

Intellectual Property

Patent Law

Patent Litigation

Streamlining Patent Litigation through Non-Statutory Tools



Contributed by Erik Maurer & Eric Hamp,
Banner & Witcoff, Ltd.

Fueled by high financial stakes and the specter of injunctions, patent litigation is incredibly complex, expensive and can involve protracted battles at every step of the process. Thus, it should come as no surprise that a recent analysis by the Federal Judicial Center (“FJC”) determined that intellectual property cases cost almost 62% more to litigate than other civil cases.¹ In fact, *every single* factor contributing to litigation costs considered by the FJC correlates with increased costs in patent cases.² Consequently, it can be important for practitioners and industry professionals alike to understand the tools available to streamline and economize pending or expected patent litigation.

With recent attention focused on statutory patent reform, it is important not to overlook the many ways non-statutory developments can increase the efficiency and predictability of patent litigation. Indeed, with the Federal Circuit Advisory Council, the Sedona Conference, the Patent Damages Handbook Committee, circuit courts, nineteen different district courts,

individual judges, academics and others proposing new solutions for simplifying patent litigation, there exists a host of emerging non-statutory proposals for making patent litigation more efficient.

Importantly, because courts have the inherent power to control their dockets, these recommendations and variants thereof can be used in any jurisdiction, provided counsel can present cogent grounds for their adoption.³ As set forth below, whether the issue relates to discovery, summary judgment, *Markman* hearings, damages or settlement, trial counsel has a bevy of proposals available to suggest to a court. This article synthesizes the leading, non-statutory tools for improving the efficiency of the patent litigation process. Familiarity with these tools will help trial counsel assess a case with his/her client and help ensure recommendations of case management procedures that most cost-effectively and efficiently accomplish the client’s goals.

Discovery Reform

Discovery can be an arduous process, particularly when working with expansive electronic records. The time and expense required to move through discovery in a patent litigation, however, can be staggering.⁴ When propounded in patent cases, common discovery requests have been denounced as “excesses” or “tactical weapons” rather than necessary steps to achieve justice.⁵ Fortunately, there are many tools for streamlining the discovery process in patent litigation.

– Initial Disclosures

Some of the most common tools for improving discovery call for the disclosure of critical information at the outset of litigation, which is intended to focus the issues and lower the amount of effort the parties need to expend later to obtain evidence needed to support their legal stance. While the Federal Rules of Civil Procedure have long required the exchange of evidence a party

Originally published by Bloomberg Finance L.P. in the Vol. 6, No. 11 edition of the Bloomberg Law Reports–Intellectual Property. Reprinted with permission. Bloomberg Law Reports® is a registered trademark and service mark of Bloomberg Finance L.P.

This document and any discussions set forth herein are for informational purposes only, and should not be construed as legal advice, which has to be addressed to particular facts and circumstances involved in any given situation. Review or use of the document and any discussions does not create an attorney-client relationship with the author or publisher. To the extent that this document may contain suggested provisions, they will require modification to suit a particular transaction, jurisdiction or situation. Please consult with an attorney with the appropriate level of experience if you have any questions. Any tax information contained in the document or discussions is not intended to be used, and cannot be used, for purposes of avoiding penalties imposed under the United States Internal Revenue Code. Any opinions expressed are those of the author. Bloomberg Finance L.P. and its affiliated entities do not take responsibility for the content in this document or discussions and do not make any representation or warranty as to their completeness or accuracy.

“may use to support its claims or defenses,”⁶ this general rule has been refined to address patent specific issues. The most prominent method of doing this is through the use of local patent rules that detail the disclosure requirements.

At the time this article was written, nineteen different district courts have enacted such rules.⁷ In addition, some individual judges have enacted their own patent rules in other districts⁸ while others have adopted local rules from another district when needed in a particular case,⁹ underscoring that litigants can ask a court to adopt any of the appropriate litigation procedures discussed in this article. Moreover, the Federal Circuit Court of Appeals, which has exclusive jurisdiction for the appeal of patent cases, has broadly endorsed the use of such local rules.¹⁰ Rather than exhaustively discussing all the rules, this section will focus on representative approaches.

For example, the Northern District of Illinois has local patent rules that govern the disclosure requirements for the litigants. These rules require each party to provide its initial disclosures within two weeks after the defendant answers the patentee’s initial complaint.¹¹ The patentee must initially disclose:

- 1) all documents related to the sale or transfer of the claimed invention prior to the date of the patent application (although this does not constitute an admission regarding patentability);
- 2) all documentation related to the conception and development of the claimed invention;
- 3) all communication with the United States Patent and Trademark Office regarding the invention; and
- 4) all documentation related to the ownership of the patent.¹²

In most cases, this information will be under the plaintiff’s control, categorized together and easily found. Indeed, with a little up-front planning, these documents can be prepared for disclosures during plaintiff’s initial evaluation of its claim before filing suit. The goal of plaintiff’s initial disclosures is to quickly provide the accused infringer with critical information about the asserted patent and help sharpen the focus of the dispute. On the other hand, the accused infringer must provide:

- 1) documents “sufficient to show the operation and construction” of all aspects of the accused “instrumentality”¹³ that was identified by the patentee; and
- 2) a copy of each item of prior art of which the party is aware that allegedly invalidates any claim of an asserted patent (whether by anticipation or obviousness) and if a copy is unavailable, a description sufficient to identify the prior art and its relevant details.¹⁴

Proprietary evidence related to the accused instrumentality is intended to help the patentee quickly refine its infringement allegations to add, amend or drop claims as appropriate. The

disclosure of information related to prior art is intended to help the patentee evaluate possible invalidity issues with the asserted patent.

