A Guide to Patent Litigation in Federal Court

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FISH & RICHARDSON
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Patent Litigation in Federal Court

Like other forms of business litigation, patent infringement lawsuits are often complex undertakings with many moving parts, and may be difficult for nonspecialists to understand. Patent cases may be particularly challenging because they often involve esoteric technology, entail unique litigation procedures, and raise arcane legal issues. The purpose of this guide is to provide the layperson with an overview of how patent litigation works and what to expect as a case progresses from the initial filing of the complaint through trial and appeal.

What is a patent?
A United States patent is a document issued by a federal agency called the United States Patent and Trademark Office (USPTO). It gives the patent owner the right to prevent others from making, using, selling, offering to sell, or importing, in the United States, products or methods that are covered by the patent, and to collect damages from those who violate that right. Importantly, United States patents generally do not affect activities outside of the United States.

What are the parts of a patent?
A patent typically has three main parts: a cover page, a specification, and a set of numbered sentences called “claims.” The cover page provides basic information about the patent, such as the patent number, a short summary called the “abstract,” the name(s) of the inventor(s), the date the patent was applied for, and the date the patent went into effect. The specification provides a detailed description, usually with drawings, of how to make and use the invention(s) covered by the patent, including descriptions of one or more specific examples of the invention, called “embodiments.” The claims, which are listed at the back of the patent, are legal descriptions of the invention(s) covered by the patent, and each claim recites a set of features or “limitations” that define the essential elements (or “metes and bounds”) of the invention.

How are patent rights enforced?
Although patents are granted by a government agency, they are enforced only by the private efforts of their owners. If a patent owner, or “patentee,” believes that another party is infringing its patent, the patent owner may file a civil lawsuit for patent infringement in a United States district court. In order to prevail, the patent owner must prove that it is more likely than not that the defendant infringed the patent. An accused infringer may also defeat a claim for patent infringement by proving that the asserted patent claims are invalid, for example by showing that the claims cover technology that existed prior to the patented invention (such preexisting technology is called prior art). If the patent owner is successful in proving infringement (and the defendant fails to prove the patent claims invalid), the patent owner may ask the court to award money damages to compensate him/her for the infringement. In some cases, the patent owner may also obtain a court order, called an “injunction,” preventing the defendant from continuing to infringe. Alternatively, the court may order the defendant to pay the patentee a specified amount for any future infringing activity.
A complaint may allege “direct” or “indirect” infringement.
**Infringement Claims**

A complaint may allege “direct” or “indirect” infringement. Direct infringement occurs when a party makes, uses, sells, offers to sell, or imports into the United States any patented invention. Indirect infringement occurs when a party intentionally causes or aids another party to directly infringe. One type of indirect infringement is called “induced infringement,” whereby the indirect infringer “actively induces” another to directly infringe, typically by providing the necessary materials and/or instructions. Another type of indirect infringement is called “contributory infringement,” which occurs when the indirect infringer supplies to others a material component of a patented invention that is not a “staple article” and is not “suitable for substantial non-infringing use.” When a plaintiff alleges indirect infringement, the specific activities causing direct infringement must be identified and the plaintiff must show that the defendant knew that its activities would cause infringement—or was willfully blind to that fact.

**Types of Relief**

A successful claim for patent infringement entitles the plaintiff to one or more forms of relief: a monetary award that compensates the plaintiff for past acts of infringement, an injunction prohibiting future infringement, and/or an order requiring payments for future acts of infringement. Because the precise nature of the relief to which the plaintiff may be entitled is typically not known at the time the complaint is filed, a complaint for patent infringement usually requests in general terms all the categories of relief to which the plaintiff could be entitled, without specific dollar amounts or specific terms of an injunction.

The types of relief typically requested in a complaint include:

- **Lost Profits:** A plaintiff may be entitled to lost profits resulting from sales of patented goods that the plaintiff would have made but for the defendant’s unauthorized use of the patented technology. Generally, lost profits are available only when the patented technology is used by the plaintiff to produce or sell goods, and when the defendant’s customers would have purchased goods or services from the plaintiff (or purchased them at a higher price) were it not for the infringement. In other words, the plaintiff must be able to prove that the defendant’s infringement led to fewer sales (or sales at a lower price) than would have occurred but for the infringement.

