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Ronald J. Schutz & Jonathan D. Goins



Recommended Citation: Ronald J. Schutz & Jonathan D. Goins, *Case Management Issues in Patent Litigation*, 5 SEDONA CONF. J. 1 (2004).

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CASE MANAGEMENT ISSUES IN PATENT LITIGATION

*Ronald J. Schutz¹ & Jonathan D. Goins²
Robins, Kaplan, Miller & Ciresi L.L.P.
Minneapolis, MN*

“Management is not an end in itself.
It must be conducted to serve its purpose of bringing about
‘the just, speedy, and inexpensive determination’ of the litigation,
avoiding unnecessary and unproductive activity.”

MANUAL FOR COMPLEX LITIGATION
Section 10.1, at 3 (West Pub. 3d. 1995) (quoting FED. R. CIV. P. 1).

INTRODUCTION

From fast-tracking to bifurcation to special verdicts, judges and lawyers must decide an insurmountable number of procedures and considerations in a relatively short period of time. Such decisions may often dictate a winning or losing result in patent litigation cases. While judges may adopt special procedures for managing potentially difficult actions involving complex issues and difficult legal questions, *see* FED. R. CIV. P. 16 (c)(12), lawyers are often depended upon to provide practical guidance in the management of litigation. This paper examines the various procedures that judges and attorneys confront, and offers a practical guide in effectuating better case management. Part I discusses pretrial procedures and considerations, including claim limitations, Markman hearings, and discovery limitations. Part II explores trial procedures and considerations, including bifurcated trials.

I. PRETRIAL PROCEDURES AND CONSIDERATIONS

A. Limitation on Claims

In presenting a patent case to the jury, counsel will normally address which claims of a patent that are being infringed upon. In a few cases, courts have restricted the number of claims that counsel may actually present. The Federal Circuit, while not squarely addressing this issue, has acknowledged the use of the court limiting claims so long as the party opposing the limitation is not prejudiced.

¹ Mr. Schutz is chair of the Intellectual Property Litigation Department at the national law firm of Robins, Kaplan, Miller & Ciresi L.L.P.
² Mr. Goins is an associate in the Intellectual Property Litigation Department of Robins, Kaplan, Miller & Ciresi L.L.P.

In *ReRoof America, Inc. et al. v. United Structures of America, Inc.*, Nos. 98-1378, -1430, 1999 U.S. App. LEXIS 20788 (Fed. Cir. Aug. 30, 1999), the district court directed to the parties that the case be “made manageable for presentation to a jury”. *Id.* at *2. Prior to trial, the plaintiff selected eighteen “illustrative” claims of five patents to present in its case. *Id.* Unsatisfied with this approach, the court struck thirteen of the eighteen claims, and ordered that plaintiff select a total of five claims—one from each patent—on which to go to trial. *Id.* at *2, 10. The plaintiff lost at trial, and subsequently requested a new trial alleging prejudice because the court required the presentation of only five of its asserted claims. *Id.* at *3. The trial court denied the motion. *Id.* On appeal to the Federal Circuit, the plaintiff renewed its objections and argued that the court’s limitation on allowing only five claims “disabled it from proving the full range of [defendant’s] infringing activities.” *Id.* at *10. Instead of directly confronting the legitimacy of the issue, the Federal Circuit opined that “[n]ot having the opportunity to ‘impress’ a jury by presenting a large number of claims, however, does not constitute legally cognizable prejudice.” *Id.* at 15. The Circuit also noted that “there [was] no reasonable likelihood that a trial that included the 13 untried claims would have resulted in a verdict affording [plaintiff] any relief”, *id.* at *11, and that “the trial court’s order [did not affect plaintiff’s] substantial rights” under 28 U.S.C. Section 2111 regarding harmless error. *Id.* at 15-16. *See also Kearns v. General Motors Corp.*, No. 93-1535, 1994 U.S. App. LEXIS 19568, at *6-7 (Fed. Cir. Jul. 26, 1994) (since there were “51 claims in the five patents listed in the complaint and 232 total claims in all of [the plaintiff’s] patents”, the district court ordered to limit the “case to one representative claim per patent”).

Whether courts may properly limit the number of claims a party may present to a jury has yet to be decided. Proponents of claim limitation may argue that the tactic helps to expedite the case and effectuate case management. Opponents may counter such Court directives by (1) providing a clear set of guidelines as to the relevance and appropriate timing of presenting the claims;³ (2) contending that such order runs afoul of the patent statutes’ intent that each patent claim’s validity is separated and independent from the validity of other claims of the patent; and (3) preserving the record for appeal, and making offers of proof pursuant to FED. R. EVID. 103 (a)(2).

B. Markman Proceedings

Markman briefs and hearings are a critical part of patent litigation proceedings because the court’s rulings on claim construction and interpretation often determine the outcome of the case. *See Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 989 (Fed. Cir. 1995) (en banc) (Mayer, J., concurring) (“to decide what the claims mean is nearly always to decide the case”), *aff’d*, 517 U.S. 370 (1996).