In the Northern District of Illinois, this requirement of supplying copies of prior art seems to include non-documentary art, which could include intangible but potentially invalidating activities such as offers to sell, derivation from another “true” inventor, or prior invention by another.¹⁵ The Southern District of Texas more explicitly requires disclosure of non-documentary prior art, providing that prior art related to an offer to sale that identifies the item offered for sale, the date the offer took place and the identity of the respective parties must be disclosed.¹⁶ Where the asserted art is prior invention by another, these rules require identification of the person or persons that allegedly invented the prior art and the circumstances of that invention.¹⁷ Requiring an accused infringer to produce any evidence on these grounds is intended to help eliminate unfair surprise later in the case.

When the parties exchange this information in the initial stages of a case each side has, in theory, the most relevant evidence in hand at that time. When a vast majority of information exchanged during discovery is never used at trial,¹⁸ using early disclosure procedures that focus on the core issues and quickly provide the appropriate information can avoid wasted discovery efforts and mitigate discovery disputes later on. Indeed, the Federal Circuit Advisory Council recently promulgated a model discovery order (that is already being used in federal courts)¹⁹ and in doing so bemoaned the “minimal benefits” of most discovery and noted that “[m]ost discovery in patent litigation centers on what the patent states, how the accused products work, what the prior art discloses and the proper calculation of damages.”²⁰

Damages were not specifically addressed by the exemplary local rule disclosures discussed above, even though this can be one of the most significant subjects of a patent litigation. The Federal Rules of Civil Procedure provide that each party must disclose “a computation of each category of damages claimed,”²¹ but “patentees often limit their initial damages disclosures to general categories of patent damages, such as ‘lost profits and reasonable royalty damages.’”²² Recognizing these problems and recent attention on minimizing uncertainty in damages calculations, the former Chief Judge of the Federal Circuit Court of Appeals, Paul Michel, commissioned a committee of judges, attorneys, academics and economists to draft the *Patent Damages Handbook*.²³

The Patent Damages Committee has subsequently detailed damages disclosure recommendations. Specifically, the Committee recommends that a patentee initially disclose any documents “concerning industry and business sales and profitability; market shares; comparable license agreements and royalty rates related to the patent at issue,” along with any “basic marketing, pricing, manufacturing and sales information relating to any products or processes that embody the patented invention or are licensed under the patent, or that compete with or are sold with or as a result of products or processes that embody the patented invention or are licensed under the patent.”²⁴ Likewise, the Committee provided that that accused

infringer should initially disclose documents “concerning license agreements and royalty rates that relate to the accused product or process; basic marketing, pricing and sales information relating to the accused products and any non-infringing substitutes; as well as information that otherwise may be relied upon to define the royalty rate or base.”²⁵

While these requirements may appear broad at the outset of a case, they are intended to inform the parties’ valuation of litigating and they would almost certainly be part of discovery requests relating to determination of a hypothetical royalty payment between the parties or the lost profits of the patentee. Thus, in addition to the recommendations of the Committee some district courts have created local rules requiring the initial disclosure of damages information. For example, the Southern District of Texas requires a patentee to produce evidence of prior license agreements and an accused infringer to “produce documents and information, including summaries when reasonably available, sufficient to show the amount sold, revenues, costs and profits of each Accused Instrumentality.”²⁶ In theory, when courts have parties exchange this information early in the case, it informs the issues and precludes subsequent discovery disputes regarding damages information. Look for more district courts to add damages initial disclosures to their patent local rules, and for individual judges to focus parties’ attention to these areas, in the years ahead.

– Contention Disclosures

Before the advent of patent local rules and before *Twombly*, patentees and accused infringers in patent cases often exchanged broad, vague allegations and counterclaims related to infringement and invalidity, relying on the liberal pleading standards allowed by the Federal Rules.²⁷ Consequently, litigation could develop a “shifting sands” topography defined by hedged theories in the initial stages of the case followed by transforming claims and defenses in view of discovery.²⁸ Naturally, this approach resulted in strategies evolving throughout a litigation and required additional fact and expert discovery.²⁹

By mandating prompt disclosure of the specific bases for claims and defenses courts have forced parties to “crystallize their theories” and “adhere to those theories” throughout the case.³⁰ In theory, this lowers the number of necessary interrogatories and document requests, focuses the scope of contention depositions and facilitates decisions on critical issues early in the case.³¹ Crystallizing infringement and invalidity contentions has also been credited with highlighting the critical claim language of the patent and facilitating more efficient *Markman* processes.³²

