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Commentary on Patent Litigation Best Practices: Streamlining Lower-Value Patent Cases Chapter

A Project of The Sedona Conference
Working Group on Patent Litigation
Best Practices (WG10)

SEPTEMBER 2022

PUBLIC COMMENT VERSION

Submit Comments by January 15, 2023,
to comments@sedonaconference.org



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*A Project of The Sedona Conference Working Group on
Patent Litigation Best Practices (WG10)*

SEPTEMBER 2022 PUBLIC COMMENT VERSION

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The opinions expressed in this publication, unless otherwise attributed, represent consensus views of the members of The Sedona Conference’s Working Group 10. They do not necessarily represent the views of any of the individual participants or their employers, clients, or any organizations to which they may belong, nor do they necessarily represent official positions of The Sedona Conference.

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Preface

Welcome to the September 2022 Public Comment Version of *The Sedona Conference Commentary on Patent Litigation Best Practices: Streamlining Lower-Value Patent Cases Chapter*, a project of The Sedona Conference Working Group on Patent Litigation Best Practices (WG10). This is one of a series of Working Group commentaries published by The Sedona Conference, a 501(c)(3) research and educational institute dedicated to the advanced study of law and policy in the areas of antitrust law, complex litigation, intellectual property rights, and data security and privacy liability. The mission of The Sedona Conference is to move the law forward in a reasoned and just way.

WG10 was formed in late 2012. The mission of WG10 is “to develop best practices and recommendations for patent litigation case management in the post-[America Invents Act] environment.” The Working Group consists of members representing all stakeholders in patent litigation.

The WG10 *Streamlining Lower-Value Patent Cases Chapter* drafting team was launched in 2020, and the draft Chapter was a focus of dialogue at the WG10 Annual Meeting in November 2021 (remote) and the WG10 Annual Meeting in Boston in June 2022. Chapter Editors Brian E. Ferguson and Matthew Powers have reviewed the comments received through the Working Group Series review and comment process.

This Chapter represents the collective efforts of many individual contributors. On behalf of The Sedona Conference, I thank everyone involved for their time and attention during the drafting and editing process, including: Brooks Beard, Timothy Devlin, Brian E. Ferguson, Samantha Lerner, Guy Perry, Matthew Powers, and David Saunders.

The Working Group had the benefit of candid comments by the Honorable Alan D. Albright, the Honorable Christopher J. Burke, and the Honorable Beth Labson Freeman, who are serving as Judicial Advisors for this Streamlining Lower-Value Patent Cases Chapter. The statements in this *Commentary* are solely those of the nonjudicial members of the Working Group; they do not represent any judicial endorsement of the recommended practices.

Please note that this version of the *Commentary on Patent Litigation Best Practices: Streamlining Lower-Value Patent Cases Chapter* is open for public comment through January 15, 2023, and suggestions for improvements are welcome. After the deadline for public comment has passed, the drafting team will review the comments and determine what edits are appropriate for the final version. Please send comments to comments@sedonaconference.org.

The Sedona Conference hopes and anticipates that the output of its Working Groups will evolve into authoritative statements of law, both as it is and as it should be.

Craig W. Weinlein
Executive Director
The Sedona Conference
September 2022

Foreword

There are thousands of patent infringement lawsuits filed in the United States every year, with over 4,000 such cases filed in each of calendar years 2020 and 2021. While jury verdicts awarding damages for patent infringement in the hundreds of millions and even billions of dollars receive much attention and publicity, such cases are firmly the exception and not the rule. Instead, in the large majority of patent cases that are filed, either the patentee comes forward with a much more modest damages claim, or the jury awards a much lower amount. Working Group 10 ascertained that in the patent cases that went to trial between 2019 and 2021 where the patentee was successful in showing that at least one claim was infringed and not invalid, the amount of damages awarded was under \$15 million 74 percent of the time.

The rules and procedures that govern patent cases in the U.S. district courts, however, generally do not distinguish between patent cases where hundreds of millions of dollars are at stake and those where the amount at issue is a fraction of that amount. As a result, parties to a “lower value” patent case often expend disproportionate amounts of time and money on litigating the case. It is the consensus of Working Group 10 that patent litigants and courts would benefit from a formalized, streamlined program for resolving lower-value patent cases. It is contemplated that the program, when used, will significantly reduce both the time and cost associated with resolving patent cases where the amount at issue is in the range of \$10 million or less. As the statistics set forth above confirm, thousands of patent cases every year could be eligible for and benefit from the program.

The streamlined program may be implemented as part of a district court’s local patent rules or as an individual judge’s standing order for handling certain patent cases. A critical aspect of the program is the use of a bench trial in place of a jury trial, making use of the program optional to the parties. The program calls for significant reductions in discovery, asserted claims, defenses, asserted prior art, an early claim construction hearing, and a bench trial on liability less than a year after the complaint is filed. If the result of the bench trial is that at least one claim has been found infringed and not invalid, a streamlined damages phase would commence immediately thereafter. The entire case would be complete in a little over a year. Working Group 10 expects that the program should cost the parties less than half of what a patent litigation typically costs today. The program should also help facilitate early settlements, as the parties will know the court’s claim construction early in the case.

This streamlined program for resolving lower-value patent cases was developed by a group of practitioners who represent both plaintiffs and defendants in patent litigation, with the guidance of three Judicial Advisors to the WG10 Steering Committee. It has been the focus of the dialogue at numerous Sedona Conference working group meetings and conferences and revised in response to comments received. This public version is open for comments. We look forward to your feedback.

Matthew Powers
Editor-in-Chief
Chair, Working Group 10 Steering Committee

Brian E. Ferguson
Chapter Editor

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Principles “At a Glance”

Principle No. 1 – WG10 is developing Best Practices to improve the system for resolving patent disputes and make it more fair and efficient. These Best Practices apply to and benefit all stakeholders in patent litigation, both bench and bar, and to and for all types of patent holders and accused infringers. These Best Practices should further the goals of Federal Rule of Civil Procedure 1 and “should be construed and administered to secure the just, speedy, and inexpensive determining of every action and proceeding,” all to help ensure a fair and efficient patent litigation system. 1

Best Practices “At a Glance”

Best Practice 1 – The Streamlined Program caps the combined amount of past damages and future royalties available at no more than \$10 million.4

Best Practice 2 – Cases where the plaintiff is willing to settle for a fraction of the cost of litigation (e.g., well under \$1 million) are not suitable for the Streamlined Program.5

Best Practice 3 – Participation in the Streamlined Program should be optional, not mandatory.6

Best Practice 4 – The Streamlined Program requires the parties to waive the right to a jury trial.6

Best Practice 5 – Both parties should opt in to the Streamlined Program before the answer to the complaint is filed.7

Best Practice 6 – The total number of patent claims that the plaintiff may assert is five, regardless of the number of asserted patents.9

Best Practice 7 – The Streamlined Program requires the plaintiff to waive any claim for willful infringement.9

Best Practice 8 – The Streamlined Program requires the plaintiff to waive any claim for injunctive relief.9

Best Practice 9 – The Streamlined Program requires the defendant to waive any arguments concerning personal jurisdiction and any arguments that venue is improper or inconvenient.10

Best Practice 10 – The total number of invalidity grounds under 35 U.S.C. §§ 102 or 103 that the defendant may assert against each asserted claim is three. The total number of prior art references that a defendant may rely on across all of its §§ 102/103 grounds is seven.10

Best Practice 11 – The Streamlined Program requires the defendant to waive any right to file invalidity proceedings before the USPTO, including IPR, CBR, or PGR petitions, and requests for ex parte reexamination of any of the asserted patents.10

