Court.

A competing view is that the failure of Congress to provide guidance for the issuance of a District Court stay during post-grant proceedings (other than the transitional program for covered business method patents) indicates that the AIA left the previous law intact. Adherents of this view urge that District Courts should apply traditional factors (speed, efficiency, status of the case) in considering a stay of their proceedings in the face of post-grant review, but that courts should not be more inclined than previously to grant stays pending post-grant evaluation.

However District Courts approach the propriety of a stay during post-grant review by the PTO, a number of issues are likely to arise to complicate matters. Multi-party cases create the possibility that different parties may institute post-grant review based on different prior art in an effort to partially escape the estoppel effects of post-grant review (described in more detail below). Similarly, multiple parties, or even a single party, may seek serial post-grant reviews. Repetitive reviews may compromise the equity of a stay which potentially could be extended throughout multiple PTO proceedings.

¹² Congressional Record (March 8, 2011).

¹³ The AIA directs that the PTO conclude most post-grant proceedings within one year, except that they may be extended for six months for good cause. Section 6(a).

B. Estoppel based on post-grant review

The scope of the estoppel suffered by an unsuccessful petitioner in post-grant review under the AIA will play a significant role in both the District Courts' evaluation of a request for a stay and in the continuing litigation. Although the effect of the AIA on estoppel will be covered in detail by another panel at this conference, at a high level the AIA provides that, following a final written decision by the PTO, an unsuccessful petitioner will be estopped from alleging invalidity in the District Court based on any ground raised or that reasonably could have been raised during the post-grant review.¹⁴

While the possibility of estoppel would seem to weigh heavily in favor of staying the District Court proceeding pending the outcome of post-grant review (based on the assumption that the patent will either be found invalid or the petitioner will be estopped from re-asserting art in the District Court), the reality is likely to be more nuanced. First, a petitioner is not obligated to present all allegedly invalidating art to the PTO. Indeed, because the post-grant proceedings will relate only to patents or printed publications, any allegedly invalidating prior art which does not fit within those categories will almost certainly survive an unfavorable post-grant review.

Second, multi-party cases and post-grant proceedings also create issues about the efficacy of the new estoppel provisions. Only a defendant who petitions the PTO for post-grant review will be subject to a potential estoppel, thus undermining the basis for a stay in favor of non-petitioner defendants who will not be estopped.

C. Other Issues Raised By Parallel Proceedings

The availability of new parallel proceedings under the AIA promises to enhance the importance of other issues previously considered by the District Courts.

If a stay is granted, the courts have little guidance as to what point in the post-grant procedure it would be appropriate to lift the stay (final determination by the reexaminers/appeal to the Board of Patent Appeals/appeal to the Federal Circuit). The AIA's provision that estoppel applies upon final written action of the PTO¹⁵ suggests that it would be appropriate to lift a stay at that stage, and before appeal to the Board or the Circuit.

Lifting a stay upon finality of post-grant review (or at least sufficient progress in the review to justify going forward in the District Court) will seem to warrant consideration of preferential settings of Markman hearings, summary judgments and trial. If courts believe that an equitable *quid pro quo* for a stay during post-grant proceedings is preferential disposition after the stay is lifted, achieving this objective obviously creates issues for already crowded District Court dockets.

The new post-grant review procedures will also present issues concerning the admissibility into evidence in the District Court of those proceedings. Pre-AIA treatment of admissibility of reexaminations may provide some guidance as to the admissibility of the new procedures. Most District Courts have excluded from evidence before juries information about pending reexams on the grounds that evidence of interim actions by the PTO (typically a grant of the reexam and frequently an initial rejection) is unduly

¹⁴ Section 315(e).

¹⁵ Section 315(e)(1).

prejudicial because such actions are preliminary and frequently changed on final action by the Office. On the other hand, final office actions confirming the validity of a patent following reexam are typically allowed into evidence on the grounds that such actions are part of the prosecution history of the patent.