As with initial disclosures, local patent rules have become one of the most prominent mechanisms for directing the content of a party’s contention disclosures. Once again, the Northern District of Illinois will serve as an example because it has some of the most comprehensive requirements. These local rules require that a patentee must provide its initial infringement contentions within two weeks of their initial document disclosures.³³ The patentee’s contentions must identify:

- 1) all the asserted patent claims;
- 2) the type of infringement for each claim (i.e. whether the accused infringer directly infringes by making the invention, inducing the infringement of another, etc.);
- 3) the defendant’s accused “instrumentality”³⁴ that allegedly infringes the patent;
- 4) a chart precisely identifying where any elements of the asserted claims are present in the accused “instrumentality,” including specific structures that satisfy any means-plus-function claim elements;
- 5) whether the asserted claims are present literally in the accused instrumentality or under the doctrine of equivalents;
- 6) a description of the acts of direct infringement and who performs such acts and if appropriate a description of the acts that contribute to or induce the direct infringement by others;
- 7) the priority date of each asserted claim;
- 8) the basis for any allegation of willful infringement; and
- 9) any “instrumentality” that incorporates the asserted claims owned or licensed by the patentee if the patentee wishes to preserve the right to rely on the assertion that it practices the invention, including whether the “instrumentality” is marked with the patent number.³⁵

On the other hand, the accused infringer must provide the following contentions within 14 days of receiving the patentee’s infringement contentions:³⁶

- 1) a chart responding to the patentee’s infringement chart that identifies whether each claim element is present literally or under the doctrine of equivalents in each Accused Instrumentality and, if not, the reason for such denial and the relevant distinction;
- 2) identifying with particularity every item of prior art that allegedly anticipates each asserted claim or renders it obvious (the rule explains in detail the exact information required to identify a patent, publication, offer to sell, the prior use or prior invention, etc.);
- 3) a statement of whether each item of prior art allegedly anticipates each asserted claim or renders it obvious, including reasons to combine items if a combination of items of prior art allegedly makes a claim or claims obvious;
- 4) a chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found, including identifying the structures in the prior art that perform the function of a means-plus-function claim

5) a detailed statement of any grounds of invalidity based on indefinite claim terms, lack of enablement or lack of written description;

6) any unenforceability contentions that identify the acts allegedly supporting and all bases for the assertion of unenforceability.³⁷

To ensure that theories are “crystallized,” the Northern District of Illinois patent rules provide for additional mechanisms to lock parties into their contentions as the case proceeds. For example, the District’s rules require that once parties have gone through a “reasonable” amount of discovery, each must provide a final statement of its contentions on relevant issues which can only be amended “upon a showing of good cause and absence of unfair prejudice, made in timely fashion following discovery of the basis for the amendment.”³⁸

The Sedona Conference has endorsed similar contention disclosures for both patentees and accused infringers.³⁹ Likewise, the Patent Damages Handbook Committee also advocates final disclosures that can only be amended for good cause.⁴⁰

Electronically Stored Information Conferences

As technology has developed and digital records become commonplace, the large volume of electronically stored information (“ESI”) and the associated expenses of dealing with voluminous ESI has become a significant issue for litigants – especially in patent cases. To help address ESI problems, the Seventh Circuit Court of Appeals Electronic Discovery Pilot Program provides a model order that requires parties to meet early in the case to discuss and identify sources of discovery, establish the appropriate scope of evidence preservation and utilize proportional, targeted requests throughout the discovery process.⁴¹ The program also requires parties to designate an “e-discovery liaison” who is typically an employee of the party that has access to the party’s electronic systems, has knowledge of those systems as well as the technical aspects of electronic discovery, and is aware of the party’s electronic discovery efforts.⁴²

According to Seventh Circuit reports, its program was motivated by judges frequently dealing with counsel who lacked expertise in the electronic discovery area, making lawyers reluctant to discuss ESI issues early in the case and ultimately resulting in a higher number of subsequent disputes that had to be brought to the court.⁴³ Whether the liaison was an employee of the party, counsel, or a third party, every judge involved in the program and 90% of the lawyers attested that an e-discovery liaison made discovery more efficient.⁴⁴ One judge attested it was the “single best idea” for focusing discovery requests.⁴⁵ Several other courts including the District of Delaware have also enacted electronic discovery programs that require designation of a party’s technology department liaison to discuss the identification, location of and preservation of ESI.⁴⁶ Use of a liaison can be an important tool to help parties craft a discovery plan that is based on technological feasibility and economy.

The District Court of Kansas requires parties to meet and confer early in the case to agree on procedures regarding preservation of evidence, the scope and method of email discovery, waivers, the production of metadata and third party discovery requests.⁴⁷ Less stringent, the District Court of Maryland program encourages early meetings to discuss electronic discovery and the court can order parties to do so.⁴⁸ When meeting, the Maryland program outlines many issues the parties should discuss, including the scope of future requests and the form of production, before submitting any dispute to the court.⁴⁹ These procedures are intended to narrow the contentious issues in a case and facilitate early identification of issues to the court so they can be dealt with before the parties are entrenched in time consuming battles.