Procedural Timing

From the outset, there is no uniform rule on when parties should file Markman briefs, or when judges should order Markman hearings. *See Vivid Techs., Inc. v. American Science & Engineering, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (refusing to adopt uniform rule that claim construction be done no earlier than end of discovery—“We see no need for such a rule, for the state at which the claims are construed may vary with the issues, their complexity, the potentially dispositive nature of the construction, and other considerations of the particular case.”).

³ In *St. Clair Intellectual Property Consultants, Inc. v. Sony Corp. et al.*, No. 01-557-JJF (D. Del. Feb. 21 2003), St. Clair’s lawsuit focused on a manageable set of claims and was directed to a defined class of multiple-format digital cameras. Relying on *ReRoof America* and *Kearns*, *supra*, defendants argued that a Court order for a limited number of claims was necessary for efficient case management. The Court denied defendants’ request. The parties were able to efficiently address fifteen claims in their expert reports and depositions. The entire infringement and damages case was tried, allocating just fourteen hours to each party. The jury found infringement of the claims in less than two days of deliberation.

Determining when to conduct Markman proceedings, however, can be of utmost importance. See *Control Resources, Inc. v. Delta Electronics, Inc.*, 133 F.3d 2d 121, 126 (D. Mass. 2001) (“Timing [of Markman] is everything.”). Generally, there are four phases of conducting Markman proceedings: (1) early in the case, before discovery; (2) near end of discovery, in conjunction with summary judgment; (3) in conjunction with summary judgment; and (4) late in the case, during or after trial.

1. Early in the Case, Before Discovery

Conducting Markman proceedings early in the case is preferable if it is “known with reasonable certainty which claim terms [are] at issue with respect to infringement [and] discovery [is] not needed for [that] purpose.” *Vivid Techs., Inc., supra*, 200 F.3d at 803; see *Aspex Eyeware, Inc. v. Elite Optik, Inc.*, No. 3:98-CV-2996-D, 2001 U.S. Dist. LEXIS 2088 (N.D. Tex. Feb. 27, 2001) (construing claims despite fact that discovery was not complete because defendant had admitted previously that scope of claim was clear). They may also be combined with hearings relating to preliminary injunctions. See *Int'l Communication Materials, Inc. v. Ricoh Co.*, 108 F.3d 316, 318 (Fed. Cir. 1997). The rationale for conducting Markman proceedings earlier is that it promotes various efficiencies, such as early settlement between the parties, or discovery use of pinpointed, pertinent facts.

Otherwise, most courts have discredited use of Markman proceedings at an early stage. See *Thomson Consumer Electronics, Inc. v. Innovatron, S.A.*, 43 F. Supp. 2d 26, 29 (D.D.C. 1999) (court had “some misgivings” of writing an opinion at such an early stage because no “information concerning how a certain construction might influence either the infringement or validity analysis”); *Toter Inc. City of Visalia*, 44 U.S.P.Q.2d 1312, No. CV-F-96-6234, 1997 U.S. Dist. LEXIS 18898, at *10 (E.D. Cal. Jul. 11, 1997) (sympathizing with plaintiff’s concern that terms in dispute were not known, “the court agrees that some discovery at the very least is necessary prior to the *Markman* hearing. Accordingly the court today finds that an early *Markman* hearing would not promote the interest of judicial economy and refuses to schedule one”); *Certillion Data Systems, Inc. v. American Management Systems, Inc.*, 138 F. Supp. 2d 1117, 1120 (S.D. Ind. 2001) (“before a *Markman* issue is ripe, discovery or case management should have progressed to the point whether the parties and the court can be reasonably certain which claim terms are at issue, in other words, which claims and elements the plaintiff alleges were infringed”).

2. Near End of Discovery

The normal practice of most courts is to schedule a Markman hearing near the end of discovery. Constance S. Huttner et al., *Markman Practice, Procedures and Tactics*, 531 PLI/Pat 535, at 538 (Sept. 1998); see, e.g., *Mantech Envtl. Corp. v. Hudson Envtl. Servs., Inc.*, 152 F.2d 1368, 1370 (Fed. Cir. 1998) (Markman hearing held immediately before trial). Practical reasons advising this approach include (1) discovery may be taken as to the level of one skilled in the art—the standard by which the claims must ultimately be construed, (2) courts and litigants will have a better understanding of how claim construction fits into the case, and (3) as noted below, claim construction can be combined with, or at least be close to, summary judgments of non-infringement or invalidity.