Best Practice 12 – The Streamlined Program limits any counterclaims the defendant may file to ones for noninfringement, invalidity, or unenforceability due to inequitable conduct.10

Best Practice 13 – Early disclosure of the parties’ contentions is a key aspect of the Streamlined Program. The plaintiff should identify asserted claims and provide infringement charts one week after entry into the program. The defendant should provide its invalidity contentions eight weeks after entry into the program.12

Best Practice 14 – Six weeks after entry into the Streamlined Program, the parties should produce core documents.13

Best Practice 15 – The Streamlined Program does not allow discovery requests that require searching for and producing email.14

Best Practice 16 – The parties should agree on stringent limits on the number of interrogatories, document requests, requests for admission, subpoenas, and Rule 30(b)(6) topics that may be served, as well as the number of depositions. If the parties cannot agree, the court may impose its own limitations, consistent with the goals of the Streamlined Program.14

Best Practice 17 – Because the Streamlined Program calls for a bench trial in an expedited fashion, the program foregoes any summary judgment briefing or *Daubert* briefing.....16

Best Practice 18 – The court should hold a bench trial, limited to 2-3 days as necessary, 40 weeks after entry into the Streamlined Program.....17

Best Practice 19 – The court should issue its decision on liability no later than 44 weeks after entry into the Streamlined Program.17

Best Practice 20 – If the court determines that at least one asserted claim is infringed and not invalid, the court should hold a one-day bench trial on damages 56 weeks after entry into the Streamlined Program. The court should issue its decision on damages no later than 60 weeks after entry into the program.17

I. Introduction

The *Commentary on Streamlining Lower-Value Patent Cases* explores ways to efficiently and effectively resolve certain types of patent cases with proportional impact on the parties, courts, third parties, and other stakeholders. It recognizes that our current “one size fits all” patent litigation model overtaxes the system and parties when the value of a particular patent case is relatively low. The *Commentary* explores the realities of the patent litigation ecosystem and the interests of all stakeholders to generate a balanced proposal that can be effectively employed, focusing on the lower-value cases that consume a disproportionate amount of party and court resources. This *Commentary* is not directed at the very low-value cases that tend to resolve before consuming meaningful court resources.

The overarching principle for all of The Sedona Conference Working Group 10 (WG10) on Patent Litigation Best Practices is:

Principle No. 1 – WG10 is developing Best Practices to improve the system for resolving patent disputes and make it more fair and efficient. These Best Practices apply to and benefit all stakeholders in patent litigation, both bench and bar, and to and for all types of patent holders and accused infringers. These Best Practices should further the goals of Federal Rule of Civil Procedure 1 and “should be construed and administered to secure the just, speedy, and inexpensive determining of every action and proceeding,” all to help ensure a fair and efficient patent litigation system.¹

In furtherance of this goal, WG10 has developed a Streamlined Patent Case Program (“Streamlined Program”) that is designed to complete patent cases identified as lower value in a streamlined, cost-effective, and speedy manner. The key aspects of the Streamlined Program are: (a) voluntary participation by the parties; (b) fewer asserted claims and defenses; (c) reduced discovery demands; (d) a bench trial on liability approximately 40 weeks after the parties enter into the Streamlined Program; (e) if necessary, a bench trial on damages 56 weeks after the parties enter into the Streamlined Program; and (f) the default total amount of damages a defendant may be required to pay is no more than \$10 million. Certain issues that tend to drive up the cost and complexity of litigation— such as willful infringement and the pursuit of injunctive relief—are not allowed under the Streamlined Program. Similarly, the Streamlined Program requires defendants to forego filing invalidity challenges with the U.S. Patent and Trademark Office.

The *Commentary* identifies what types of cases might benefit from streamlining. For example, some cases may be good candidates for this program because they involve a limited damages period (i.e., marking problems or expired or soon-to-be-expired patents) or because there is a clear noninfringement, invalidity, standing, or other issue. Some cases might involve a low demand from a plaintiff seeking a large number of smaller settlements. Yet other cases might involve a patent

¹ The Sedona Conference, *Commentary on Patent Litigation Best Practices: Case Management Issues from the Judicial Perspective*, Public Comment Version (July 2015), https://thesedonaconference.org/publication/Commentary_on_Patent_Litigation_Best_Practices_Case_Management_Issues_from_the_Judicial_Perspective.

directed to a minor or small aspect of an accused product. The *Commentary* recognizes that some cases may fall within more than one of these categories.

An initial goal of WG10 was to accurately and fairly identify such cases and to develop the Streamlined Program for resolving them. WG10 examined other procedures and best practices employed in our own judiciary across practice areas and programs implemented in other countries to inform the development of this *Commentary*.

The primary focus of this *Commentary* is to develop a fair and balanced Streamlined Program that will become widely adopted in the court system and by litigants and transform the way lower-value patent cases are resolved. This Streamlined Program reflects the inputs of representatives from all key stakeholders in the patent litigation system, after fleshing out any barriers to adoption and minimizing any unintended consequences.

The Streamlined Program's recommended schedule is outlined immediately below, with the underlying considerations supporting the schedule discussed in detail in Sections IV-VI below.

Liability phase

Event	Deadline (from entry into program)
Plaintiff identifies claims and provides claim charts	One week
Parties produce core documents	Six weeks
Defendant provides invalidity contentions	Eight weeks
Parties exchange claim terms/constructions and supporting evidence	10 weeks
Claim construction briefing completed	15 weeks
End of fact discovery	16 weeks
Claim construction hearing (2 hours, preferably by video; constructions provided during or soon after the hearing)	17 weeks
(If constructions not provided earlier) Court's claim construction order	18 weeks
(At court's discretion) Parties conduct mediation and report on results	18-19 weeks
Supplementation of contentions, <i>only if</i> the court adopts a claim construction not advocated by either party and a party deems it necessary to serve supplemental contentions	19 weeks

Event	Deadline (from entry into program)
Service of infringement and invalidity expert reports	21 weeks
Service of responsive expert reports	25 weeks
Expert discovery deadline	27 weeks
Submission of trial briefs	35 weeks
2-3 day bench trial	40 weeks
(At court's discretion) Submission of proposed findings of fact and conclusions of law	41 weeks
Decision on liability	44 weeks

Damages phase

Event	Deadline (from entry into program)
Plaintiff serves damages expert report	48 weeks
Defendant serves damages expert report	50 weeks
Damages expert discovery deadline	52 weeks
Submission of damages trial briefs	54 weeks
1-day bench trial on damages	56 weeks
(At court's discretion) Submission of proposed findings of fact and conclusions of law	57 weeks
Decision on damages	60 weeks

II. *Identifying Cases Suitable for the Streamlined Program*

Patent cases with potentially hundreds of millions of dollars at stake—whether through monetary damages or the threat of an injunction—are the exception not the rule in U.S. litigation. An examination of the 77 cases between 2019 and 2021 that were tried to a verdict and resulted in monetary damages being awarded for patent infringement revealed that in 57 of the cases (74 percent) the awarded damages were less than \$15 million.² Accordingly, the vast majority of patent cases that are filed today would benefit from some form of streamlining. This *Commentary* explores a number of guideposts for identifying such cases, as discussed below.

A. AMOUNT IN CONTROVERSY

Best Practice 1 – The Streamlined Program caps the combined amount of past damages and future royalties available at no more than \$10 million.