– Protective Orders

Because parties in patent disputes are often direct competitors fighting over confidential technologies, discovery frequently involves information a company loathes disclosing. Thus, broad protective orders are commonplace in patent cases.⁵⁰ The Patent Damages Committee notes that orders often need to be imposed as early in the case as possible to avoid any delays in discovery.⁵¹ To that end, local patent rules have been developed to avoid protective order delays by requiring exchange of confidential information on an outside-counsel-eyes’ only basis pending entry of a protective order.⁵²

Likewise, the Seventh Circuit program encourages early discussion regarding a protective order.⁵³ The Patent Damages Committee recommends addressing the types and scope of confidential discovery materials in the initial scheduling order to craft an appropriate protective order as soon as possible.⁵⁴ For example, the Committee provides it may be appropriate to designate multiple levels of confidentiality, where some information can be viewed by the opposing party’s legal department and outside counsel, while more sensitive information may only be examined by outside counsel.⁵⁵ Entering an order quickly to facilitate comprehensive disclosures by making them subject to confidentiality restrictions is credited with mitigating distracting discovery disputes when sensitive information is a necessary component of the case while still protecting the interests of the disclosing party.⁵⁶

– Regulating the Ongoing Discovery Process

Although initial disclosures and contention disclosures can automate the process of exchanging certain types of important information and help mitigate the need for more extensive discovery, these procedures do not eliminate the need for serving production requests, interrogatories and admission requests. Fortunately, there are a number of initiatives to streamline the ongoing discovery process.

One of the most prominent initiatives, the concept of “proportionality,” is led by the Sedona Conference. Although the Federal Rules have been amended to address the “information explosion of recent decades”⁵⁷ by weighing the costs and burdens

versus the need for particular discovery,⁵⁸ *i.e.* minimizing or eliminating disproportionate discovery requests, commentators have noted that courts have not always applied proportionality in circumstances when its application was warranted.⁵⁹ Most prominently, the Sedona Conference has addressed this problem in detail and provided a number of “recommended principles” that courts and parties can utilize throughout the discovery process.⁶⁰ Several district and appellate courts have also emphasized the need for proportionality in discovery via model orders or rules.⁶¹

On this issue the Sedona Conference provides that, in the name of proportionality, courts should balance the burden of obtaining requested evidence against its genuine benefit for the case in light of the needs of the case, the amount in controversy, the parties’ resources and the importance of the issues.⁶² The principles further note that courts should consider all possible sources of evidence and limit discovery to the least burdensome sources,⁶³ weigh any delays against a party when determining the burdens of various discovery requests,⁶⁴ consider sampling or use of extrinsic evidence to genuinely ascertain the importance of requested information,⁶⁵ and encourage use of technology to reduce costs wherever possible.⁶⁶ All of these guidelines regarding proportionality are credited with avoiding unnecessary costs in discovery.

Notably, there are other proposals addressing similar principles. For example, the Seventh Circuit Court of Appeals Electronic Discovery Pilot Program provides a model order stressing proportionality that requires parties to utilize targeted requests throughout the discovery process.⁶⁷ The Model Order provided by the Federal Circuit Advisory Council allows cost shifting for disproportionate requests and requires that email discovery be limited to specific, targeted issues rather than general discovery.⁶⁸ The Patent Damages Committee disfavors general discovery requests, especially for ESI.⁶⁹ Both the Kansas and Maryland discovery programs also stress the importance of proportionality.⁷⁰

Even beyond the proportionality analysis, there are numerous proposals that aim to streamline the discovery process as it proceeds. The Damages Committee advocates for firmer deposition limits absent substantial justification.⁷¹ The Model Order provided by the Federal Circuit Advisory Council provides a number of mechanisms including relaxed waiver and clawback provisions in recognition of the substantial burdens of reviewing voluminous ESI that can often be of limited relevance to the litigation.⁷² This Model Order also presumptively limits the number of ESI custodians (*i.e.* persons charged with searching the party’s documents for the requested information) to five, although allowing up to five more with a showing of good cause.⁷³ The Model Order further limits the number of search terms per custodian to five, also allowing an increase to ten for good cause, excludes the provision of metadata without good cause being shown⁷⁴ and prohibits indiscriminate search terms like the name of a product unless they are combined with another narrowing term.⁷⁵ The Maryland Electronic Discovery Program discourages the production of metadata as a discovery target and flags it as a candidate for cost-shifting.⁷⁶

– Phasing Discovery

While several of the proposals discussed above address the weighing of burdens versus the benefits of particular discovery requests, in some cases it may be helpful for litigants to apply this approach on a bigger scale and divide the discovery process into phases. For example, the Federal Circuit Advisory Council’s Model Order specifies that parties exchange initial disclosures regarding the core issues of the case before parties can resort to email discovery requests.⁷⁷ This requires parties to exhaust and evaluate the more easily found evidence that has a greater likelihood of relevance to the case. Only then can parties proceed to more costly discovery mechanisms.