3. In Conjunction with Summary Judgment

Several courts, including the Federal Circuit, prefer combining Markman briefs and hearings with summary judgment motions. See, e.g., *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1578 (Fed. Cir. 1996) (“Where, as here, the parties do not dispute

any relevant facts regarding the accused product but disagree over claim construction, the question of literal infringement collapses to one of [claim interpretation] and is thus amenable to summary judgment.”); *MediaCom Corp. v. Rates Tech.*, 4 F. Supp. 2d 17, 22 (D. Mass. 1998) (“[L]ike any other determination of a legal rule, such a [Markman] hearing should take place in the context of conventional motion practice.”); *Mannington Mills, Inc. v. Armstrong World Industries, Inc.*, 218 F. Supp. 2d 594, 596 (D. Del. 2002) (arguments on claim construction and pretrial case-dispositive motions consolidated into a single Markman hearing); *V-Formation, Inc. v. Bennetton Group*, No. 01-610, 2002 U.S. Dist. LEXIS 22394 (S.D.N.Y. Nov. 19, 2002) (upon defendant’s motion for summary judgment, court held joint Markman hearing and oral argument on summary judgment motion); *but see Thomson Consumer Electronics, Inc. v. Innovatron, S.A.*, 43 F. Supp. 2d 26, 28 (D.D.C. 1999) (expressing concern with claim construction in non-dispositive sense).

4. Late in the Case, Near the End of Trial

Other courts will not construe Markman briefs until after discovery is completed or near the end of trial. *See, e.g., Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996) (claim construction delayed until close of trial testimony); *Medtronic, Inc. v. Advanced Cardiovascular Sys., Inc.*, 248 F.3d 1303, 1305 (Fed. Cir. 2001) (affirming construction of claims and entry of directed verdict prior to closing argument at trial). Indeed, the Markman case resulted from a post-trial claim construction that apparently differed from the claim construction that was presented to the jury.

A late claim construction ruling, however, can present enormous difficulties to the parties since it may trigger the need for more factual findings after discovery has already closed, or require the revision of written expert reports. *See Cybor Corporation v. FAS Techs.*, 138 F.3d 1448, 1474 n.2 (Fed. Cir. 1998) (Rader, J., dissenting).

Claim construction issues are also a typical subject of post-trial motions for a new trial or judgment as a matter of law. *See Markman*, 52 F.3d at 973.

Local Procedural Rules

A few district courts have adopted local rules requiring a number of early special pleadings intended to refine claim construction issues for Markman hearings, typically well before trial and the close of discovery. The Northern District of California is the seminal court that districts have adopted. *See, e.g., Digimarc Corp. v. Signum Technologies Ltd.*, No. CV-00-394-ST, 2001 U.S. Dist. LEXIS 7783, at *3-4 (D. Ore. May 25, 2001) (adopting Northern District of California Local Rules for patent cases); *Precision Shooting Equipment, Inc. v. High Country Archery*, 1 F. Supp. 2d 1041, 1042 (D. Ariz. 1998) (using Northern District’s rules as guide for order on motion for Markman hearing).

Under the rules of the Northern District of California, there are very specific requirements for scheduling. For example, within 10 days after the Initial Case Management Conference the plaintiff must serve a disclosure of infringed claims and accused products for each claim. The disclosure must include a chart identifying where each claim limitation is found within each accused product and whether infringement is literal or under the doctrine of equivalents. Pat. L. R. 3-1 (N.D. Cal. 2001). In conjunction with this disclosure, the patentee must produce a copy of the patent file histories and all documents evidencing conception, reduction to practice, and first sale if it predates the patent application date.

Forty-five days after the patentee's disclosure, the parties opposing infringement must serve preliminary invalidity contentions including a full disclosure of the prior art, how the prior art invalidates the claims, and any motivation to combine references. See Pat. L. R. 3-3 (N.D. Cal. 2001). These disclosures must be accompanied by all prior art so identified, and documentation sufficient to show the operation of the accused products.

Within ten days of the service of preliminary invalidity contentions, the parties must simultaneously exchange a list of claim terms that should be construed by the court. Pat. L. R. 4-1 (N.D. Cal. 2001). The parties are instructed to meet and confer to narrow this list, but not later than 20 days later the parties must simultaneously exchange a preliminary proposed construction. Pat. L. R. 4-2 (N.D. Cal. 2001).

Before 60 days after service of the preliminary invalidity contentions, the parties must file a Joint Claim Construction and Prehearing Statement that covers, among other items, agreed-upon constructions, disputed terms and proposed constructions, and the required length of the Claim Construction Hearing. Pat. L. R. 4-3(a)-(e) (N.D. Cal. 2001).

Forms of Markman Proceedings

The Markman hearing can take as many forms as there are district court judges. Probably the most common technique for conducting a Markman hearing is strictly on the basis of attorney argument during a short (half day) hearing. See, e.g., *Aspex*, 2001 U.S. Dist. LEXIS at *6 (denying request for Markman hearing and deciding claim construction on briefs and argument because "technology is accessible to the court and the claims are relatively straightforward"). The use of demonstrative exhibits in such hearings is generally limited to those that emphasize the particular intrinsic evidence most helpful to the attorney's position, such as large exhibit boards, Trial Director software, or PowerPoint presentations.

