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A Strategy for, and Benefits of, Securing Prompt Claim Construction Rulings

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One judge has colorfully observed that “*Markman* is like sex. Timing is everything.”¹ That observation is correct insofar as a promptly issued *Markman* (i.e., claim construction/interpretation) ruling can save the parties to a patent infringement action and the trial court significant time and money. To those ends, the parties should do three things at the outset of a patent infringement action. First, the parties should see to it that the initial scheduling order expressly accounts for the claim construction process (i.e., briefing deadlines and a hearing date). Second, the parties should see to it that the initial scheduling order measures pertinent deadlines (e.g., fact and expert discovery cut-off dates and the filing date for dispositive motions) from the date on which the claim construction ruling is entered. Third, the parties should otherwise encourage the

court to render its claim construction ruling as soon as possible.

THE GOAL IS JUST, SPEEDY AND INEXPENSIVE DETERMINATION OF EVERY ACTION, AND A PROMPT CLAIM CONSTRUCTION RULING IS AN IMPORTANT STEP IN ACHIEVING THAT GOAL IN A PATENT INFRINGEMENT ACTION

The Federal Rules of Civil Procedure seek to have every civil action justly, speedily and inexpensively determined.² That ambitious, tripartite goal certainly applies to patent infringement actions, as “[p]atent law is not an island separated from the main body of American jurisprudence.”³

Notwithstanding that ambitious goal, many patent infringement actions are, as one would expect, relatively (and, to some extent, unavoidably) time-consuming and expensive. From a pure accounting standpoint, the cost of litigating a patent infringement lawsuit involving a single patent will often exceed millions of dollars, with attorneys’ fees and expert witness fees accounting for the majority of that cost.⁴ Indeed, attorneys’ fees in a patent infringement action are on the order of millions of dollars and expert witnesses’ fees are on the order of at least hundreds of thousands of dollars.

The good news is that the duration and expense of a patent infringement action can be reduced, and one way to effectively do so

is to resolve the issue of claim construction as soon as reasonably possible. Once that issue is resolved, the dispute is effectively framed and the parties can more realistically assess their prospects for success, deliberately pursue their causes of action and defenses and meaningfully consider and perhaps pursue settlement opportunities.

One way for counsel to “grease the skids” on the claim construction issue is to expressly educate the court about the benefits of a prompt claim construction ruling. If a prompt claim construction ruling is obtained, then the discovery process and, consequently, the entire case, should be streamlined. Each party’s client will potentially save hundreds of thousands of dollars in attorneys’ fees and expert witnesses’ fees as a result of a prompt claim construction ruling, and the court will concomitantly enhance prospects for justly, speedily and inexpensively determining the action (i.e., enhancing prospects for a smoother trial and perhaps enhancing prospects for settlement). Ideally, all parties will cooperatively educate the court in that regard, preferably when the initial scheduling order is being proposed and discussed.⁵

Of course, another — perhaps better — way to reduce the duration and cost of patent infringement actions is adoption of local rules, or even a new Federal Rule of Civil Procedure, that calls for prompt claim construction rulings. The U.S. District Court for the Northern District of California has adopted detailed rules directed to that end, and other district courts should consider and adopt rules that, while not necessarily as detailed as the Northern District of California’s rules, seek prompt claim construction rulings, unless and until the Supreme Court is motivated to enact an appropriate Federal Rule of Civil Procedure. While this article addresses streamlining patent infringement actions that are outside the Northern District of California, such

local rules, or a new Federal Rule, should be considered, debated and ultimately adopted if procedural uniformity and resulting efficiency are actual goals in patent infringement actions.⁶

A PROMPT CLAIM CONSTRUCTION RULING SHOULD STREAMLINE DISCOVERY, FOCUS SUMMARY JUDGMENT BRIEFING AND ENHANCE SETTLEMENT PROSPECTS