Similarly, the Maryland Discovery Program discusses phasing discovery to focus on cost effective and easily ascertained electronic discovery first, and then requiring a party seeking additional information to provide narrow proposed search requests along with the factual basis supporting the need for each request.⁷⁸ The Seventh Circuit Program encourages parties to discuss phasing in the initial ESI conference⁷⁹ and the Sedona Conference provides that parties should first produce and evaluate the “clearly relevant” information to then determine if more burdensome discovery is actually necessary.⁸⁰ In theory, all of these proposals can help ensure that more costly discovery with limited benefits is only implicated when genuinely needed.

Markman Hearings

The *Markman* hearing can be one of the most critical aspects of a patent litigation. When a court defines the meanings of patent claim terms it defines the possible bounds of infringement and the applicability of prior art. Thus claim construction can be dispositive on issues of infringement and invalidity. Although the claim construction process requires thorough and detailed consideration of the claim terms in dispute, there are still ways parties can streamline this process while advocating their constructions.

The Sedona Conference has provided a number of recommendations regarding the *Markman* process. Beginning with the initial case management conference, Sedona suggests discussing whether a tutorial would be helpful for the court, the presentation format of the hearing and whether it will include live testimony or a neutral technical expert to provide greater guidance to litigants and the court for the pre - *Markman* period.⁸¹ These measures are intended to cut down on unnecessary motion practice or supplemental conferences during the period leading up to the hearing.

Sedona further recommends that parties submit a statement identifying those terms on which the parties agree and states each party’s proposed constructions of disputed claim terms 45 days before briefing is due.⁸² This is intended to focus attention upon the particular language within the asserted claims that is of significance to the issue of infringement and also allows parties to recognize and resolve minor differences through agreement.⁸³ It also allows the court to assess and adapt the procedures of the

hearing such as the type of extrinsic evidence needed, if any, allowing parties to plan for such procedures.⁸⁴ Those familiar with litigating patent disputes in the Eastern District of Texas will recognize the Sedona recommendations described above as variations of the technology synopsis and prehearing statement that have long been staples of patent litigation in that court. As many other district courts have adopted local patent rules, these recommendations are gaining wider implementation.

Regarding the hearing itself, Sedona recommends that it can usually be scheduled in the middle of the discovery process to allow parties to rely on information obtained through discovery and provide the possibility of concurrent summary judgment motions, while allowing continued discovery if needed to marshal evidence in light of the construction.⁸⁵ For large and complex cases, however, Sedona notes that it may be appropriate to defer claim construction until the parties are able to narrow the patents and claims at issue as much as possible before trial.⁸⁶ Another recommendation provides the court should relax the Rules of Evidence to eliminate exhaustive live testimony or other time consuming procedures.⁸⁷ Sedona also recommends that courts should move through the disputed terms on a term-by-term basis or in groups of related terms to focus and clarify the presentation.⁸⁸

– Use of Summary Judgment

Chief Judge Rader recently suggested that in the “vast technical lawsuits” involving patents “summary judgment is the key to efficient resolution of disputes.”⁸⁹ By evaluating the factual evidence of a case to determine the issues where one party is entitled to prevail without the need for trial, summary judgment can eliminate large amounts of ultimately unnecessary effort by the parties. Thus, Judge Rader strongly endorses the use of summary judgment on an issue or issues that can lower the time and expense of trial, pointing out that even if no case dispositive motions are appropriate there are almost always some issues that can be addressed.⁹⁰

For example, the Patent Damages Committee provides that evidence of notice to the alleged infringer of the patent, which is often based solely on the actions of the patentee, can remove the need to adjudicate certain issues related to damages at trial.⁹¹ Likewise, evidence of a non-infringing use of an accused article can eliminate a patentee’s ability to obtain lost profits at trial as a matter of law.⁹² In another example, courts can grant summary judgment on particular claim limitations of the asserted patent.⁹³ These representative examples illustrate how courts and parties can narrow a wide variety of issues before trial, ensuring that the effort and expense of a jury trial is reserved for issues that “really deserve a full trial.”⁹⁴

There are also proposals to align summary judgment with other stages of the case to conserve resources. For example, the Sedona Conference advocates combining summary judgment motions with the claim construction hearing when an issue of infringement or invalidity turns solely on the construction of a claim element.⁹⁵ The Patent Damages Committee advocates

consideration of summary judgment at the same time as *Daubert* challenges to damages experts because damages issues often depend on the testimony of experts.⁹⁶ By staging summary judgment in synch with key patent litigation issues, a court can efficiently resolve linked matters rather than addressing them again at a much later stage of the case.

– Settlement and Alternative Dispute Resolution

As the momentum of litigation proceeds toward trial and positions harden, parties’ views of when settlement opportunities exist may not align. To help ensure that settlement considerations maintain a prominent position in the parties’ litigation calculus, a number of District Courts have enacted rules that raise the issue throughout the litigation process.