Since the Federal Circuit has recognized that expert testimony can be relevant to the claim construction process, see *Pitney Bowes v. Hewlett-Packard Co.*, 182 F.3d 1298, 1308 (Fed. Cir. 1999), it is not uncommon for some Markman hearings to resemble mini-trials where testimony or affidavits from technical experts describes the underlying technology and informs the Court's claim construction. See *Pall Corp. v. Cuno, Inc.*, No. 97-CV-7599, 2001 U.S. Dist. LEXIS 16778 (E.D.N.Y. Sept. 7, 2001). In fact, one court has recently stated a strong desire that technical experts be called in Markman hearings with a relatively high degree of complexity. See *Borgwarner, Inc. v. New Venture Gear, Inc.*, No. 00-C-7470, 2002 U.S. Dist. LEXIS 24736 (N.D. Ill. Dec. 26, 2002). In *Borgwarner*, a rather displeased court stated:

In this case, the parties inform us that one of "ordinary skill" in the art is a person with a Bachelor of Science Degree in engineering, with several years of experience in building and designing transfer cases. At the Markman hearing, the parties indicated, however, that expert testimony would not be necessary to their presentations, and neither had their expert attend the proceedings. Nevertheless, the parties referred throughout the proceedings to interpretations based on the understanding of one skilled in the art. While it is true that both sides included reports from their respective experts, those reports—obviously—simply supported the interpretations the parties advanced. In a situation where the parties call upon the court to interpret a dozen intricate claims, some of which are interrelated, in an area outside the court's expertise, live testimony, with opportunity for cross-examination and questions from the court, would have been of real value.

Id. at *11-12.

Several courts have appointed neutral experts or technical advisors to assist, *see MediaCom Corp. v. Rates Tech., Inc.*, 4 F. Supp. 2d 17, 29-30 n.11 (D. Mass. 1998), and some courts have appointed special masters to make initial rulings on claim construction, subject to plenary review by the court. *See Rodime PLC v. Seagate Tech, Inc.*, 174 F.3d 1294, 1300-01, 50 U.S.P.Q.2d 1429, 1433 (Fed. Cir. 1999); *cf. Smith & Nephew, Inc. v. Ethicon, Inc.*, 276 F.3d 1304, 1307 (Fed. Cir. 2001) (referring claim construction to magistrate judge).

Appeals From Markman Proceedings

On appeal, the Federal Circuit reviews claim construction *de novo*, including any factual determinations related to the question. *Cybor Corp.*, 138 F.3d at 1456. That standard of review had not so far prompted the Federal Circuit to consider any interlocutory appeals on certified questions from claim construction rulings, even though the Federal Circuit has freely acknowledged that claim construction rulings are often outcome-dispositive and have been ultimately overturning nearly half of those decisions. *See Schering Corporation v. Amgen, Inc.*, 35 F. Supp. 2d 375, 377 (D. Del. 1999) (“the Federal Circuit disfavors direct appeals from Markman decisions.”); *see also Omniglow Corporation v. Unique Industries, Inc.*, 2002 U.S. App. LEXIS 13078 (Fed. Cir. May 7, 2002) (unpublished denial of permission to appeal certified claims construction). As a result, some district courts have been forced to conduct two trials, one with and one without the Federal Circuit’s ultimate claim construction. In several cases now, patent holders have requested courts to enter judgments of noninfringement before trial, based on adverse claim construction rulings, in order to expedite appeal, and avoid meaningless trials. *See Interactive Gift Express, Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1327 (Fed. Cir. 2001) (appeal followed stipulated order and judgment after claim construction ruling); *Schering Corp. v. Amgen, Inc.*, 222 F.3d 1347, 1349 (Fed. Cir. 2000); *Mantech Envtl. Corp. v. Hudson Envtl. Servs., Inc.*, 152 F.3d 1368, 47 U.S.P.Q.2d 1732 (Fed. Cir. 1998) (appeal from summary judgment based on patentee’s concession).

The Federal Circuit’s consistent refusal to hear interlocutory appeals of claim constructions may change in the relatively near future, as Federal Circuit judges have noted concerns, *see Cybor Corp.*, 138 F.3d at 1479 (additional views of Judges Newman and Meyer noting that unnecessary trials or second trials are consequences of failure to provide early finality to claim construction), and commentators have encouraged the Federal Circuit to accept such appeals. *See* Craig Allen Nord, *Intellectual Property Challenges in the Next Century: Process Considerations in the Age of Markman and Montros*, 2001 U. Ill. L. Rev. 355 (2001).

C. Disclosure of Otherwise Privileged Communications

Often parties make a tactical decision to intentionally waive otherwise privileged communications in order to bolster their theory or claims in a case. A client may waive the privilege by disclosure of some privileged communication, or by asserting reliance upon the advice of counsel as an essential element of his or her defense. *In re ML-Lee Acquisition Fund*, 859 F. Supp. 765, 766 (D. Del. 1994). For example, a party may voluntarily disclose draft patent applications as evidence of a pre-filing date of invention.