Each patent infringement action is different, but one thing is certain: the duration and expense of a patent infringement action are largely dependent on claim construction. After all, it is only after disputed patent claims are construed that the patented inventions are actually defined and the issues of patent infringement and patent validity (*i.e.*, anticipation and obviousness and perhaps enablement, best mode and definiteness) can be most realistically assessed and most effectively litigated by the parties and, if necessary, actually determined by the judge and jury.⁷

The parties' litigation of their respective causes of action and defenses necessarily revolves around the discovery process. The discovery process and dispositive motion practice are most efficient where the patent infringement dispute is accurately framed (*i.e.*, the patent claims construed). Indeed, if a dispute is not accurately framed, then, not surprisingly, each party will usually take unnecessary discovery (*e.g.*, they will take certain fact and expert discovery on the issues of infringement and validity under competing claim constructions) and the parties will often prepare summary judgment motions based upon competing claim constructions. Those summary judgment motions will be like two competing navigational charts from 1492 — one based on the assumption that the world is round and the other based on the assumption that the world is flat. Once the issue of claim construction is resolved by the trial court, usually one (and sometimes both) of the parties will have prepared a summary judgment motion that ultimately had no chance of succeeding, but did cost significant time and money to pursue (through unnecessary discovery), significant time and money to prepare and possibly significant time for the court to review and rule upon. Such unnecessary effort and expense can be easily avoided, or at least significantly

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reduced, if the issue of claim construction is teed up early and promptly resolved.

In practice, speedily and inexpensively litigating (and trying) a patent infringement action means having the court schedule and having the parties complete the claim construction process (*i.e.*, briefing and hearing) as soon as possible, obtaining a claim construction ruling as soon as possible and having all other deadlines, including fact and expert discovery deadlines, dispositive motion deadlines and the trial ready date, directly or indirectly measured from the date on which the court issues its claim construction ruling. Where those deadlines are tied to the date on which the court issues its claim construction ruling, there should be greater incentive for the court to promptly issue a claim construction ruling (thereby triggering other deadlines and moving the case forward) and a significant reduction, if not elimination, of time-consuming and costly litigation-related activities (*e.g.*, discovery and summary judgment briefing) that could well turn out to be unnecessary, if not futile.

Settlement prospects — which parties are obligated (and wise) to consider as litigation progresses and which parties will often communicate to the court, sometimes at the court's request or by operation of local rule — can also be markedly influenced by a prompt claim construction.⁸ At the outset of a patent infringement lawsuit, what are the prospects for settlement? A generally correct answer is: "It depends." In other words, each case is unique and the answer to that question will typically evolve over the course of a lawsuit. More specifically, and as stated above, only after disputed patent claims are construed can the issues of patent infringement and patent validity be most realistically assessed. Prospects for settlement should therefore

be enhanced once the issue of claim construction is resolved because, at that point, the actual dispute (*i.e.*, infringement and/or validity) should be effectively framed. The answer to the question of "what are the prospects for a patent infringement lawsuit settling?" is therefore more accurately stated: "It depends, but, realistically, we need the court's claim construction ruling to meaningfully answer that question."

Rule 16 And Rule 26 Authorize Efficient Management Of A Patent Infringement Action

Rule 16 seeks, among other things, to expedite the disposition of each action, to discourage wasteful pretrial activities and to facilitate settlement.⁹ Rule 16 also describes, among other things, the procedure for pretrial conferences and obtaining a scheduling order that sets forth various litigation-related deadlines, including deadlines to file motions and to complete discovery.¹⁰ Rule 16 contemplates scheduling a final pretrial conference, the trial itself and "any other matters appropriate in the circumstances of the case."¹¹ Rule 16 further provides that "the court may take appropriate action, with respect to . . . (12) the need for adopting special procedures for managing potentially difficult or protracted actions that may involve complex issues, multiple parties, difficult legal questions, or unusual proof problems; . . . and (16) such other matters as may facilitate the just, speedy, and inexpensive disposition of the action."¹²