In WG10’s experience, and as supported by the statistics set forth above, many patent cases filed in the U.S. have a realistic damages recovery of \$10 million or less. This *Commentary* therefore recommends the damages “ceiling” in the Streamlined Program be set at \$10 million. Many plaintiffs initiate litigation with no expectation of receiving \$10 million or more in damages if successful, and for those plaintiffs, there should be no hesitation to enter into the Streamlined Program. For those plaintiffs who may have expectations of a greater recovery, this number sets an appropriate balance between a plaintiff’s desire to seek a greater sum if the case proceeds to trial versus the benefits to the plaintiff in agreeing to enter into the Streamlined Program.³

While WG10 recommends that \$10 million be the default damages cap, there may be instances where the parties to a case would be willing to take advantage of the benefits of the Streamlined Program but are uncomfortable with the \$10 million cap. In such cases, the parties should discuss an agreement to modify to the cap (either up or down). If the parties agree, they should inform the court when they enter into the Streamlined Program. If the court finds the modified cap acceptable, the court should then memorialize the parties’ agreement in the Scheduling Order or by other means.

In evaluating the realistic value of the case, the plaintiff should assess any prior license agreements to the asserted patents. License rates that have not generated significant revenue should be an indicator to the plaintiff that the case is a strong candidate for the Streamlined Program.

² Information collected from legal analytics firm Lex Machina (subscription required).

³ See *infra* Section III.B.

Best Practice 2 – Cases where the plaintiff is willing to settle for a fraction of the cost of litigation (e.g., well under \$1 million) are not suitable for the Streamlined Program.

Some plaintiffs file patent cases with the expectation of quickly settling the case for well under \$1 million. The vast majority of those cases settle before any meaningful effort is expended by the court on the case. These types of cases are generally not appropriate for the Streamlined Program, because the program requires the parties and the court to expeditiously move the case forward. Instead, nearly all of these cases will and do resolve in the ordinary course and will not benefit from the Streamlined Program.

B. FACTORS THAT MAY IMPACT THE PARTIES' AMOUNT IN CONTROVERSY ANALYSES.

The parties to a case may consider other damages-related indicators of the value of the case in determining whether to take advantage of the Streamlined Program. Both parties should conduct a realistic damages analysis of their respective cases early on and voluntarily exchange information that may impact their respective damages analyses. This may encourage one or both parties to seriously consider participating in the Streamlined Program to obtain resolution of the dispute as quickly and efficiently as possible. A nonlimiting list of some of these other factors that may bear on the damages analysis include:

- the patent has expired or will expire soon;
- the plaintiff or its licensees have not complied with the marking requirement of 35 U.S.C. § 287;
- the plaintiff may have overestimated the amount of the defendant's sales of the accused products;
- the patent(s) in suit cover only a minor component or feature of the accused products; or
- instances where the plaintiff has missed or is unaware of facts that adversely impact its case on the merits (e.g., the defendant may have demonstrably strong prior art, an on-sale bar defense, or a straightforward noninfringement argument).

In the last three examples identified above, communication of these facts to the plaintiff early on is encouraged. While the plaintiff may not necessarily agree with the strength of the defendant's arguments, it may nonetheless be convinced to use the Streamlined Program in order to obtain resolution of the issue as quickly and efficiently as possible.

III. Opting Into the Streamlined Program and the Benefits Thereof to the Parties

The many benefits the Streamlined Program offers to both plaintiffs and defendants stem from a core fundamental tenet of the program—the parties must forego a jury trial in favor of a bench trial. As discussed below, this necessarily makes entry into the program optional, not mandatory. The process for the parties electing to use the program, and the benefits it provides to the parties, is discussed below.

A. BOTH PARTIES MUST OPT-IN TO THE STREAMLINED PROGRAM

Best Practice 3 – Participation in the Streamlined Program should be optional, not mandatory.

Best Practice 4 – The Streamlined Program requires the parties to waive the right to a jury trial.

A fundamental aspect of the Streamlined Program is to eliminate a jury trial and proceed instead with a relatively short bench trial. Jury trials add significant expense due to the voir dire process, the need for jury instructions and a verdict form, Rule 50 and Rule 59 motions, and (for many parties) the use of jury researchers and mock trials. A bench trial avoids these costs. A bench trial is also more efficient and can be completed in a faster time than a typical jury trial.

Thus, in order to participate in the streamlined process, the parties must both agree to waive their right to a jury trial. Because of Seventh Amendment concerns, this necessarily requires participation in the program to be optional to both parties, not mandatory. The consensus of WG10 is that the benefits to both parties of participating in the program will outweigh any concerns they may otherwise have regarding giving up the right to a jury.

Making participation optional also avoids any concerns that may be associated with the judge mandating that parties participate in the program. A party may be understandably concerned that the judge has already prejudged the merits of the case if the judge is the one recommending or requiring that the parties enter into the program. Removing the judge from the process of deciding whether to enter into the program avoids this concern.

WG10 recognizes that the Streamlined Program requires the court to substantively participate in the case at an early stage. With that in mind, district court judges may wish to refer claim construction and any discovery disputes to a magistrate judge (keeping in mind that doing so will allow the parties to file objections to any rulings by the magistrate judge, which may increase the cost and complexity of the case). The parties may also agree to have the magistrate judge preside over and decide the issues raised in the trial, consistent with Federal Rule of Civil Procedure 73.

Best Practice 5 – Both parties should opt in to the Streamlined Program before the answer to the complaint is filed.

The Streamlined Program includes an aggressive schedule.⁴ In order to achieve the goal of a trial on the merits well within a year of filing the complaint, a requirement of the program is that both parties agree to participate before the answer to the complaint is filed. In particular, this gives the defendant enough time to evaluate the merits of the case and determine whether it wishes to enter into the program.

B. THE STREAMLINED PROGRAM BENEFITS BOTH PARTIES

Early identification of cases that may benefit from the Streamlined Program is critical to achieving widespread adoption. Trust by the parties in the program is paramount, both to allow the parties to opt in as required and for the program to be successful. Streamlining cannot successfully occur unless the parties trust the process and recognize that each side is giving up certain rights and positions that might otherwise be available in a traditional, nonstreamlined case. Below is a summary of the advantages the program offers each party. WG10 believes that, on balance, the benefits provided by the program inure equally to both parties.

1. Benefits to the plaintiff

For the plaintiff, the Streamlined Program offers several benefits. With the possible exception of the Alexandria Division of the Eastern District of Virginia, the program is significantly faster than any schedule currently available in district court. A plaintiff will receive a decision on the merits 44 weeks after the parties enter into the program. If the plaintiff succeeds on the merits, it will receive a decision on damages 16 weeks later. Given that the average time to a jury trial in patent cases is nearly three years, this is a significant time savings.

More than just speed, the program also offers significant cost savings. The program requires a limited number of asserted patent claims, asserted invalidity grounds, asserted prior art references, and offers reduced discovery demands. Further, certain issues that might otherwise require substantial time and resources, such as willful infringement and injunctive relief, are not available under the program. The end result is a patent case that should ultimately be completed at a fraction of the normal cost.

The plaintiff also benefits from avoiding the uncertainty and additional cost associated with Inter-Partes Review (IPR) or Post-Grant Review (PGR) proceedings before the Patent Trial and Appeal Board (PTAB), as well as the satellite litigation issues that often surround PTAB proceedings (such as whether the case should be stayed, and the scope of prior art estoppel if the PTAB proceeding is unsuccessful). The plaintiff further benefits from the requirement that the defendant will not raise jurisdictional or venue arguments and may only assert a limited range of counterclaims.

2. Benefits to defendant

The defendant will enjoy many of the same benefits identified above with respect to the plaintiff. The defendant will enjoy the significant cost savings associated with the program. The defendant

⁴ The Streamlined Program schedule is set out in Section I, *supra*.

also benefits from avoiding any uncertainty associated with willful infringement claims and an injunction request. The defendant avoids the cost and time-consuming nature of email discovery. Finally, the damages cap provides a defendant certainty with respect to the worst-case impact the case could have on the company's bottom line.