- **Reasonable Royalty:** The patent statute provides that the minimum compensation to which a patent plaintiff is entitled from an infringer is a “reasonable royalty.” This is the amount of money that the infringer would have paid in a hypothetical arm’s-length bargain to license the patent(s) alleged to be infringed at the outset of infringement.

- **Injunctive Relief:** In addition to a monetary award, a plaintiff may seek an injunction, which is a court order prohibiting the defendant from conducting further infringing activities. Typically, an injunction is available if the plaintiff competes with the defendant and is being harmed in the marketplace by the defendant’s infringement.

- **Enhanced Damages:** Courts also have the discretion to penalize culpable conduct of the defendant by awarding enhanced damages up to three times the amount of actual damages. Enhanced damages are often awarded when the infringement is found to be willful (i.e., the infringer acted with awareness that it was infringing), but may also be awarded for other types of “egregious” behavior. In situations where such culpable conduct is present, the complaint should make that specific allegation along with a clear request that the court award enhanced damages.

- **Reasonable Attorneys’ Fees:** Courts have discretion to require the losing party in a patent infringement suit to pay the legal fees of the prevailing party “in exceptional cases.” Most commonly, this occurs when the defendant is found to have willfully infringed, the plaintiff’s case is unusually weak, or the losing party is found to have engaged in misconduct during the litigation or in obtaining the patent at issue.
Response to Complaint

Generally, a defendant has 21 days to respond to a plaintiff’s complaint after it has been served, although this deadline is often extended by agreement. This response usually takes one of two forms: an “answer” or a motion to dismiss the complaint.

**Answer**

In an answer, a defendant responds to the factual allegations presented in the plaintiff’s complaint. This is generally done by admitting or denying each allegation. Any allegation that is not denied is assumed to be true for the purposes of the litigation. A defendant must also present all of its affirmative defenses to the claims for relief that are contained in the complaint. An affirmative defense is one in which the defendant has the burden of proof; for example, a defense that the patent is invalid. As with the complaint, the purpose of the answer is to provide notice of the nature of the defenses and not to provide detailed proof.

**Counterclaims**

When the defendant answers the complaint, it has the opportunity to include counterclaims, which are requests for relief from the court against the plaintiff. In effect, they constitute the defendant suing the plaintiff. For that reason, the defendant in the litigation may also be considered to be the “counterclaim plaintiff.” And just as the defendant has 21 days to respond to the plaintiff’s complaint, the plaintiff has 21 days to respond to the defendant’s counterclaims. Further, like the plaintiff, the defendant must have a good faith, nonfrivolous basis for its counterclaims. In patent cases, it is common for the defendant to assert as counterclaims requests for declarations that the patent is not infringed and/or is invalid. Less frequently, the defendant will include counterclaims asserting that the plaintiff infringes the defendant’s own patents, or some other legal claim against the plaintiff.

**Motions to Dismiss**

In some instances, it may be appropriate for the defendant to ask the court to dismiss the lawsuit at the outset, without ever considering the evidence in support of the plaintiff’s claim. In patent cases, such motions most commonly involve (1) an assertion that the court lacks personal jurisdiction over the defendant because the defendant lacks sufficient contacts with the state in which the court is located, or because the plaintiff failed to serve the complaint properly on the defendant; (2) an assertion that the plaintiff is not the true owner of the patent and thus lacks standing to bring the suit; (3) an assertion that the complaint does not include enough factual details to make out a plausible claim for infringement; or (4) an assertion that the asserted patent is invalid on its face (e.g., because it purports to claim unpatentable subject matter, such as an abstract idea).

If the defendant files a motion to dismiss within the 21-day period for responding to the complaint (including any extensions), it is not required to file its answer until the court rules on the motion. If the court rules on the motion but does not dismiss the complaint, the defendant has 14 days to file its answer.
### Post-Grant Patent Office Proceedings

Although patent litigation trials take place in federal district courts, it is commonplace for defendants in patent lawsuits to also initiate parallel proceedings in the USPTO, challenging the validity of the asserted patents. These are generally referred to as “post-grant” proceedings because they take place in the USPTO after the patent has already been granted.