Once a party discloses otherwise privileged communications, the scope of waiver of the attorney-client privilege as to other communications and documents varies depending on the jurisdiction, in part, because the application of the attorney-client privilege is a question

of fact, and made on a case-by-case basis. *In re Spalding*, 203 F.3d 800, 805 (Fed. Cir. 2000); *American Standard, Inc. v. Pfizer Inc.*, 828 F.2d 734, 744-45 (Fed. Cir. 1987) (“courts have not been clear and of one mind in applying the privilege to communications from attorney to client”).⁴ Therefore, parties should look to regional circuit law on the waiver of attorney-client privilege. See *In re Vixx*, 18 Fed. Appx. 821, 823 (Fed. Cir. 2001). Regardless, the privilege holder has the burden of convincing the court that it has not waived the privilege. *Id.*

A party must make a pivot on deciding whether to disclose or refuse to disclose otherwise privileged communications before pre-trial discovery ends. See, e.g., *W.L. Gore & Assoc., Inc. v. Tetratec Corp.*, 15 U.S.P.Q.2d (BNA) 1048, 1051 (E.D. Pa. 1989). Otherwise, they may be precluded from introducing the privileged evidence at trial. Donald S. Chisum, CHISUM ON PATENTS Section 20.03[4][b][v][J], at 20-430 (2001).

D. Discovery Limitations

Discovery in complex litigation, characterized by multiple parties, difficult issues, voluminous evidence, and large numbers of witnesses, tends to proliferate and become excessively costly, time consuming, and burdensome. Judicial discretion and parties’ early involvement, therefore, is imperative for effective management. See COMPLEX LITIGATION Section 21.4, at 54. Several courts limit depositions, interrogatories, and document requests during the discovery period.⁵ The limitations take a variety of forms, including time limits, restrictions on scope and quantity, and sequencing. See COMPLEX LITIGATION Section 21.421, at 57. Among other provisions, FED. R. CIV. P. 16 (b) directs the court to limit the time for discovery, and FED. R. CIV. P. 26 (b) directs the court to limit the “frequency or extent of use of the discovery methods[.]” Parties should address discovery issues in their proposed discovery plan. See FED. R. CIV. P. 26 (f)(3).

Depositions

The court has broad authority to limit depositions. There is a presumptive limit of ten depositions per side. See FED. R. CIV. P. 30 (a)(2)(A) and 31 (a)(2)(A) (imposing a presumptive limit of ten depositions each for plaintiffs, defendants, and third-party defendants; FED. R. CIV. P. 26 (b)(2) and 30 (d)(2) (authority to limit number and length of depositions)). Parties may also stipulate a reasonable limit, including the imposition of setting a discovery cutoff date and trial date. Parties may consider whether there is an appropriate or effect limit on the number of depositions allowed, and in some cases, the number of hours of depositions granted.

Pursuant to FED. R. CIV. P. 30 (b)(6), parties may depose an organization in which several persons may be deposed simultaneously, either in person or by telephone, in a conference setting. Questions may arise as to how these depositions are calculated in the court’s order for allocation of time.

When deposing persons in foreign countries, parties should look to FED. R. CIV. P. 28 (b). Parties may request depositions (1) pursuant to any applicable treaty or convention;

⁴ However, most courts, including one case in the Federal Circuit, are increasingly adopting the view that disclosing privileged communications amounts to a limited waiver of only related communications “on the same subject matter.” *Vixx*, 18 Fed. Appx. at 824; *United States v. Jacobs*, 117 F.3d 82, 89 (2d Cir. 1997); *United States v. Mendelsohn*, 896 F.2d 1183, 1188-89 (9th Cir. 1990); *Weil v. Investment Indicators, Research and Management, Inc.*, 647 F.2d 18, 24-25 (9th Cir. 1981); *Katz et al. v. AT&T Corp.*, 191 F.R.D. 433, 440 (E.D. Pa. 2000) (“the scope of the waiver” is “narrowly construed” and “informed both by the purpose served by the disclosure and the content of the disclosure”).

⁵ Discovery related to claim construction is limited under the Northern District of California’s rules. Following the filing of the Joint Statement, the parties have only 30 days to complete discovery relevant to claim construction. Pat. L. R. 4-4 (N.D. Cal. 2001). Indeed, the party claiming patent infringement must file its opening claim construction brief not later than 45 days after filing the Joint Statement. Pat. L. R. 4-5(a) (N.D. Cal. 2001). Given the rigorous schedule, it is critical that a plaintiff have the case well-prepared before filing.

(2) pursuant to a letter of request; (3) on notice before a person authorized to administer oaths in the place where the examination is held, either by the law thereof or by the law of the United States; or (4) before a person commissioned by the court, and a person so commissioned shall have the power by virtue of the commission to administer any necessary oath and take testimony. FED. R. CIV. P. 28 (b).

Interrogatories

FED. R. CIV. P. 33 (a) imposes a presumptive limit of twenty-five interrogatories, including subparts or subsections. In complex patent litigation, the ranger of potentially relevant facts is great and much largely noncontroversial background information must be gathered. Thus, adhering to the limitation of twenty-five interrogatories may be counterproductive. Parties may seek leave to file additional interrogatories, or stipulate a limitation with opposing counsel. COMPLEX LITIGATION Section 21.46, at 91-92.