Rule 26 requires that the parties "confer to consider the nature and basis of their claims and defenses and the possibilities for a prompt settlement or resolution of the case" and "to develop a proposed discovery plan that indicates the parties' views and proposals concerning: . . . (4) any other

orders that should be entered by the court under Rule 26(c) or under Rule 16(b) and (c).”¹³

While neither Rule 16, Rule 26 nor any other Federal Rule” specifically requires a court to set prompt deadlines for claim construction briefing and a claim construction hearing, or to have certain deadlines tied to the date on which the claim construction ruling is issued, Rules 16 and 26 certainly authorize such scheduling. Assuming that parties are not litigating their patent infringement action in the Northern District of California, the parties should therefore rely on Rules 16 and 26 to seek an initial scheduling order that efficiently structures their patent infringement action.

Key Dates To Include In A Scheduling Order

In order to increase the speed of and reduce the expenses incurred during the litigation and trial of a patent infringement action, certain key dates should be included in the initial scheduling order. In many instances, those key dates should be measured, directly or indirectly, from earlier occurring dates and should take into account certain realities of the litigation process.

Before setting forth a proposed outline of dates to include in an initial scheduling order, those realities should be identified. To begin with, parties may need to take certain fact and/or expert discovery in connection with the claim construction process. Bearing that need in mind, as well as the desire for a speedy determination of the overall patent infringement action, the claim construction process should generally not impede any fact discovery (*e.g.*, relating to infringement and validity). While there may be certain fact depositions, certain interrogatory answers and certain document production that can, by agreement of the parties or order of court, wait until the claims are construed, any delay in fact discovery unrelated to claim construction is generally unwarranted because such a delay will unnecessarily delay expert discovery. That is, because expert witnesses consider and often rely upon fact discovery to formulate and substantiate their opinions, a delay in the completion of fact discovery will likely result in an unnecessary delay in the completion of expert discovery.¹⁴ That domino effect will likely continue and can result in unduly compressed trial preparation. Unduly com-

pressed trial preparation can substantially interfere with a party’s ability to most effectively prepare its case and, as such, should be avoided. By way of example, traveling around the country to depose fact or expert witnesses in the weeks (or even days) immediately before trial is not an ideal use of counsel’s time.

Having said all of that, an agreement to delay or a court-ordered stay of expert discovery unrelated to claim construction is prudent while the claim construction process is ongoing. Such a delay or stay is justified because expert discovery should be considerably shorter than fact discovery (*i.e.*, can be completed in considerably less time in almost all cases) and expert witness fees may be reduced and to some extent avoided if they are not incurred unless and until they must be.

Lastly, as explained above, without a claim construction in hand, any dispositive motion practice will often be an inefficient and, in many cases, a futile exercise. Such inefficient use of judicial and party resources should always be avoided.

Bearing in mind those realities and the ambitious, tripartite goal of Rules 1 and 16, the bottom line is that the issue of claim construction should be resolved as soon as possible, fact discovery should generally proceed without delay, full-blown expert discovery should not commence prior to the issuance of the court’s claim construction ruling and dispositive (*i.e.*, summary judgment) motions should not be due prior to the issuance of the court’s claim construction ruling. In that regard, the following is a purposely flexible, exemplary schedule designed to contribute to the just, speedy and inexpensive determination of a patent infringement action involving a single patent:

(1) Date on which opening claim construction brief (from patent owner) is due; the opening claim construction brief should be due approximately 90 days after entry of the initial scheduling order.¹⁵ The 90-day period should afford the parties an appropriate opportunity to take any claim construction-related discovery (*e.g.*, contention interrogatories seeking: (i) identification of each claim limitation that does not have its plain and ordinary meaning (and, as such, requires construction) and (ii) the construction of each such claim limitation; and relevant fact, expert and/or Rule 30(b)(6) depositions). The date on which the response to the opening claim construction

brief is due and the date on which the reply in support of the opening claim construction brief is due can be calculated according to applicable local rules or pursuant to an order from the court.