IV. Required Waivers of Certain Rights and Positions

There are a number of issues that arise in patent litigation that can quickly escalate the cost of the case and require significant resources to address. A requirement for entry into the Streamlined Program is for parties to give up the right to pursue some of these issues. By doing so, the parties will help ensure that their dispute is resolved in a streamlined, cost-efficient manner. Moreover, many of these issues tend to require the court to devote significant resources to resolve the issues themselves as well as discovery disputes concerning them. Waiver of these issues also helps to preserve the resources of the court, resulting in a win-win for all participants.

Other factors that frequently drive up the cost of patent litigation are the number of asserted patent claims and the number of asserted prior art references and prior-art-based defenses. The parties must significantly reduce both upon entry into the program. In practice, plaintiffs frequently assert numerous claims, only to drop claims as the case progresses, with only a handful of claims actually tried. Defendants, in turn, frequently identify many dozens of prior art references, generating hundreds or even thousands of pages of invalidity charts, when in reality at most only a few references may actually be relied on at trial. Putting strict limits in place at the outset reduces the unnecessary costs associated with these practices.

A. WAIVERS BY PATENT OWNERS

Best Practice 6 – The total number of patent claims that the plaintiff may assert is five, regardless of the number of asserted patents.

In keeping with the goal of the Streamlined Program, WG10 recommends that there be stringent limits placed on the number of patent claims the plaintiff can assert—five total claims, regardless of the number of asserted patents.

Best Practice 7 – The Streamlined Program requires the plaintiff to waive any claim for willful infringement.

Best Practice 8 – The Streamlined Program requires the plaintiff to waive any claim for injunctive relief.

By entering into the Streamlined Program, the plaintiff agrees not to pursue any claims of willful infringement. This eliminates costly and time-consuming disputes over the production of opinions of counsel, the scope of any waiver of the attorney-client privilege, and analysis of whether the court should enhance damages.

The plaintiff also agrees not to seek an injunction against the accused products or processes. This eliminates discovery into the irreparable-harm and public-interest factors, and the potential need for expert testimony as to both.

B. WAIVERS BY PATENT DEFENDANTS

Best Practice 9 – The Streamlined Program requires the defendant to waive any arguments concerning personal jurisdiction and any arguments that venue is improper or inconvenient.

A requirement for entry into the Streamlined Program is that the defendant waive any arguments regarding personal jurisdiction and improper or inconvenient venue. This requirement works towards achieving the goals of the program and allows the parties and the court to proceed expeditiously to issues regarding the merits of the patent claim.

Best Practice 10 – The total number of invalidity grounds under 35 U.S.C. §§ 102 or 103 that the defendant may assert against each asserted claim is three. The total number of prior art references that a defendant may rely on across all of its §§ 102/103 grounds is seven.

With respect to 35 U.S.C. §§ 102 and 103 defenses, the defendant may assert no more than three different §§ 102/103 invalidity grounds against each asserted claim. Further, the defendant may rely on no more than seven total prior art references in asserting its different §§ 102/103 grounds. If there are multiple asserted patents and the patents have different specifications, then the defendant may add two additional prior art references per different specification. For example, if the plaintiff asserts three patents where two of the patents share a common specification and the third has a materially different specification, the total number of prior art references that the defendant may assert in its §§ 102/103 grounds is nine. Any obviousness grounds must be made from the prior art references identified by the defendant as part of the total allowed number—in other words, the defendant cannot rely on additional references to (for example) show the “state of the art.”

Best Practice 11 – The Streamlined Program requires the defendant to waive any right to file invalidity proceedings before the USPTO, including IPR, CBR, or PGR petitions, and requests for ex parte reexamination of any of the asserted patents.

By entering into the Streamlined Program, the defendant agrees that it will not pursue invalidity proceedings before the PTAB (such as filing petitions for inter partes reexamination, covered business method review, or post grant review) or the Patent Office (ex parte reexamination). This eliminates a significant cost to both parties, and also ensures that related disputes are not raised in the court proceedings (such as whether the case should be stayed and the scope of any prior art estoppel).

Best Practice 12 – The Streamlined Program limits any counterclaims the defendant may file to ones for noninfringement, invalidity, or unenforceability due to inequitable conduct.

The defendant also agrees that it will not raise any counterclaims beyond noninfringement, invalidity, and unenforceability due to inequitable conduct. Other counterclaims that sometimes arise, such as antitrust or unfair competition violations, or counterclaims against the plaintiff for infringement of defendant’s patents, introduce too much complexity and are not suitable for

resolution under the Streamlined Program. The counterclaims contemplated under the program are the ones most frequently asserted in patent litigation cases and should be sufficient to adequately protect a defendant's rights.

V. Streamlining of Discovery

Discovery is arguably the single biggest factor in driving up the cost of patent litigation. In many cases the discovery period extends too long and the parties fill up the period pursuing unnecessary discovery from each other and third parties. The default limitations on discovery under the Federal Rules of Civil Procedure—such as 10 depositions per side—also can lead to wasteful discovery. Some of the waivers discussed in Section IV above—such as no willful infringement claims and the reduced number of prior art defenses—will help to reduce the amount of discovery in the case. The Streamlined Program contemplates additional limitations on discovery and proposes a relatively short period of fact discovery. These limitations should benefit both parties in reducing their discovery burdens and the cost associated therewith.

A. CONTENTIONS

Best Practice 13 – Early disclosure of the parties’ contentions is a key aspect of the Streamlined Program. The plaintiff should identify asserted claims and provide infringement charts one week after entry into the program. The defendant should provide its invalidity contentions eight weeks after entry into the program.

A key aspect of the Streamlined Program is early disclosure of contentions. The schedule calls for the plaintiff to provide its infringement contentions one week after the parties enter into the program. The defendant’s invalidity contentions are due eight weeks after the parties enter into the program. While the schedule does not include a deadline for the defendant to provide noninfringement contentions and the plaintiff to provide its response to the invalidity contentions, such information may be provided during discovery, for example in response to an interrogatory.

It is not contemplated that the parties be allowed to serve “final” or “supplemental” contentions as part of the schedule. Rather, in the rare event that the court adopts a claim construction that neither party proposed, the schedule allows in that instance for supplemental contentions to be served if a party deems it necessary due to the court’s construction.

WG10 also recognizes that contentions may evolve as discovery occurs and believes that the parties may fully develop and explore their contentions during the expert discovery phase of the case. Of course, this does not mean that a party should be allowed to make wholesale changes in its theories. The court will have discretion, during the pretrial and trial phase of the case, to strike or exclude arguments or theories that egregiously differ from a party’s contentions.

B. DISCOVERY LIMITATIONS

The Streamlined Program significantly reduces the amount of discovery sought and produced. Discovery is where the bulk of patent litigation expense arises, and it also frequently requires the most commitment from the parties in terms of time and resources.

1. Fact discovery

a. Core documents

Best Practice 14 – Six weeks after entry into the Streamlined Program, the parties should produce core documents.

The Streamlined Program requires that six weeks after entry, both parties produce their “core” documents. A full list of all possible relevant documents that should be produced as core documents will depend on the circumstances of each case. A nonlimiting list of likely relevant documents that the plaintiff should produce includes the patent(s), file histories, any prior art (including art not cited on the face of the patents), all documents concerning assignment and chain of ownership of the asserted patent(s), documents concerning the inventor(s), development (conception or reduction to practice) history documents (inventor notebooks, presentations, etc.), and documents regarding the accused products or processes. If the plaintiff alleges that it offers a competing product, then documents regarding the customers and sales of the competing products should also be included as part of the core document production.