E. Summary Judgment Limitations

Summary Judgment motions are often made in conjunction with Markman proceedings. See section B.3, page 5, *supra*. Summary judgment motions help clarify and define issues and the scope of further discovery if necessary. See COMPLEX LITIGATION Section 21.34 at 51. The plethora of summary judgment motions can be quite litigious in complex litigation. To avoid the filing of unproductive motions, the court may require a prefiling conference in order to ascertain whether issues are appropriate for summary judgment, whether there are disputed issues of fact, and whether the motion, if granted, is likely to expedite the termination of the litigation. *Id.* Parties may consider whether the court has preferences regarding the timing of the motions, or whether a trial is preferred otherwise. The courts should attempt to ruling on such motions promptly. Deferring until the final pretrial conference “tends to defeat [the party’s] purpose of expediting the disposition of issues.” *Id.* at 53.

F. Use of Technology Tutorials

At times the court will request a general explanation of the substance and terminology of the science or technology involved in the subject matter of the patent before attempting to decide motions, discovery plans, and trial. See COMPLEX LITIGATION Section 33.61 at 359. At an early stage in the litigation, the court may request that parties provide a general overview of the technical information, such as the definition of key terms and concepts. This procedure may occur in a joint statement of uncontested and contested facts under FED. R. CIV. P. 16 (c)(1), or at an informal pretrial conference where parties’ present experts to opine on the patent technology. Some of the expert testimony during pretrial briefings and conferences may overlap with subsequent expert testimony during trial, the difference being that the former provides a “more nonadversarial setting to learn the fundamentals—the vocabulary and general intellectual framework of the subject matter—in order to deal more intelligently with issues arising during the trial.” *Id.* Tutorials to the jurors may be given at the beginning of the trial by parties’ experts or court-appointed experts. *Id.*

II. TRIAL PROCEDURES AND CONSIDERATIONS

A. Bifurcation of Trials

Pursuant to FED. R. CIV. P. 42 (b),⁶ bifurcation for trial may be advisable to (1) avoid unnecessary time and expense of discovery and trial; (2) help clarify and simplify the otherwise complexity of issues before a jury; and (3) reduce potential prejudice of one party. *Ciena Corp. v. Corvis Corp.*, 210 F.R.D. 519, 520-21 (D. Del. 2002) (advocating bifurcation of patent cases to reduce prejudice and jury confusion and to simplify trial issues); *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 113 S. Ct. 1967 (1993) (Supreme Court indicating that the district court should resolve invalidity issues even if no infringement is found); see COMPLEX LITIGATION Section 33.62, at 361. The party seeking bifurcation has the burden of demonstrating that judicial economy would be promoted and that no party would be prejudiced by separate trials. *Princeton Biochemicals, Inc. v. Beckman Instr., Inc.*, 180 F.R.D. 254, 256 (D. N.J. 1997) (citing *Spectra-Physics Lasers, Inc. v. Uniphase Corp.*, 144 F.R.D. 99, 101 (N.D. Cal. 1992)).

In most cases, damages should be severed from other issues to simplify the task of the fact finder. See COMPLEX LITIGATION Section 33.62, at 361. Sometimes trifurcation of the statutory issues, equitable defenses, and damages may be advisable. *Id.* A defendant facing a willful infringement charge should consider the possibility of separating the trial on the issues of liability from the trial on damages and willfulness. See *Nam Jin Yeu v. Kim*, Nos. 91-1034, 91-1035, 1991 U.S. App. LEXIS 17880, at *1 (Fed. Cir. Jul. 31, 1991); see also *Rhone-Poulenc Agro v. Genetics*, Nos. 00-1218, -1350, 2003 U.S. App. LEXIS 19971, at *4 (Fed. Cir. Sept. 29, 2003) (affirming the decision where the district court bifurcated the trial between two different juries, with the first jury deciding the licensing and technology transfer issues and the second jury deciding the trade secret and patent infringement claims). Bifurcating the trials on liability from willfulness defers discovery of evidence of willfulness until the patentee prevails on the issue of liability.

In *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642 (Fed. Cir. 1991), the Federal Circuit discussed bifurcation of willfulness from liability. Given the large number of patents, claims, and accused products at in some cases, an order of bifurcation will streamline discovery and simplify the parties' presentations at trial. A separate trial on liability is also very likely to eliminate the need for an inquiry into willfulness with respect to all, or at least some, of the patents in suit, while at the same time causing no prejudice to either party. A balancing of the risks and benefits of bifurcation reveals that ordering bifurcation of discovery and trial simplifies the trial and leads to the least amount of prejudice for either party.