(2) Date(s) on which claim construction hearing is to be held; while the claim construction hearing date certainly depends upon the court’s calendar, the hearing should be held no later than 30 days after completion of the claim construction briefing.

(3) Date on which fact discovery closes; fact discovery should close approximately 180 days from the date on which the claim construction order is entered, assuming there has been no stay of any fact discovery.

(4) Date on which initial expert reports (on issues on which the party bears the burden of proof) are due; initial expert reports should be due 45 days after fact discovery closes.

(5) Date on which rebuttal expert reports are due; rebuttal expert reports should be due 30 days after initial expert reports are due.

(6) Date on which expert discovery closes; expert discovery should close 30 days after the date on which rebuttal expert reports are due.

(7) Last date on which dispositive (*i.e.*, summary judgment) motions can be filed; dispositive motions should be due no earlier than 30 days after expert discovery closes. The briefing schedule for dispositive motions would then be set according to applicable local rules or pursuant to an order from the court.

(8) Trial ready date; the trial ready date is certainly dependent on the court’s overall docket and the particular circumstances of a given case. In light of the above deadlines and hopefully assuming a claim construction ruling within 90 days of the claim construction hearing, the trial ready date could be approximately 24 months after the complaint is served. To avoid the need to re-schedule the trial ready date, however, that date should be approximately 13 months after the claim construction ruling is entered. Of course, if dispositive motions are still pending as the trial ready date approaches, it may be appropriate to extend that date.

Importantly, where there are two or more patents-in-suit, or a large number of fact witnesses and/or a large number of expert

witnesses who have been designated as testifying experts, the above-proposed dates might have to be modified. Put another way, the complexity of a case can increase, to varying degrees, with each additional patent-in-suit and each additional witness, and increased complexity requires additional time to complete applicable tasks.

Also, where a patent owner seeks a preliminary injunction, the parties might litigate and the court might (at least tentatively) construe some of the disputed claim limitations.¹⁶ The above-proposed dates are subject to modification under those circumstances as well.

The above proposed dates are also subject to modification where a reissue patent application relating to a patent(s)-in-suit has been filed and is being prosecuted and/or where a request for *ex parte* or *inter partes* reexamination of a patent(s)-in-suit has been accepted by the U.S. Patent and Trademark Office.¹⁷ In other words, both the prosecution of a reissue application and a reexamination proceeding can affect the scope and validity of claims in a patent.¹⁸ Thus, the claim construction process (and, indeed, the overall litigation) in a district court may be appropriately stayed while a related reissue application is being prosecuted or a reexamination proceeding is being conducted.¹⁹ In the absence of such a stay, there may be a substantial waste of the parties' and the court's resources.

The local rules in the Northern District of California set forth additional matters to consider in connection with, or that must be included as part of, the claim construction and overall patent litigation processes.²⁰ Those local rules also mandate additional cooperation between or among parties by requiring, among other things, simultaneous exchange of claim limitations that allegedly require construction by the court and a subsequent, simultaneous exchange of preliminary proposed constructions for each such limitation.²¹ Those exchanges, which are designed to narrow the scope of any claim construction dispute,²² can certainly be included in any scheduling order (and, if included, could result in a more efficient and timely exchange of certain documents and information than traditional written discovery). However, the most important points are: (1) the claim construction ruling needs to be promptly issued and (2) pertinent deadlines (*i.e.*, expert discovery deadline, dispositive

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motion deadline and even the trial ready date) need to be directly or indirectly calculated from the date of that ruling in order for a patent infringement action to be determined as justly, speedily and inexpensively as possible. **IPIT**