II. JOINDER OF PARTIES UNDER SECTION 299

The AIA creates new law governing joinder of parties in patent litigation. Congress reached into the management of District Court litigation, legislating matters previously left to the Federal Rules of Civil Procedure and the discretion of the District Courts.

A. Background of the New Joinder Rules

Prior to enactment of the AIA, joinder was governed by Federal Rules of Civil Procedure 19-21. Rule 20 provides that parties can be joined permissively when relief is sought with respect to the same transaction or occurrence. District Courts exercised broad discretion with respect to joinder under the Rules, some courts finding that the assertion of infringement of the same patent satisfied the same transaction or occurrence requirement,¹⁶ and others reaching the opposite conclusion.¹⁷ After adoption of the AIA, the Federal Circuit sided with the latter approach, holding that for pre-AIA cases mere infringement of the same patent is insufficient to justify joinder under Rule 20.¹⁸

In Congress, throughout five years of searching debate over Patent Reform, there was no suggestion that the Federal joinder rules needed reform specific to patent cases. Late in House debate over HR 1249, however, an amendment was adopted with little discussion and no debate. That amendment eventually became Section 299 of the AIA.

The new joinder provisions provide:

§299. Joinder of parties

“(a) JOINDER OF ACCUSED INFRINGERS. With respect to any civil action arising under any Act of Congress relating to patents, other than an action or trial in which an act of infringement under section 271(e)(2) has been pled, parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, or counterclaim defendants only if;

“(1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising 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 of the same accused product or process; and

¹⁶ *MyMail, Ltd. v. America Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004).

¹⁷ *WiAV Networks, LLC v. 3Com Corp.*, No. 1003448, 2010 WL 3895047 (N.D. Cal. 2010).

¹⁸ *In re EMC Corp.*, 2012 U.S. App. LEXIS 9159 (Fed. Cir. 2012).

“(2) Questions of fact common to all defendants or counterclaim defendants will arise in the action.

“(b) ALLEGATIONS INSUFFICIENT FOR JOINDER. For purposes of this subsection, accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit.

“(c) WAIVER. A party that is an accused infringer may waive the limitations set forth in this section with respect to that party.”.

Section 299(a) provides that accused infringers may be joined only in enumerated circumstances. Subsection (a)(1) essentially tracks the existing language of Rule 20, but adds to the existing requirement of “the same transaction, occurrence or series of transactions of occurrences” the new requirement that those transactions or occurrences must relate to “the same accused product or process.”

Subsection (b) makes explicit that mere allegation of infringement of the same patent is insufficient to satisfy the requirement for joinder.

B. Textual Issues in Section 299

Although the new language of Section 299 is brief, it will present challenging issues in its application by the District Courts. At the outset, there will likely be substantial argument over what is the “same product” for purposes of joinder. In the context of vertical relationships between co-defendants (e.g., manufacturer/distributor/retailer of the same product), confirming the presence of the “same product” should be straightforward, although these procedural settings may implicate the tendency of some courts to stay simultaneous claims against downstream parties pending the outcome of allegations against the manufacturer of the accused product.

The situation presented by horizontally oriented co-defendants (e.g., multiple sellers of identical products) is likely to be more challenging. Of course, co-defendants selling identical devices would surely satisfy Section 299 and could be joined in a single case. In many instances, however, it may be unclear what constitutes a “product” within the meaning of the statute. For example, in a case alleging infringing sales by retailers of mobile phone handsets, is the “product” that must be the same a particular handset? Or the same chip that is accused of infringement within different handsets? Or the same circuit within different chips?

Issues will also arise when co-defendants’ allegedly infringing activities overlap but are not identical. Multiple retailers may offer the same accused product for sale, but may offer additional products accused of infringement that are not sold by other co-defendants. Federal Rule of Civil Procedure 18 provides that any claim may be brought against a properly joined party, whether or not that claim implicates other parties, but it is unclear whether Section 299’s requirement of the “same product” alters the traditional rule.