In addition, the choice between waiving or maintaining the attorney-client privilege raises a dilemma for the accused party if bifurcation occurs, or if the defendant asserts the advice of counsel defense. In *Quantum Corp.*, the Federal Circuit addressed the dilemma an accused party faces when deciding whether to "choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found." *Id.* at 644. In order to minimize this dilemma, the Federal Circuit has encouraged trial courts to "give serious

⁶ Rule 42 (b) reads:

The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim, . . . or of any separate issues . . . always preserving inviolate the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States.
FED. R. CIV. P. 42 (b).

consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court, *in camera*, reveal that the defendant is indeed confronted with this dilemma.” *Id.* And by relying on any advice of counsel in defense to a charge of infringement, the accused party must produce any opinions of counsel to opposing counsel. This presents what has become known as the “Quantum dilemma.” The “Quantum dilemma” is likely one reason why “[b]ifurcation, while perhaps not routine, is nonetheless common in patent litigation.” *Yamaha Hatsudoki Kabushiki Kaisha v. Bombardier Inc.*, 59 U.S.P.Q.2d 1088, 1090 (C.D. Cal. 2001);

Holding separate trials also raises an issue of when discovery of willfulness should be conducted—before or after a finding of infringement. The court must also decide whether to recall the jury or impanel a new jury. And the parties must decide on when is the appropriate time to file an appeal, either interlocutory, or after all of the trials.

B. Time Limitations

Ordinarily limits on time and on evidence will be set at the pretrial conference in order that counsel can plan accordingly before the trial begins. *See* COMPLEX LITIGATION Section 22.35, at 144. The court may authorize the parties to “exercise reasonable control over the mode and order of interrogating witnesses and presenting evidence so as to (1) make [it] effective for the ascertainment of the truth, (2) avoid needless consumption of time, and (3) protect witnesses from harassment or undue embarrassment.” FED. R. EVID. 611 (a). While courts should be reluctant to interfere with counsel’s control over the presentation of their case and should ensure that each side has the opportunity to present its case fully and fairly, judicial intervention may become necessary if evidence exceeds reasonable bounds and does not contribute to the resolution of the issues presented. *See* COMPLEX LITIGATION Section 22.35, at 144.

Courts may limit the number of witnesses; the number of exhibits to be offered on a particular issue; the length of direct and cross-examination of witnesses; and the total time for direct and cross examinations. *See* COMPLEX LITIGATION Section 21.643, at 124. The courts’ authority arises from FED. R. CIV. R. 16 (c)(4), FED. R. EVID. 403, and 611.

C. Experts

Experts are key witnesses in a patent case. Experts explain the invention, guide juries through the patent language, and construct damage models. The meaning of technical publications can be made clear through expert testimony. Expert testimony provides a useful way of explaining the novelty of an invention and either the beneficial aspects, or lack thereof, of a particular apparatus or method. Further, experts often state opinions on infringement and validity. A good expert must be a good teacher, and clearly articulate otherwise complex issues and facts to the jury. As the Federal Circuit plainly stated, “[i]t is well recognized that the persuasiveness of the presentation of complex technology based issues to lay persons depends heavily on the relative skill of the experts.” *Mitsubishi Elec. Corp. v. Ampex Corp.*, 190 F.3d 1300, 1313 (Fed. Cir. 1999), *cert. denied*, 529 U.S. 1054 (2000). Parties should always be mindful of the Federal Rules pertaining to expert testimony. *See* FED. R. EVID. 702, 703, 704, and 705.

Technical Experts

An effective technical expert can provide information on issues, including but not limited to: (1) tutorials on technology; (2) technical differences or similarities between the

patented invention and the prior art; (3) the level of knowledge of a person of ordinary skill in the art at the time the invention was made; (4) reasons why the claimed invention would or would not have been obvious from the prior art; (5) reasons why certain prior art does or does not anticipate the claimed invention; and (6) an analysis of why the accused product or process does or does not infringe the asserted claims of the patent.

A court may consider technical expert testimony to gain an understanding of the true meaning of the patent. *Markman*, 52 F.3d at 979-80. A court should consider a technical expert's testimony in *Markman* proceedings, particularly "to ensure that his or her understanding of the technical aspects of the patent is not entirely at variance with the understanding of one skilled in the art." *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1309 (Fed. Cir. 1999); *Eolas Techs., Inc. v. Microsoft Corp.*, No. 99-C-0626, 2000 U.S. Dist. LEXIS 18886, at *13 (N.D. Ill. Dec. 28, 2000) (considering opinion of expert at *Markman* hearing to understand technology and construe claims). As a caveat, the Federal Circuit has counseled that consulting expert testimony during a *Markman* hearing should be considered particularly when the claim language of a patent is ambiguous. *Phillips Petroleum Co. v. Huntsman Polymers Corp.*, 157 F.3d 866, 870 (Fed. Cir. 1998) ("When the intrinsic evidence unambiguously delineates the scope of the patent, resort to extrinsic evidence, including expert testimony, is unnecessary.").