A nonlimiting list of relevant core documents that a defendant should produce includes prior art, documents sufficient to show the relevant operation of the accused products or processes (specifications, schematics, flow charts, formulas, etc., and, when necessary, source code), financial information concerning the accused products or processes (customers, revenue, profit/loss statements), and any license agreements related to the accused products or processes.⁵

b. Source code

Discovery disputes over source code are frequent in patent litigation, beginning with the threshold question of whether source code production is necessary for purposes of establishing infringement. Additional disagreements that often arise include whether source code should receive heightened protection under the court’s protective order, the mechanics and logistics associated with producing source code and allowing review thereof, and the amount of source code that may be printed by the opposing party. These disputes often require the court’s intervention to resolve.

The Streamlined Program aims to reduce or eliminate the negative impact that source code disputes may have on the case schedule by requiring the parties to proactively recognize and attempt to resolve source code issues at the earliest stages of the case. The plaintiff should raise the issue of whether it believes source code production will be necessary when the parties first discuss entry into the program, so that they can attempt to resolve source code production logistics and protective

⁵ For a more thorough analysis and identification of relevant documents that often exist and should normally be part of the parties’ document productions, see The Sedona Conference, *Commentary on Patent Litigation Best Practices: Discovery Chapter*, Sections IV, VI (Dec. 2015 ed.), https://thesedonaconference.org/publication/Commentary_on_Patent_Litigation_Best_Practices_Discovery_Chapter. For an analysis of the type of documents that may be relevant to damages issues in a patent case, see The Sedona Conference, *Case Management of Patent Damages and Remedies Issues: Proposed Model Local Rule for Damages Contentions*, Section B (June 2017 ed.), https://thesedonaconference.org/publication/Patent_Damages_and_Remedies.

order amendments before submission of the Case Management Statement.⁶ Additionally, the court in its Case Management Statement Order⁷ should raise the issue of source code production and require the parties to address it in the Case Management Statement, in order for the court to resolve any source code disputes at the outset of the case.

c. No email discovery

Best Practice 15 – The Streamlined Program does not allow discovery requests that require searching for and producing email.

A significant limitation on discovery is the elimination of email discovery. Particularly with the requirement that the plaintiff forego any willful infringement claims, the marginal need for email discovery in the Streamlined Program is far outweighed by the cost, in terms of both time and expense, that email discovery typically entails. By eliminating email discovery, the typical disputes over the number of custodians, the scope of search terms, the number of “hits,” etc. is avoided.

This limitation on email discovery is intended to include other forms of electronic communications, such as text messages, instant messaging, voicemails, and the like. The limitation on email discovery, however, must be read in conjunction with the requirement of producing core documents as described above. In other words, if core documents are only available in emails, then in such instances those core documents should still be produced.

d. Interrogatories, document requests, requests for admissions, subpoenas, and 30(b)(6) depositions

Best Practice 16 – The parties should agree on stringent limits on the number of interrogatories, document requests, requests for admission, subpoenas, and Rule 30(b)(6) topics that may be served, as well as the number of depositions. If the parties cannot agree, the court may impose its own limitations, consistent with the goals of the Streamlined Program.

The Streamlined Program imposes significant reductions in: (a) the number of interrogatories; (b) the number of requests for production; (c) the number of requests for admission; (c) the number of subpoenas; (d) the number of Rule 30(b)(6) deposition topics; and (e) the number of depositions that a party may take. Because not every case has the same issues, the program provides flexibility in allowing the parties to jointly propose these limitations, with the court resolving any disputes, keeping in mind the goals of the program.

e. Discovery dispute resolution

The Streamlined Program includes expedited resolution of discovery disputes, whereby the parties provide the court with a brief, joint letter explaining the dispute and each parties’ respective positions, followed by a short telephone conference with the court. The court will provide its

⁶ See *infra*, Appendix A, Sect. A.

⁷ *Id.*

decision at the conclusion of the conference, or shortly thereafter. This process should be followed whether the dispute involves fact discovery or expert discovery.

2. Expert discovery

The Streamlined Program calls for the parties to serve liability expert reports on the issues for which they bear the burden of proof (e.g., infringement, invalidity, and unenforceability) 21 weeks after entry into the program, or approximately three-to-four weeks after receiving the court's claim constructions. Rebuttal reports are due four weeks later. Expert discovery closes two weeks after that, or 27 weeks after the parties enter into the program.

VI. Streamlining of Claim Construction, Motion Practice, and Trial

A. CLAIM CONSTRUCTION, SUMMARY JUDGMENT, AND *DAUBERT* MOTIONS

The Streamlined Program requires the parties to exchange their identification of claim terms, proposed constructions, and supporting evidence 10 weeks after entry into the program. Because the program requires the court to decide claim construction disputes expeditiously, the parties must propose no more than five disputed terms for construction.

The court will have flexibility in setting its preferred form of briefing and schedule but should hold a claim construction hearing 17 weeks after the parties' entry into the program. The program's default recommendation is that the claim construction hearing take place by video and last no more than two hours. The court in its discretion may consider modifications thereto, such as considering a request from the parties to have the hearing in person. The court should provide its constructions following the hearing, or shortly after the hearing (for example, no later than one week after the hearing). The court may include in the case schedule a deadline for providing its claim constructions.

Best Practice 17 – Because the Streamlined Program calls for a bench trial in an expedited fashion, the program foregoes any summary judgment briefing or *Daubert* briefing.

Because the Streamlined Program eliminates the jury trial in favor of a bench trial, the consensus of WG10 is that the parties should not be allowed to file summary judgment or *Daubert* motions under the Program. Summary judgment and *Daubert* motions typically require a court to employ significant resources to resolve. To meet the program's goal of a trial on the merits well within a year of the complaint being filed, summary judgment briefing is not feasible in that time frame, and because the court will be deciding the issues, *Daubert* motions are unnecessary. To the extent there is dispute over the definiteness of a claim term,⁸ any such disputes should be raised and resolved as part of the claim construction process. Any issues concerning the qualifications of, or the methodologies used, by an expert may be addressed in pretrial briefing.

B. MEDIATION

The consensus of WG10 is that if mandatory mediation is required, it should occur shortly after the court issues its claim construction ruling. This provides the parties with the first significant merits ruling by the court, and mediation should therefore be more productive at this stage of the case than if it were to occur at the beginning of the case.

⁸ 35 U.S.C. § 112.

C. BIFURCATED TRIAL

1. Liability phase

Best Practice 18 – The court should hold a bench trial, limited to 2-3 days as necessary, 40 weeks after entry into the Streamlined Program.

Best Practice 19 – The court should issue its decision on liability no later than 44 weeks after entry into the Streamlined Program.

The Streamlined Program requires the court to conduct trial on the merits 40 weeks after entry into the program, with the parties submitting trial briefs five weeks prior. The trial should normally be limited to two or three total days. The court should issue its decision on liability four weeks after the trial.

To help meet this four-week deadline, the court may in its discretion require the parties to file proposed findings of fact and conclusions of law within one week after the trial has concluded. If the court allows this filing, it should consider imposing a limit on the submissions, e.g., a limit on the number of pages.

The court may also consider whether to inform the parties shortly after the liability trial has concluded how it intends to rule on the merits without providing a full written opinion at that time. Doing so may benefit both the parties and the court. First, if the court has determined that at least one claim is infringed and not invalid, the parties will benefit from knowing that the case will proceed to the damages phase. The court may then choose to provide a single written opinion addressing both liability and damages at the conclusion of the damages phase, rather than writing two separate opinions.

Second, if the court has determined that the defendant has prevailed on the merits, the parties will know that they will not need to prepare for the damages phase. The court may then use the extra time, if it is needed, to draft the opinion on liability. In this situation, the court should still endeavor to issue the liability opinion within a year of the parties entering into the program.