There also may be issues under Section 299 as to the meaning of the “same process.” Is the same process limited to the same factory? Could similar but non-identical fabrication equipment carry out the same process? Is the “sameness” of the process defined by the steps of a method claim, in which case any party accused of practicing the steps could be considered to be carrying out the same process?

C. Joinder for Pre-Trial Case Management

Although Section 299 provides that co-defendants may be joined in one action “or have their actions consolidated for trial”¹⁹ only if they are accused of infringing via the same product or process, the statute is notably silent on pre-trial consolidation or joint case management. Omission from the Act of any prohibition against pre-trial consolidation suggests that District Courts continue to be free to manage related cases jointly pre-trial. Because passage of Section 299 already has resulted in the filing of scores of separate cases alleging infringement of the same patents by different defendants, it seems vital that courts be able to jointly resolve discovery disputes, construe claims and rule on summary judgment motions. But pre-trial consolidation or joint management of separate patent cases will present new issues.

One that has been the subject of creative judicial attention post-AIA is the timing of transfers for convenience under 28 U.S.C. § 1404(a). Much of the pre-AIA controversy surrounding Rule 20 joinder in patent cases related to the joinder of local and remote defendants in a single action. The presence of a defendant local to the forum, coupled with the judicial economy achieved by avoiding duplicative litigation, often made it impossible for a remote co-defendant to demonstrate that the case was clearly more convenient in another jurisdiction as required by § 1404(a).

Prohibitions against joinder of defendants not accused of infringing via the same product or process will make opposition to transfer more difficult, because the remote defendant must be sued in a separate case and will urge that its convenience facts must stand alone.²⁰ Recently, Chief Judge Leonard Davis of the Eastern District of Texas issued an order attempting to reconcile the interests of judicial economy achieved by joint pre-trial management of multiple cases with entitlement to transfer for convenience under §1404(a).²¹ After finding that more than twenty defendants were improperly joined, Chief Judge Davis indicated that he would manage the resulting severed cases jointly for all pre-trial purposes with the exception of ruling on motions to transfer for convenience. In the event the court determined that a particular case merited transfer under §1404(a), however, Chief Judge Davis indicated that such transfers would be effective only after the issuance of his Markman order. This approach was justified by the judicial economy of a single court making claim construction determinations. Although Chief Judge Davis recognized that his claim constructions would not be binding on a transferee court, his Order expressed the hope that reasoned claim constructions by a judge familiar with the patents at least would be useful after transfer.²²

19 The haste with which Section 299 was enacted is evident from what appears to be a textual error in the statute: Subsection (a) provides that “parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, *or counterclaim defendants* only if...” (Italics added) The italicized language appears to be an artifact of an earlier draft of the subsection. When the language prohibiting consolidation for trial was added, it appears that Congress lacked the time to eliminate the surplus “or counterclaim defendants.”

20 Although in cases where venue is maintained for any defendant, plaintiffs in related cases can be expected to argue that considerations of judicial economy weigh in favor of hearing other actions in the same jurisdiction.

21 *Norman IP Holdings, LLC v. Lexmark International, Inc.*, 6:11cv495 (E.D. Tex. 2012).

22 Predictably, commentators on Chief Judge Davis’ Order have complained that it deprives defendants of the convenience of conducting pre-Markman matters in a local forum. Others have expressed the view that judicial economy trumps minimal inconvenience, particularly given the judicial resources expended in duplicative claim constructions.