ENDNOTES

1. *Control Resources, Inc. v. Delta Electronics, Inc.*, 133 F.Supp.2d 121, 126 (D. Mass. 2001) (quoting Chief Judge Marilyn Hall Patel, Northern District of California).
2. Fed.R.Civ.P. 1; Fed.R.Civ.P. 16(c)(16).
3. *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GMBH v. Dana Corp.*, 383 F.3d 1337, 1351 (Fed. Cir. 2004) (Circuit Judge Dyk, concurring-in-part and dissenting-in-part).
4. See 2003 AIPLA Economic Survey, pp. 21-22, 93-94 (Table 22).
5. See Fed.R.Civ.P. 16(b) and 26(f).
6. *Cf. Control Resources*, 133 F.Supp.2d at 123, *cit-ing* S.Rep. No. 97-275, at 5-6 (1981) ("Unlike the other circuit courts of appeal, the Federal Circuit came into being, in part, pursuant to an express Congressional mandate to foster uniformity in the application of the law of patents.")
7. See 35 U.S.C. §§ 102, 103, 112 and 271; *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1323 (Fed. Cir. 2002); *Techsearch, L.L.C. v. Intel Corp.*, 286 F.3d 1360, 1369 (Fed. Cir. 2002); *Johnson Worldwide Assoc., Inc. v. Zebco Corp.*, 175 F.3d 985, 988 (Fed. Cir. 1999); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995).
8. See Fed.R.Civ. P. 16(c) and 26(f).
9. Fed.R.Civ.P. 16(a).
10. Fed.R.Civ.P. 16(b).
11. *Id.*
12. Fed.R.Civ.P. 16(c).
13. Fed.R.Civ.P. 26(f).
14. See Fed.R.Civ.P. 26(a)(2)(B).
15. See Fed.R.Civ.P. 16(b) ("The [scheduling] order shall issue as soon as practicable but in any event within 90 days after the appearance of a defendant and within 120 days after the complaint has been served on a defendant.")

16. See *International Communication Materials, Inc. v. Ricoh Co., Ltd.*, 108 F.3d 316, 318-19 (Fed. Cir. 1997); *Sofamor Danek Group, Inc. v. DePuy-Motech, Inc.*, 74 F.3d 1216, 1221 (Fed. Cir. 1996) ("the trial court has no obligation to interpret claim 1 conclusively and finally during a preliminary injunction proceeding. . . . *Markman* does not obligate the trial judge to conclusively interpret claims at an early stage in a case."); *Cargo Protectors, Inc. v. American Lock Co.*, 92 F.Supp.2d 926, 930 (D. Minn. 2000) ("findings and conclusions as to claim construction at the preliminary injunction stage are not binding at trial.")

17. See 35 U.S.C. §§ 251-252, 301-307, 311-318.

18. See *id.*

19. See Donald S. Chisum, *Chisum on Patents* § 11.07[4][b][iv][B], [C] (1978 & Supp. 2004) (a district court has the inherent authority and discretion to stay litigation pending the outcome of reexamination proceedings, and "[s]tays are more likely to be granted if requested early in litigation before substantial discovery and trial preparation, and less likely to be granted if requested late. Stays are more likely to be granted if the court perceives that the PTO reexamination will resolve or substantially simplify issues in the litigation, and less likely to be granted if the litigation involves a preponderance of issues that the reexamination will not resolve or that lie outside the PTO's expertise.") (footnotes omitted); see also *ASCII Corp. v. STD Entertainment USA, Inc.*, 844 F.Supp. 1378, 1381 (N.D. Cal. 1994).

20. See N.D. Cal. Local Rules 2-1, 3-1, 3-2, 3-3, 3-4, 4-3 (for example, contemplating live testimony at the claim construction hearing and the order of presentation at the claim construction hearing; establishing deadlines for disclosing or producing asserted claims, accused products, infringement and validity charts, the patent owner's commercial embodiments of the claimed inventions, documents and/or information relating to the operation of the accused products, documents constituting or relating to certain prior art to, or conception and/or reduction to practice of, the claimed invention(s)).

21. See N.D. Cal. Local Rule 4-1, 4-2.

22. See N.D. Cal. Local Rule 4-1, 4-2 and 4-3.