2. Damages phase

As discussed in Section II.A above, absent agreement by the parties of a different amount, the total amount of damages that a plaintiff may receive under the Streamlined Program is \$10 million.

Best Practice 20 – If the court determines that at least one asserted claim is infringed and not invalid, the court should hold a one-day bench trial on damages 56 weeks after entry into the Streamlined Program. The court should issue its decision on damages no later than 60 weeks after entry into the program.

If the court determines that one or more the asserted patent claims is infringed and not invalid, the parties will immediately proceed to the damages phase of the case. This expedited process provides for a short period of damages expert discovery, with the plaintiff serving its damages expert report 48 weeks after entry into the Streamlined Program, or approximately four weeks after receiving the

court's liability decision. The defendant serves its responsive damages expert report two weeks later, and expert discovery concludes two weeks after that.

The parties will provide the court with damages trial briefs 54 weeks after entry into the program, with a one-day bench trial on damages taking place two weeks thereafter. The court's decision on damages will issue no later than four weeks after the trial. If helpful, the court may in its discretion require the parties to file proposed findings of fact and conclusions of law within one week after the damages trial has concluded. Again, the court should consider imposing a limit on the submissions, e.g., a limit on the number of pages.

Under this streamlined schedule, the entire case will be complete 60 weeks after the parties enter into the program.

The court may award damages for past infringement and may set an ongoing royalty rate for future infringement. The total amount of damages that a defendant may be liable for, however, is \$10 million. For example, a court may award past damages totaling \$7 million, and set an ongoing royalty rate applied against future infringing sales. The defendant will be required to pay royalties for future infringing sales up to the point those royalty payments reach \$3 million, at which point the royalty payment obligations come to an end. This provides the defendant the choice of whether to design around the infringed claims and offer a noninfringing alternative or pay the royalties as determined by the court. Of course, the parties may also negotiate a lump-sum payment for the defendant to make in satisfaction of the ongoing royalty payment obligations.

D. APPEAL RIGHTS NOT AFFECTED

The parties preserve all rights to appeal the court's decisions on liability and damages to the Court of Appeals for the Federal Circuit.

Appendix A – Model Case Management Statement Order and Scheduling Order

A. CASE MANAGEMENT STATEMENT ORDER

As set forth above, the Streamlined Program requires the court’s participation early in the process, with claim construction initiating only 10 weeks after entry into the program. The court will benefit from an early disclosure of information regarding the case. Thus, WG10 recommends under the program that the court issue an order immediately after the parties agree to enter into the program that provides the court with information regarding the case. A draft model order is set forth below. The court may in its discretion determine which categories of information it will ask the parties to provide. The list below is exemplary, not exhaustive.

MODEL ORDER GOVERNING THE CASE MANAGEMENT STATEMENT IN A PATENT CASE UNDER THE STREAMLINED PATENT CASE PROGRAM

1-1.1 The Case Management Statement

Within one week after entry into the Streamlined Patent Case Program, the parties will prepare a Case Management Statement and file it with the court. Plaintiff is responsible for ensuring the prompt filing of the Case Management Statement. The Case Management Statement will address or identify the following:

1. When Plaintiff’s complaint was filed, and, if applicable, number of extensions and days of extension.
2. When Defendant responded to complaint, or when Defendant’s response is due.
3. The date(s) when the parties agreed to enter into the program.
4. Number(s) of asserted patents, numbers of asserted claims, and quantity of asserted patents and claims. (Example: Plaintiff has asserted Patent No. X,XXX,XXX Claims 2 and 4; and Patent No. Y,YYY,YYY Claims 1 and 6; for a total of 2 asserted patents and 4 asserted claims.)
5. A chart of all pending and past cases where a common patent is or was asserted, such chart taking the following form:

Case Name	Case Cite	Venue and Judge	Overlapping Patents	Time to Resolution (if resolved)	Key Rulings

6. Any other litigation between the parties and the nature and status of that litigation.
7. An identification of whether any of the asserted patents are subject to license agreements.
8. Whether the parties have agreed to a damages cap that is different from the default amount of \$10 million.
9. A good-faith estimate of the damages range expected for the case (not to exceed the cap amount) along with an explanation for the estimates. These estimates will be nonbinding. If either party is unable to provide such information, that party will explain why it cannot and what specific information is needed before it can do so. Such a party shall also state the time by which it should be in a position to provide that estimate and explanation.
10. A listing of any key factors that will impact the value or termination of this case.
11. The information required under Federal Rule of Civil Procedure 7.1.
12. A summary of any notice of any patent-in-suit and a summary of any pre-suit or post-suit discussions relating to a potential license of any patent-in-suit.
13. Any IPR, CBM, or other PGR petitions regarding the asserted patent(s) and the status of each. If applicable, provide docket number, filing and docketing date, and date of expected Final Written Decision.
14. The parties' recommendation to the court concerning discovery limits (if the parties cannot agree, provide each party's proposal):
 - a. The maximum number of interrogatories;
 - b. The maximum number of requests for production of documents;
 - c. The maximum number of requests for admission;
 - d. The maximum number of subpoenas the parties may issue;
 - e. The maximum number of Rule 30(b)(6) topics; and
 - f. The maximum number of depositions.
15. The parties' positions regarding whether source code discovery is necessary, and any disputes the parties have regarding the requirements and logistics of source code production.
16. Any proposed modifications to the court's Model Protective Order and justifications thereof.

B. SCHEDULING ORDER

The court should also issue a Scheduling Order that memorializes the deadlines in the case. A draft scheduling order is set forth below. The court may in its discretion modify the form of the scheduling order.

**MODEL SCHEDULING ORDER IN A PATENT CASE UNDER
THE STREAMLINED PATENT CASE PROGRAM**

The parties having submitted the Case Management Statement, and after consideration by the court, it is hereby ORDERED that the following schedule will govern this case. There will be no modifications hereto absent a showing of extraordinary circumstances:

Event	Deadline (from entry into program)
Plaintiff identifies claims and provides claim charts	One week
Parties produce core documents	Six weeks
Defendant provides invalidity contentions	Eight weeks
Parties exchange claim terms/constructions and supporting evidence	10 weeks
Claim construction briefing completed	15 weeks
End of fact discovery	16 weeks
Claim construction hearing (2 hours preferably by video; constructions provided during or soon after the hearing)	17 weeks
(If constructions not provided at hearing) Court's claim construction order	18 weeks
(At court's discretion) Parties conduct mediation and report on results	18-19 weeks
Supplementation of contentions, <i>only if</i> the court adopts a claim construction not advocated by either party and a party deems it necessary to serve supplemental contentions	19 weeks
Service of infringement and invalidity expert reports	21 weeks
Service of responsive expert reports	25 weeks
Expert discovery deadline	27 weeks
Submission of trial briefs	35 weeks
2-3 day bench trial	40 weeks
(At court's discretion) Submission of proposed findings of fact and conclusions of law	41 weeks

Event	Deadline (from entry into program)
Decision on liability	44 weeks

If the court determines that at least one asserted claim is infringed and not invalid, then the following schedule shall govern the damages phase of the case:

Event	Deadline (from entry into program)
Plaintiff serves damages expert report	48 weeks
Defendant serves damages expert report	50 weeks
Damages expert discovery deadline	52 weeks
Submission of damages trial briefs	54 weeks
1-day bench trial on damages	56 weeks
(At court's discretion) Submission of proposed findings of fact and conclusions of law	57 weeks
Decision on damages	60 weeks

Appendix B – Other Streamlined Patent Case Processes

A. PURPOSE

WG10 researched other efforts to streamline patent cases. The following systems were explored: Intellectual Property Enterprise Court (U.K.); the Eastern District of Texas’s Track B Program; the Eastern District of Virginia; and the Copyright Claims Board and the New Case Act.