Joinder issues presented by the AIA are not limited to consolidation and joint management of cases pre-trial. The language of Section 299 purporting to require separate trials for defendants not implicated by the same product or process creates an interesting interplay with Federal Rule of Civil Procedure 42 governing consolidation and separate trials. This issue will be of particular interest to plaintiffs in patent litigation who are required by Section 299 to file separate suits against multiple defendants, but who wish to avoid repetitive trials, potentially involving identical prior art, of the validity of the asserted patents. Rule 42 allows a District Court to consolidate actions that involve a common question of law or fact, or to “join for hearing or trial any or all matters at issue in the actions.” A joint trial of defendants in different unconsolidated cases limited to the issue of invalidity arguably might avoid the prohibition against defendants being “*consolidated for trial*” under Section 299. Undoubtedly, defendants wishing to preserve multiple bites at the invalidity apple will argue that such a joint trial amounts to a consolidation prohibited by the new statute.

Another interesting question relating to pre-trial management of separate cases involving the same patents is the relationship between Section 299 and Multi-District Litigation proceedings. In a recent case, an MDL panel held that the AIA does not alter the ability of a multi-district panel to consolidate and reassign cases for MDL pre-trial management.²³ Furthermore, the Federal Circuit recently observed (albeit in a pre-AIA case) that an MDL panel might be able to decide the common issue of invalidity in multiple cases involving the same asserted patent.²⁴ Since the role of an MDL forum has typically been to conduct pre-trial management of cases and then to return each case to its originating district for trial, it is unclear whether a final disposition of invalidity issues would constitute a “trial” that must be held in the originating district, or presents a common issue which could be finally resolved at the MDL forum.

III. OTHER CASE MANAGEMENT ISSUES

In addition to case management issues engendered by the passage of the AIA, District Courts continue to evaluate procedures which may promote efficient management of patent cases.

A. Limits on Asserted Patents and Claims

Courts often are confronted with patent owners seeking to enforce scores, or even hundreds, of patent claims. Large numbers of claims greatly increase the burden of claim construction, as well as rulings on summary judgment and the length of trial. To some extent, the problem of excessive claim assertion is self-policing, since most patent holders are motivated to reduce the number of claims in order to simplify presentation at trial. On the other hand, patent owners may have little motivation to drop asserted claims until late in the litigation, so defendants and the courts may still be faced with numerous claims in the pre-trial phase.

Although most courts have relied on the self-interest of patent owners to eventually reduce the number of claims (together with hearty admonishment from the court to do so), in some instances District Courts have found it necessary to order a

²³ *In re Bear Creek Technologies Inc.* (722 Patent Litigation), MDL No. 12-2344 (GMS) (D. Del. July 25, 2012).

²⁴ *In re EMC Corp.*, 2012 U.S. App. LEXIS 9159 (Fed. Cir. 2012).

plaintiff to reduce the number of its asserted claims. Although the Federal Circuit has approved this procedure,²⁵ the circumstances of that case were extraordinary: The plaintiff was required to reduce 1,975 asserted claims to 64, and was allowed to substitute previously dropped claims for any of the 64 at a later stage in the litigation. The Federal Circuit's reliance on these safeguards of the patent holder's rights in *Katz* counsels caution in case management procedures designed to encourage a litigant to limit its claims.

Even if courts are cautious about procedures that require a patent holder to relinquish its property rights, there seems to be no impediment to a court severing claims or patents into separate cases under Rule 42 so that the original case may move forward on a reasonable number of issues.

B. Management of Claim Construction

Another panel at this conference will discuss claim construction issues in detail, but a few case management considerations deserve note.

Many District Courts have expressed frustration at the amount of judicial resources which must be devoted to construing large numbers of claims. In response, some District Courts have either limited the number of claims to be construed, or have required the parties to identify the most important claims for construction. For example, Rule 4.1(b) of the Local Patent Rules for the Northern District of California now provides that “[t]he parties shall also jointly identify the ten terms likely to be most significant to resolving the parties’ disputes, including those terms for which construction may be case or claim dispositive.”

Since District Courts are obligated to construe claims placed in issue (or at least to decide explicitly whether such claims need construction),²⁶ a hard limit on the number of claims for construction may be problematic. This dilemma should be avoided by the Northern District's approach which requires identification of the ten most important terms, but places no limit on the number of terms which may eventually be construed.