For example, the District of Nevada Rules require three mandatory settlement conferences with a magistrate judge.⁹⁷ The first is to be held before the *Markman* hearing but after the parties submitted their initial disclosures and contention disclosures, allowing each party to view the most relevant evidence and adjust their expectations of the case.⁹⁸ The second is held after the *Markman* construction by the court.⁹⁹ The final, required settlement conference under these rules is held just before trial.¹⁰⁰

Other districts approach settlement in other ways. The District of Minnesota requires all parties at the outset of a case to discuss alternative dispute resolution¹⁰¹ and specifies that parties in patent cases should confer regarding settlement, after which the plaintiff must make a settlement offer before the initial pretrial conference and the defendant must respond or counteroffer.¹⁰² The Southern District of California has parties discuss settlement before the first case management conference.¹⁰³ The Southern District of Ohio requires counsel for each party and representatives with settlement authority to meet and discuss mediation or arbitration of the case.¹⁰⁴ With a modicum of strategic planning, these procedures can be built into a case management plan from the outset to ensure that relevant settlement moments are not missed in the heat of active litigation.

Conclusion

Certainty, efficiency and prioritization can focus the efforts of patent litigants. By considering the proposals discussed in this paper at the outset of a case, litigants have a menu of options from which they can develop and recommend streamlining case management proposals to opposing counsel and the court. Which procedure or combinations of procedures to adopt will vary case-to-case depending on the complexity of the dispute, the amount in controversy and the procedures already embraced by the forum. Importantly, identifying which tools are best for any given case begins with a thorough understanding of your client’s goals in the litigation. To that end, discussing the mechanisms above with your client can become a regular part of your initial case assessment and go a long way to ensuring that recommended case management procedures further your client’s strategic goals in the most efficient manner possible.

Erik Maurer is a shareholder in Banner and Witcoff's Chicago office. Erik's practice focuses on intellectual property litigation and counseling, where he represents clients in matters involving utility patent, design patent, trade secret, trademark, trade dress, unfair competition, antitrust, and copyright issues, from both plaintiffs' and defendants' perspectives. Erik can be reached at emaurer@bannerwitcoff.com.

Eric Hamp is an associate in Banner and Witcoff's Chicago office. Eric's practice focuses on the litigation of patent and trademark matters as well as the preparation and prosecution of patent applications for a variety of industries. Eric can be reached at ehamp@bannerwitcoff.com.

The opinions expressed in the article are those of the authors and do not necessarily reflect the views of Banner & Witcoff or its clients. This article is for general information purposes and should not be taken as legal advice.

¹ Emery G. Lee III & Thomas E. Willging, *Litigation Costs in Civil Cases: Multivariate Analysis* 8 (Fed. Judicial Ctr. 2010).

² *Id.* at 1 (listing higher monetary stakes in the underlying litigation; longer processing times from filing to disposition; trial dispositions; electronic discovery requests from both sides of the case; disputes over electronic discovery; greater case complexity; summary judgment practice; concern over the nonmonetary stakes in the underlying litigation; and representation by larger law firms).

³ See, e.g., Hon. Randall R. Rader, Chief Judge U.S. Court of Appeals for the Federal Circuit, *The State of Patent Litigation*, Address before the 2011 Eastern District of Texas Bench and Bar Conference, at 10 (September 27, 2011), (transcript available at www.patentlyo.com/files/raderstateofpatentlit.pdf) [hereinafter "Rader Address"]; Fed. Cir. Advisory Council, *An E-Discovery Model Order*, at 2; (2011) ("Fortunately, district courts have inherent power to control their dockets to further 'economy of time and effort for itself, for counsel and for litigants.'") (citing *Landis v. North Am. Co.*, 299 U.S. 248, 254 (1936)).

⁴ Jeffrey C. Morgan & Christina Bost Seaton, *Discovery Issues in Patent Litigation*, 948 PLI/Pat 555, 559 (2008) (noting that some patent cases identify over a terabyte of potentially relevant information).

⁵ Rader Address, *supra* note 3, at 7-8.

⁶ Fed. R. Civ. P. 26(a)(1)(A)(ii).

⁷ The following Districts have enacted Local Patent Rules: (N.D. Cal.); (S.D. Cal.); (N.D. Ga.); (D. Idaho); (N.D. Ill.); (S.D. Ind.); (D. Mass.); (D. Minn.); (E.D. Mo.); (D. Nev.); (D.N.J.); (E.D.N.C.); (W.D.N.C.); (N.D. Ohio); (S.D. Ohio); (W.D. Pa.); (E.D. Tex.); (S.D. Tex.); and (W.D. Wash.).

⁸ See, e.g., Tena Campbell, *Judge Campbell's Patent Rules*, http://www.utd.uscourts.gov/judges/campbell_patent_rules.pdf (last visited January 15, 2012) (detailing the patent Rules for Judge Campbell in the District of Utah).