The most common post-grant proceeding is called **inter partes review (IPR)** and involves a challenge to the validity of a patent based on patents or printed publications that predate the patent’s filing date. Requests to initiate an IPR (called “petitions”) may be filed by a defendant up to one year after being served with a patent infringement complaint. They may also be filed preemptively, before any lawsuit has been initiated. A successful IPR can invalidate one or more patent claims. Once an IPR has been completed, it precludes the defendant’s continuing to assert in the lawsuit any invalidity defenses that were or could have been brought in the IPR. This is called “estoppel.”

Another common type of litigation-related proceeding is called a **covered business method (CBM) patent review**. CBM proceedings apply only to “business method” patents and generally allow a broader range of challenges to the validity of the patent. Unlike IPRs, they are not subject to a one-year filing limitation and do not prevent the defendant from using defenses at a later trial that could have been, but were not, asserted in the CBM.

Once an IPR or CBM has been filed, it is common for the defendant to ask the district court to stay (i.e., temporarily halt) the underlying patent suit pending the outcome of the proceeding at the USPTO. By statute, IPRs and CBMs must be completed within 18 months of the challenger’s initial request (with rare exceptions), and because the result of the IPR or CBM may substantially simplify the case, many judges will agree to issue such stays. If the IPR or CBM invalidates all of the asserted patent claims, this effectively ends the lawsuit.

Other types of post-grant proceedings available at the USPTO include **post-grant review**, **ex parte** reexamination, supplemental examination, and derivation proceedings. However, these are rarely used in connection with litigation. The following chart summarizes the differences between the types of post-grant proceedings.

<table>
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<tr>
<th>Proceeding</th>
<th>Who May Seek</th>
<th>When It May Be Used</th>
<th>Required Showing by Defendant</th>
<th>Grounds for Challenging</th>
<th>Estoppel?</th>
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</thead>
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<tr>
<td><strong>Inter Partes Review</strong></td>
<td>Anyone other than patent owner</td>
<td>• Available starting September 16, 2012 • Applies to all patents – beginning nine months after issue (i.e., after Post-Grant Review window)</td>
<td>Reasonable likelihood that petitioner would prevail on at least 1 challenged claim</td>
<td>• Patents • Published patent apps • Printed publications</td>
<td>Raised or reasonably could have raised</td>
</tr>
<tr>
<td><strong>Covered Business Method</strong></td>
<td>Anyone other than patent owner</td>
<td>• Available starting September 16, 2012 • Applies to all patents related to “financial services” but excludes “technological innovations”</td>
<td>• More likely than not that at least 1 claim is unpatentable • Petitioner sued or “charged with infringement”</td>
<td>Any invalidity ground</td>
<td>Narrow: Raised (USPTO and Civil)</td>
</tr>
<tr>
<td><strong>Post-Grant Review</strong></td>
<td>Anyone other than patent owner</td>
<td>• Available starting September 16, 2012 • Applies to all patents having a claim with a priority date on or after March 16, 2013, within nine months of issue</td>
<td>More likely than not that at least 1 claim is unpatentable</td>
<td>Any invalidity ground</td>
<td>Raised or reasonably could have raised</td>
</tr>
<tr>
<td><strong>Ex Parte Reexamination</strong></td>
<td>Anyone</td>
<td>Available now</td>
<td>Substantial new question of patentability</td>
<td>• Patents • Published patent apps • Printed publications</td>
<td>No legal estoppel</td>
</tr>
<tr>
<td><strong>Supplemental Examination</strong></td>
<td>Patent owner only</td>
<td>• Available starting September 16, 2012 • Applies to all patents</td>
<td>Substantial new question of patentability would result in Ex Parte Reexamination by PTO</td>
<td>Any information</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Derivation Proceedings</strong></td>
<td>Inventor only</td>
<td>Applies to all claims with priority dates on or after March 16, 2013 (interference remains available for others)</td>
<td>Claimed invention derived from another</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Case Management Conference

After the complaint has been served on the defendant, the presiding judge will schedule a meeting with the lawyers for the parties, which is called the Case Management Conference (or sometimes the initial pre-trial conference or scheduling conference). The purpose of this conference is to lay out the framework that will govern how the case will go forward. To that end, the lawyers for the plaintiff and defendant are required to “meet and confer” prior to the conference to try to narrow down any disputes about that framework that might need to be resolved by the judge. While a variety of issues may be discussed and decided at the Case Management Conference, the most common include the following:

**Scheduling**

The primary purpose of the Case Management Conference is to set the case schedule. The case schedule will determine how long the parties have to engage in discovery and when certain types of disclosures (such as a detailed explanation of infringement or invalidity contentions) must be provided. Depending on the judge and court, the case schedule may also include a specific date or range of dates when the trial will occur. Some judges will wait until discovery has been completed to schedule the trial date. The time it takes for a case to get to trial can vary dramatically—typically from one to three years—depending on the complexity of the case and the court’s own schedule.