Another case management technique involving claim construction is early limited constructions designed to resolve potentially dispositive issues. This approach has been used in the Eastern District of Texas when dealing with patent cases involving large numbers of defendants (in some cases more than 100).²⁷ In such cases, courts have experimented with allowing defendants to propose construction of a maximum of three claim terms at an early stage of the litigation. These terms are briefed, argued and construed on an expedited basis. In at least one case, that early construction resulted in a summary judgment in favor of 90 percent of the defendants, thus reducing the case to manageable proportions. In other instances, the same courts have refused to follow this procedure if defendants are unable to demonstrate that expedited claim constructions will be dispositive.

C. Provisional Orders

Several District Courts use provisional claim construction orders to allow the parties to comment on proposed constructions before they are finally adopted.

²⁵ *In re Katz Interactive Call Processing Patent Litigation*, 639 F.3d 1303 (Fed. Cir. 2011).

²⁶ *O2 Micro International Ltd. v. Beyond Innovation Technology Co.*, 521 F.3d 1351 (Fed. Cir. 2008).

²⁷ *Parallel Networks LLC v. Abercrombie & Fitch*, No. 6:10cv111, slip op. at 5 (E.D. Tex. Mar. 15, 2011).

Occasionally, District Courts have even issued such provisional orders in advance of the Markman hearing. Of course, prudence dictates that limits be placed on responses to such provisional orders to avoid an additional round of briefing on claim construction issues.

A related management technique is the prompt issuance following the completion of a Markman hearing of a provisional order which sets forth without reasoning the claim constructions to be adopted by the Court. Receipt of these constructions allows the parties to proceed with informed discovery, expert reports and summary judgment, and allows the court to issue a reasoned claim construction opinion at a later time without impairing the ability of the parties to move forward meanwhile.

Some courts also have begun to question the utility of Markman hearings in all patent cases. While not all District Courts have conducted hearings on claim construction issues, the great majority have elected to do so. At least a few have now begun to question the utility of a hearing in every case, and have begun to decide some or all claim construction issues on the briefs.

Finally, the new post-grant procedures of the AIA will result in claims being construed in litigation before the PTO. Because claim construction is a matter of law, such Markman rulings will not be binding on the courts but, in District Court litigation involving the same parties as in the post-grant review, there could be issues of judicial estoppel and arguments that claim construction conducted in the PTO should be given weight by courts in the interest of judicial economy.

D. Bifurcation of Discovery or Trial

Attempts to manage the complexity of patent litigation through bifurcation have met with mixed success. At least some courts have experimented with bifurcating discovery into an initial damages phase followed by a liability phase. The theory behind this approach is that it potentially allows the parties to evaluate the importance of the case and may foster early opportunities for settlement. The difficulty is that the scope of damages usually will be impacted by liability considerations, so this approach to bifurcation seems to have engendered little enthusiasm.

At trial, some courts routinely bifurcate liability and damages. A number of courts have also bifurcated issues of willfulness.

E. Accelerated Issue Adjudication

Section 273 of the AIA creates a new defense prior commercial use. Under this section, an infringer has a complete defense if it used a patented process at least one year before the filing of the patent.

Since all facts pertinent to this defense should be in the possession of the accused infringer, it may present opportunities for early adjudication through summary judgment or an early jury trial limited to that issue.

F. Damages Disclosures

While local rules governing patent cases invariably contain requirements of initial disclosures of infringement and invalidity contentions, almost none require the patent holder to disclose its damages theories. Since this issue is present in virtually every case, a standard order requiring disclosure of damages theories may clarify the expectations of the court and save the parties unnecessary discovery practice. In light of the rapidly developing law concerning proof of patent damages, careful consideration would have to be given to the timing of such disclosures and their relation to the conduct of other discovery in the case.