⁹ See, e.g., *Diagnostic Systems Corp. v. Symantec Corp.*, Nos. 06-CV-01211, 07-CV-00960, Memorandum and Order, at 4 n. 4 (C.D. Cal. June 5, 2009).

¹⁰ *O2 Micro Int'l. Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1366-67 (Fed. Cir. 2006) ("Decisions enforcing local rules in patent cases will be affirmed unless clearly unreasonable, arbitrary, or fanciful!").

¹¹ N.D. Ill. L.P.R. 2.1.

¹² *Id.*

¹³ The term "instrumentality" is utilized in the Rule as a catch-all term to describe any "apparatus, product, device, component, process, method or other instrumentality" owned by the defendant that is accused of infringing the patent and is used in this article for the sake of brevity. N.D. Ill. L.P.R. 2.1.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ S.D. Tex. L.P.R. 3-3(c).

¹⁷ *Id.*

¹⁸ Rader Address, *supra* note 3, at 8 (citing an analysis concluding that ".0074% of the documents produced actually made their way onto the trial exhibit list—less than one document in ten thousand!").

¹⁹ See, e.g., *DCG Sys., Inc. v. Checkpoint Techs., LLC*, No. 11-CV-03792, Order (N.D. Cal. Nov. 2, 2011).

²⁰ Fed. Cir. Advisory Council, *supra* note 3, at 2 (noting these key areas and encouraging prompt disclosure of related documents and evidence).

²¹ Fed. R. Civ. Pro. 26(a)(1)(A)(iii).

²² Dr. Alan Cox, et al., *Compensatory Damages Issues in Patent Infringement Cases: A Handbook for Federal District Court Judges*, at 7, (2010) available at http://www.law.berkeley.edu/files/bclt_PatentDamages_Ed.pdf (last visited Jan. 20, 2012).

²³ *Id.* at 1.

²⁴ *Id.* at 7.

²⁵ *Id.*

²⁶ S.D. Tex. L.P.R. 3-2(c); 3-4(c).

²⁷ See Fed. R. Civ. P. 8 & Form 16.

²⁸ Peter S. Mennell et al., *Patent Case Management Judicial Guide*, at 2-9 (2009), available at [http://www.fjc.gov/public/pdf.nsf/lookup/patent01.pdf/\\$file/patent01.pdf](http://www.fjc.gov/public/pdf.nsf/lookup/patent01.pdf/$file/patent01.pdf) (last visited Jan. 21, 2012).

²⁹ *Id.*

³⁰ *Nova Measuring Instruments Ltd. v. Nanometrics, Inc.*, 417 F. Supp. 2d 1121, 1123 (N.D. Cal. 2006); The Sedona Conference, *Report on the Markman Process*, at 2 (2010) available at http://www.thesedonaconference.org/content/miscFiles/publications_html?grp=wgs150 (last visited January 21, 2012).

³¹ The Sedona Conference, *supra* note 30, at 2.

³² *Id.*

³³ N.D. Ill. L.P.R. 2.2.

³⁴ As noted *supra* the term "instrumentality" is utilized in the Rule as a catch-all term to describe any "apparatus, product, device, component, process, method or other instrumentality" owned by the defendant that is accused of infringing the patent and is used in this article for the sake of brevity. N.D. Ill. L.P.R. 2.2.

³⁵ N.D. Ill. L.P.R. 2.2.

³⁶ N.D. Ill. L.P.R. 2.3.

³⁷ *Id.*

³⁸ N.D. Ill. L.P.R. 3.4.

³⁹ The Sedona Conference, *supra* note 30, at 2 (requiring the patentee to identify the relevant claims that are allegedly infringed, who infringes if multiple defendants, provide a chart showing specific part of accused instrumentality that meets the patent claim element, the priority date for each claim and provide all evidence related to the conception, reduction to practice, testing, marketing & selling of the invention; requiring accused infringer to identify any allegedly anticipatory or obviousness related prior art and provide a chart showing where all claim elements are found in the prior art).

⁴⁰ Cox, et al., *supra* note 22, at 17.

⁴¹ 7th CIR. Electronic Discovery Committee, *Standing Order Relating to the Discovery of Electronically Stored Information*, 2-4, http://www.discovery-pilot.com/sites/default/files/StandingOrder8_10.pdf.

⁴² *Id.* at 3.

⁴³ 7th CIR. Electronic Discovery Committee, *Seventh Circuit Electronic Discovery Program Report on Phase One*, at 56, <http://www.uscourts.gov/uscourts/RulesAndPolicies/rules/Duke%20Materials/Library/Seventh%20Circuit%20Electronic%20Discovery%20Pilot%20Program.pdf>

⁴⁴ *Id.* at 57.

⁴⁵ *Id.*

⁴⁶ Delaware Court of Chancery Rules Committee, *Court of Chancery Guidelines for Preservation of Electronically Stored Information*, 1, <http://courts.delaware.gov/forms/download.aspx?id=50988>.