Technical experts are often critical on issues of validity and infringement. *Mitsubishi Elec. Corp.*, 190 F.3d 1300, 1313 (Fed. Cir. 1999) (ruling that when there are competing views regarding obviousness, a jury may hear the expert witnesses from both sides and decide based on the evidence and the explanations of the expert witnesses).

Damages Experts

The calculation of damages in patent infringement suits can be complex. The statutory rules governing damages are vague. Thus, an expert witness is needed to present or refute the types of damages available and the factors relevant to proving those damages. There are generally four types—(1) accounting experts; (2) licensing experts; (3) industry experts; and (4) economists. See Edward G. Poplawski, *Selection and Use of Experts in Patent Cases*, 9 Fed. Cir. B.J. 145, 147 (1999).

An accounting expert may be used to support or rebut the methodology of damages calculations based on lost profits and/or reasonable royalty. Accounting experts also may be used for proving a reasonable royalty. Industry experts may be used to establish or refute a claim that the plaintiff is entitled to lost profits based upon its ability to have made sales taken by the infringer. Industry experts also may provide evidence about conventional licensing rates in the industry. Economists might construct demand curves for the product at issue, or testify about price erosion suffered by the patentee.

Court-Appointed Experts

Courts have the authority to appoint a technical adviser "to inform and support the judicial process to settle disputes." *Techsearch v. Intel Corp.*, 286 F.3d 1360, 1377 (Fed. Cir. 2002). The Federal Circuit has set guidelines and procedural safeguards for appointing experts:

[T]he district court must use a 'fair and open procedure for appointing a neutral technical advisor . . . addressing any allegations of bias, partiality or lack of qualifications' in the candidates; clearly define and limit the

technical advisor's duties presumably in a writing disclosed to all parties; guard against extra-record information; and make explicit, perhaps through a report or record, the nature and content of the technical advisor's tutelage concerning the technology.

Id. at 1379.

Court-appointed experts are beneficial in that: (1) they have “a great tranquilizing effect” in the parties’ experts, reducing adversariness and potentially clarifying and narrowing disputed issues; (2) they facilitate stipulations or settlements; and (3) they may help the court and jury comprehend the issues and the evidence. COMPLEX LITIGATION Section 21.51, at 110.

The disadvantages of court-appointed experts are:

- Cost. The parties bear the burden of the expert’s compensation. See Fed. R. Evid. 706 (b).
- Neutrality. It may be difficult to find an expert that is truly neutral, and not favorable to either side.
- Delay. The testimony of a court-appointed expert may lengthen the trial.

Id.

D. High Reversal Rates

According to one study, the Federal Circuit overturned more than forty percent of district court judgments through 1996, a rate which is the highest of any appellate court in the country. See Ted D. Lee & Michele Evans, *The Charade: Trying a Patent Case to All “Three” Juries*, 8 TEX. INTELL. PROP. L.J. 1 (1999). Some statistics have indicated that the reversal rate is as high as forty-seven percent, and as low as thirty-three percent. Mark T. Banner, “Keeping Current with the Chair”, *IPL Newsletter*, Vol. 31, No. 4, at 1 (sum. 2003). The reversal rate for the first six months of 2003 alone is forty-eight percent. Banner, *supra*, at 2. The Honorable Samuel Kent of the Eastern District of Texas provided a colorful commentary on this dilemma: “Frankly, I don’t know why I’m so excited about trying to bring this [patent case] to closure. It goes to the Federal Circuit afterwards. You know, it’s hard to deal with things that are ultimately resolved by people wearing propeller hats.” Banner, *supra*.

A number of factors have contributed to the high reversal rate, including district court judges’ unfamiliarity with patent cases and the high number of unresolved questions of patent law that remain since the Federal Circuit’s inception in 1983. The uncertainty surrounding a judgment at the District Court level makes a win at trial only a first step, and can lead to litigation which can last for up to five years. Some critics argue that the Federal Circuit is to blame, creating a “morass of confused and contradictory claim construction canons.” Banner, *supra*, at 2. See *Interactive Gif Express, Inc. v. Compuserve Inc.*, 31 F.3d 859, 866 (Fed. Cir. 2000) (the blackletter law of patent analysis presents a clear hierarchy of authority—the court should consider first the claim language, intrinsic evidence, and then extrinsic evidence); cf. *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002) (beginning claim construction by looking to the dictionary).

E. Technology in the Courtroom

Technology in the courtroom is a useful resource because it promotes economy, aids in the analysis and interpretation of complex facts, and most importantly, fosters visual perception. Proponents of technology contend that visual displays convey more information than audio recordings or writings read aloud. Technology also increases jury attention, comprehension, and retention. The most common technologies used in the courtroom are:

- Video
- Computer Animation
- Laser Discs
- CD-ROM
- Electronic or Digitized Still Photographs
- Photogrammetry (e.g., aerial and space photographs)
- Personal Computers
- Computer-Aided Transcription (CAT) (translates a court reporter's keystroke patterns)
- Simultaneous Distributed Translation (SDT) (translating a number of foreign languages)

COMPLEX LITIGATION Section 34.3, at 394.