WG10 is also aware that on May 3, 2022, the Administrative Conference of the United States, on behalf of the U.S. Patent and Trademark Office, announced that it was conducting an independent study of issues associated with and options for designing a small claims patent court.⁹ A report resulting from the study will ultimately be submitted to Congress and will address whether there is a need for a small claims patent court, the feasibility and potential structure of such a court, and the relevant legal, policy, and practical considerations in establishing a small claims patent court. WG10 intends to closely monitor this development and provide analysis as appropriate in future versions of this *Commentary*.

A brief summary of the other systems analyzed by WG10 is set forth below. While informative, WG10 believes the Streamlined Program is unique in its approach to resolving lower-value patent cases.

B. ANALYSIS

1. Intellectual Property Enterprise Court, UK

The Intellectual Property Enterprise Court (IPEC), based in London, is an alternative to the regular court system for handling intellectual property disputes. The goal of the IPEC is to resolve simpler cases using a more streamlined and therefore cost-effective process than that used under the regular court system.

The IPEC was set up in 1990 and was originally known as the Patents County Court (PCC). The PCC was a specialist court designed to deal exclusively with intellectual property disputes. It was intended to provide a less costly and less complex alternative to the High Court Patents Court. In 2010 the PCC adopted a new set of procedures under His Honour Colin Birss that streamlined and ultimately revitalized the court.

Some of the key provisions of the streamlined process introduced in 2010 include:

- the parties set out their respective cases fully but concisely at the outset;

⁹ A Notice by the Administrative Conference of the United States, Small Claims Patent Court Study; Comment Request (May 3, 2022) <https://www.federalregister.gov/documents/2022/05/03/2022-09489/small-claims-patent-court-study-comment-request>

- no further evidence, written argument, or specific disclosure is permitted without the permission of the judge, with any disputes decided at an all-important “Case Management Conference;”
- any other applications will, if possible, be dealt with on paper or by telephone;
- the trial will be limited to one or at most two days;
- the total recoverable costs are capped at £50,000 for determining liability; and
- damages are limited to £500,000.

On October 1, 2013, the PCC was reformulated as the IPEC. Cases may be transferred from the IPEC to the High Court at the discretion of the IPEC. Similarly, the High Court may transfer cases to be heard by the IPEC. As with cases before the High Court, appeals from the IPEC are heard by the Court of Appeal.

On October 1, 2012, the PCC introduced a special “Small Claims Track” for IP claims valued at under £5,000 and which related to copyright, trademarks, passing off, database rights, and unregistered design rights. This “no frills” regime was designed to help certain small or mid-sized enterprises and individuals who had previously struggled to justify the cost of enforcement when faced with prolific (often web-based) infringement of their IP rights.

Additional resources:

- HM Courts & Tribunals Service, Take a case to the Intellectual Property Enterprise Court (Feb. 5, 2020), <https://www.gov.uk/guidance/take-a-case-to-the-intellectual-property-enterprise-court>
- HM Courts & Tribunals Service, Intellectual Property Court, <https://www.gov.uk/courts-tribunals/intellectual-property-enterprise-court> (last visited July 7, 2022).
- UK Ministry of Justice, Part 63 – Intellectual Property Claims, <https://www.justice.gov.uk/courts/procedure-rules/civil/rules/part63> (last visited July 7, 2022).
- UK Ministry of Justice, Practice Direction 57AB – Shorter and Flexible Trials Schemes, <https://www.justice.gov.uk/courts/procedure-rules/civil/rules/practice-direction-57ab-shorter-and-flexible-trials-schemes> (last visited July 7, 2022).
- Victoria Bentley, *Patent County Court proves its worth* (Feb. 22, 2013), <http://www.warwicksciencepark.co.uk/spark-edition-february-2013/patents-county-court-proves-its-worth/>

2. Eastern District of Texas Track B

The Eastern District of Texas’s “Track B” case schedule was announced in February 2014 by then-Chief Judge Leonard Davis as a special track designed to provide litigants with an option for more efficient resolution of patent infringement cases. In practice, the program has been used sparingly,

with less than a dozen employing the Track B program over eight years. All of those cases settled either before or during the claim construction process.

Entry into Track B requires agreement by both parties. The procedure requires the parties to negotiate and agree to a joint discovery plan that included written discovery limits, deposition limits, limits on the number of expert witnesses, whether expert depositions can be authorized, early reduction of asserted claims and prior art, etc. While there were no specific sanctions identified, the Order from Judge Davis implementing the Track B program warned that sanctions could be imposed for failing to make early disclosures.

The Track B program requires early disclosures of claims and defenses prior to the case management conference:

- The plaintiff is required to provide early infringement contentions and produce all licenses or settlement agreements. The plaintiff is also required to produce a good-faith estimate of damages and the methodology used to arrive at the estimate.
- The defendant is required to disclose summary sales information reflecting the quantity of accused and related unaccused products sold in the U.S. and the revenues from those sales. The defendant is also required to serve invalidity contentions.
- The parties are required to engage in an early exchange claim terms for construction.

Similarly, the Track B program also provides for the parties determining reduced discovery limits based on the perceived value of the case, such as limiting the amount of written discovery, the number of depositions, a limit on the number of expert witnesses, and whether to allow expert depositions.

Additional streamlined procedures contemplated by the Track B program include:

- Restricting the number of patent claims and prior art;
- Modifying the eDiscovery requirements;
- Using a standard protective order;
- Adjusting the trial and claim construction schedule and including a limit on the number of terms for construction;
- Requests for special scheduling to resolve clearly dispositive issues;
- Whether it would be appropriate to have an expedited trial; whether to consolidate claim construction with trial; whether to have a trial on only limited issues; and whether to conduct posttrial mediation before entry of judgment.

Additional resources:

- In the U.S. District Court, Eastern District of Texas, General Order Regarding Track B Initial Patent Case Management Order (Feb. 25, 2014), <https://www.txed.uscourts.gov/sites/default/files/goFiles/14-03.pdf>

3. The Eastern District of Virginia

The Eastern District of Virginia, and in particular the Alexandria Division thereof, has long been recognized as the speediest district court in the country. Until the Covid-19 pandemic, the average time to trial in civil cases in the Eastern District of Virginia was consistently around a year or less (the Federal Case Management Statistics report for the 12-month periods ending March 31 are as follows: 10.1 months for 2017, 12.7 months for 2018, 12.4 months for 2019, and 11.6 months for 2020).

The judges in the Alexandria Division, in particular, have adhered to very fast schedules, even for patent cases. A typical case schedule will require all discovery—fact and expert—be completed approximately five months after the complaint is filed. A hearing on dispositive motions is typically scheduled for less than one month after the close of discovery, with a pretrial conference scheduled for approximately two months later. The trial will occur thereafter based on the court’s availability but will likely take place approximately 10 months after the complaint is filed.

The Eastern District of Virginia does not have Local Patent Rules, but the judges will normally include patent-specific deadlines in their scheduling orders. For example, a patentee’s infringement contentions may be due three months after the complaint was filed, with the defendant’s invalidity contentions due a month later. Given the compressed schedule, claim construction typically occurs while the parties are completing fact discovery and proceeding with expert discovery.

Nondispositive motion practice is also significantly accelerated. If a motion is filed on a Friday and is noticed for hearing on the following Friday, the opposition is due on Wednesday, and any reply brief should be filed as soon as possible on Thursday. Motions for extensions of time of any type are disfavored and require a showing of good cause, even if the motion is agreed to by the parties.