⁴⁷ The U. S. District Court for the District of Kansas, *Guidelines for Discovery of Electronically Stored Information (ESI)*, 2-3, <http://www.ksd.uscourts.gov/wp-content/uploads/2010/03/electronicdiscoveryguidelines.pdf>.

⁴⁸ Paul W. Grimm et al., *Suggested Protocol for Discovery of Electronically Stored Information ("ESI")*, 3, <http://www.mdd.uscourts.gov/news/news/esiprotocol.pdf>.

⁴⁹ *Id.* at 3-4, 16-19.

⁵⁰ Cox, et al., *supra* note 22, at 11.

⁵¹ *Id.*

⁵² See, e.g., D.N.J. L. Pat. R. 2.2.

⁵³ 7th Cir. Electronic Discovery Committee, *supra* note 41, at 2.

⁵⁴ Cox, et al., *supra* note 22, at 11-12.

⁵⁵ *Id.* at 12-13.

⁵⁶ *Id.* at 11-12.

⁵⁷ Advisory Committee Notes to 1993 Amendments to Fed. R. Civ. P. 26(b).

⁵⁸ Advisory Committee Notes to 2006 Amendments to Fed. R. Civ. P. 26(b) (2).

⁵⁹ The Sedona Conference, *The Sedona Conference More Commentary on Proportionality in Electronic Discovery*, 11 Sedona Conference J. 289, 293 (2010), available at <http://www.thesedonaconference.org/dltForm?did=Proportionality2010.pdf> (last visited January 21, 2012); Advisory Committee Notes to 2000 Amendments to FED. R. CIV. P. 26(b) (1) ("The Committee has been told repeatedly that courts have not implemented these limitations with the vigor that was contemplated.").

⁶⁰ The Sedona Conference, *supra* note 59, at 293.

⁶¹ See, e.g., 7th Cir. Electronic Discovery Committee, *supra* note 41, at 2.

⁶² The Sedona Conference, *supra* note 59, at 294.

⁶³ The Sedona Conference, *supra* note 59, at 296-97.

⁶⁴ *Id.* at 298-99.

⁶⁵ *Id.* at 299-300.

⁶⁶ *Id.* at 301-02.

⁶⁷ 7th Cir. Electronic Discovery Committee, *supra* note 41, at 2.

⁶⁸ Fed. Cir. Advisory Council, *supra* note 3, at 3-4.

⁶⁹ Cox, et al., *supra* note 22, at 15-16.

⁷⁰ THE U. S. District Court for the District of Kansas, *supra* note 49, at 2; Grimm, *supra* note 48, at 1.

⁷¹ Cox, et al., *supra* note 22, at 14-15.

⁷² Fed. Cir. Advisory Council, *supra* note 3, at 4. The Maryland Electronic Discovery Program also discusses clawback agreements. Grimm, *supra* note 48, at 4.

⁷³ Fed. Cir. Advisory Council, *supra* note 3, at 3.

⁷⁴ The Seventh Cir. Electronic Discovery program also excludes any difficult to obtain evidence such as deleted data and metadata unless good cause is shown. 7th Cir. Electronic Discovery Committee, *supra* note 41, at 5. The Maryland Discovery Program also provides the default is to not to produce metadata. Grimm, *supra* note 48, at 26.

⁷⁵ Fed. Cir. Advisory Council, *supra* note 3, at 3.

⁷⁶ Grimm, *supra* note 48, at 25.

⁷⁷ Fed. Cir. Advisory Council, *supra* note 3, at 2-3.

⁷⁸ Grimm, *supra* note 48, at 23.

⁷⁹ 7th CIR. Electronic Discovery Committee, *supra* note 41, at 2.

⁸⁰ The Sedona Conference, *supra* note 59, at 297.

⁸¹ The Sedona Conference, *supra* note 30, at 1.

⁸² *Id.* at 2-3.

⁸³ *Id.*

⁸⁴ *Id.* at 3.

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.* at 7.

⁸⁸ *Id.* at 4.

⁸⁹ Rader Address, *supra* note 3, at 6.

⁹⁰ *Id.* at 12-13.

⁹¹ Cox, et al., *supra* note 22, at 18.

⁹² *Id.* at 19.

⁹³ See *SynQor, Inc. v. Artesyn Technologies, Inc.*, No. 07-CV-00497, Order (E.D. Tex. Dec. 12, 2010), clarified in Order (E.D. Tex. Dec. 20, 2010).

⁹⁴ Rader Address, *supra* note 3, at 13.

⁹⁵ The Sedona Conference, *supra* note 30, at 6.

⁹⁶ Cox, et al., *supra* note 22, at 17.

⁹⁷ D. Nev. L.R. 16.1-19.

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ D. Minn. L.R. 26.1.

¹⁰² *Id.* Form 4 (Rule 26(f) Report for Patent Cases), available at www.mnd.uscourts.gov/local_rules/forms/Form-4.doc.

¹⁰³ S.D. Cal. P.L.R. 2.1(a).

¹⁰⁴ S.D. Ohio L.R. 104.1.