To accommodate the expedited schedule, the judges will often impose limits on fact discovery that are more stringent than those in the Federal Rules. For example, most judges will not allow more than five non-party depositions and will agree to other limits that the parties jointly propose. The Eastern District of Virginia Local Rules also provide that objections to discovery requests must be served 15 days after receipt of the request. This allows the parties and the court to proactively address and hopefully resolve discovery disputes in an expedited fashion.

A patentee filing a patent infringement complaint in the Alexandria Division is not guaranteed that the case will proceed there. Instead, the court will consider the case load of the judges and may reassign the case to one of the other divisions (Richmond, Norfolk, or Newport News). This may result in a schedule that is not as fast as the ones set by the Alexandria Division judges.

Additional resources:

- U.S. District Court, Eastern District of Virginia, Local Rules (Dec. 1, 2020), <https://www.vaed.uscourts.gov/court-info/local-rules-and-orders>.

4. Copyright Claims Board and the New Case Act (Copyright Alternative in Small-Claims Enforcement Act of 2020)

The Copyright Claims Board and New Case Act (Copyright Alternative in Small-Claims Enforcement (CASE) Act of 2020) was signed into law on December 27, 2020. Over 10 years in the making, the CASE Act established the Copyright Claims Board (CCB) as an alternative to having lower-value copyright disputes heard in federal court. Proceedings before the CCB are set to occur in July 2022.

Under the CASE Act, the CCB may award actual or statutory damages (17 U.S.C. § 504(b)) up to \$30,000 per proceeding. Statutory damages are limited to up to \$15,000 per work. There is no injunctive relief available. Attorney fees may be awarded only if there is a showing of bad-faith conduct during the CCB proceeding. An example of a claim that might be suitable for the CCB is a photographer whose copyrighted photo is being used without authorization on a website.

The CCB is comprised of three Copyright Claims Officers, a supervising claims attorney, and two copyright claims attorneys. The CCB requires the marks in question be registered but offers an expedited registration process that holds the proceeding in abeyance until the mark is registered.

A proceeding is initiated by the claimant filing an online application form (at <https://ccb.gov>). If the claimant has not registered the mark in question, a registration form will be available. The named respondent(s) has 60 days after receiving an initial notice of the claim to inform the CCB whether it will participate or opt out of the proceeding. If a respondent opts out, the CCB will dismiss the claim, but the claimant may still bring a case in federal court.

If a respondent does not opt out, the claim proceeds before the CCB. Discovery will be significantly streamlined (only requiring the exchange of limited key documents and information), and depositions are not allowed.

Following the discovery phase, each party presents its claims or defenses to the CCB through written witness statements and supporting evidence. The CCB will determine whether a hearing is necessary. If a hearing takes place, it will be conducted virtually through video conferencing. It is anticipated that experts are rarely expected to be permitted to testify.

The CCB will issue its final determination after the parties have submitted their written statements and evidence and following any hearing. The CCB's determination must be in writing and explain the facts and the law the CCB relied on in making its determination. The determination must include clear statements explaining any monetary damages awarded to a party.

Following the final determination, each party has 30 days to submit to the CCB a written request for reconsideration or modification. The request must identify a clear error of law or material fact, or technical mistake, or it will not be considered. Other parties will have an opportunity to respond to or oppose the request. The CCB will either deny the request or issue an amended final determination. If a party's reconsideration request is denied, that party has 30 days to request review of the final determination by the Register of Copyrights. The Register's review is limited to considering whether the CCB abused its discretion in denying reconsideration. The Register will either deny the request or send the proceeding back to the CCB to reconsider specific issues.

Finally, a party may seek a federal district court order canceling, modifying, or correcting a CCB determination, but only in limited circumstances: (1) if the determination was issued as a result of fraud, corruption, misrepresentation, or other misconduct; (2) if the CCB exceeded its authority or failed to render a final determination on the subject matter at issue; or (3) in the case of default determination, if the default or failure to participate was due to excusable neglect. A party seeking federal district court review must so do within 90 days after the later of the date that the CCB issued its final or amended determination, or the date that the Register of Copyrights completed a review of the request for reconsideration.

In the case of a proceeding where the claimant is asking for monetary damages of \$5,000 or less, the claimant may request that the CCB's "smaller claims" procedure be used. In such an instance, smaller claims will be decided by a single CCB member.

Additional resources:

- U.S. Copyright Office, Copyright Small Claims and the Copyright Claims Board, <https://www.copyright.gov/about/small-claims/> (last visited July 7, 2022).
- U.S. Copyright Office, Copyright Claims Board, <https://ccb.gov> (last visited July 7, 2022).

The Sedona Conference Working Group Series & WGS Membership Program

**“DIALOGUE
DESIGNED
TO MOVE
THE LAW
FORWARD
IN A
REASONED
AND JUST
WAY.”**

The Sedona Conference was founded in 1997 by Richard Braman in pursuit of his vision to move the law forward in a reasoned and just way. Richard’s personal principles and beliefs became the guiding principles for The Sedona Conference: professionalism, civility, an open mind, respect for the beliefs of others, thoughtfulness, reflection, and a belief in a process based on civilized dialogue, not debate. Under Richard’s guidance, The Sedona Conference has convened leading jurists, attorneys, academics, and experts, all of whom support the mission of the organization by their participation in conferences and the Sedona Conference Working Group Series (WGS). After a long and courageous battle with cancer, Richard passed away on June 9, 2014, but not before seeing The Sedona Conference grow into the leading nonpartisan, nonprofit research and educational institute dedicated to the advanced study of law and policy in the areas of complex litigation, antitrust law, and intellectual property rights.

The WGS was established to pursue in-depth study of tipping point issues in the areas of antitrust law, complex litigation, and intellectual property rights. It represents the evolution of The Sedona Conference from a forum for advanced dialogue to an open think tank confronting some of the most challenging issues faced by our legal system today.

A Sedona Working Group is created when a “tipping point” issue in the law is identified, and it has been determined that the bench and bar would benefit from neutral, nonpartisan principles, guidelines, best practices, or other commentaries. Working Group drafts are subjected to a peer review process involving members of the entire Working Group Series including—when possible—dialogue at one of our regular season conferences, resulting in authoritative, meaningful, and balanced final commentaries for publication and distribution.

The first Working Group was convened in October 2002 and was dedicated to the development of guidelines for electronic document retention and production. Its first publication, *The Sedona Principles: Best Practices Recommendations & Principles Addressing Electronic Document Production*, has been cited favorably in scores of court decisions, as well as by policy makers, professional associations, and legal academics. In the years since then, the publications of other Working Groups have had similar positive impact.

Any interested jurist, attorney, academic, consultant, or expert may join the Working Group Series. Members may participate in brainstorming groups, on drafting teams, and in Working Group dialogues. Membership also provides access to advance drafts of WGS output with the opportunity for early input. For further information and to join, visit the “Working Group Series” area of our website, <https://thesedonaconference.org/wgs>.

The Sedona Conference Working Group 10 on Patent Litigation Best Practices—List of Steering Committee Members and Judicial Advisors

The Sedona Conference’s Working Group 10 on Patent Litigation Best Practices Steering Committee Members and Judicial Advisors are listed below. Organizational information is included solely for purposes of identification.

The opinions expressed in publications of The Sedona Conference’s Working Groups, unless otherwise attributed, represent consensus views of the Working Groups’ members. They do not necessarily represent the views of any of the individual participants or their employers, clients, or any organizations to which they may belong, nor do they necessarily represent official positions of The Sedona Conference. Furthermore, the statements in each publication are solely those of the non-judicial members of the Working Group; they do not represent judicial endorsement of the opinions expressed or the practices recommended.

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