**Discovery Limits**

Discovery is the process by which the parties to a lawsuit investigate the facts of the case, primarily by asking the opposing party to provide copies of documents (including electronically stored information); answer written questions called “interrogatories;” and give sworn testimony in depositions. While the court rules provide some default limits on the amount of discovery that each party can take, it is common for one or both parties to request that the court modify or supplement those limitations. The most significant discovery limit at issue is usually the maximum number of depositions (or hours of deposition) that each party can require witnesses for the other party to provide.

**Electronically Stored Information**

Another issue sometimes addressed at the Case Management Conference is how to conduct discovery of electronically stored information (ESI), which includes e-mails, electronic files, and databases, among other things. Each party may ask the opposing party to provide ESI that relates to the issues in the case. However, given the enormous volume of ESI that most companies maintain, it is often not practical for parties to review all of the potentially relevant ESI in their possession. Instead, the parties will usually negotiate limits on what types of ESI must be searched and produced, and how the searching should be conducted. For example, the parties may agree, or the court may order, that documents from only a limited number of employees, or from a limited time frame, need to be searched, or that searching may be done using keywords negotiated by the parties. Practically speaking, the issue that is most frequently disputed is how to handle the search for and production of e-mail.

At the Case Management Conference, the judge will set out ground rules concerning:

1. The case schedule
2. The scope of discovery
3. How to handle the parties’ electronically stored information
4. How to handle confidential information
**Protective Order**
In addition to a case scheduling order, the court in a patent case will usually issue a “protective order” that safeguards the parties’ confidential information that must be provided to opposing counsel during discovery by limiting who may have access to that information, and by prohibiting those with access from further disclosing it. As with discovery limits, the terms of this order are usually negotiated by the parties in advance of the Case Management Conference, with the judge resolving any issues for which there is disagreement. Three issues are most often debated when negotiating a protective order:

**Access:** Some parties may want their in-house attorneys and employees to have access to the opposing parties’ information in order to assess the merits of the case, while other litigants may want to ensure that their own confidential information does not make it into the hands of employees of the opposing party. One way to handle this issue is to create tiers of confidentiality such that the most sensitive documents can be viewed only by outside counsel, while other, less sensitive documents may also be viewed by certain in-house personnel.

**Source Code:** Because computer program source code can be particularly sensitive, certain procedures are sometimes specified for the inspection and production of source code. For example, restrictions such as the location of any inspection, what can and cannot be brought into the inspection room, and limits on printing the code can be included in a protective order.

**Prosecution Bars:** A patent “prosecution bar” is a provision that bars individuals who have received confidential information from prosecuting patent claims at the USPTO concerning the same subject matter. Defendants often seek prosecution bars to prevent the plaintiff from using the defendant’s confidential information to obtain patent claims that specifically target the defendant’s products. The precise scope of the subject matter covered by the prosecution bar, and whether or not it should apply to post-grant proceedings, is often contested.

**Stipulations to Simplify Case**
Beyond limits on discovery, litigants may negotiate the scope of the issues that will be considered in the case. For example, litigants may limit the number of asserted patent claims, the volume of prior art that will be considered for a validity challenge, or the number of claim terms to be construed.

**Mediation**
Many judges will explore the possibility of mediating the parties’ dispute at the Case Management Conference. Frequently, the court will ask the parties if they are prepared to mediate the case and may propose a mediator associated with the court (e.g., a magistrate judge). In some courts, the parties are required to participate in some form of mediation—whether before a judge, magistrate, or third-party mediator—prior to trial, and the court will set a deadline for this mediation to occur.

Case Management Conferences also give the parties the opportunity to discuss alternative dispute resolution, often in the form of mediation, as a way to resolve the case without going to trial. In mediation, the parties meet with a neutral third party who helps negotiate a settlement of the case.
A party may use subpoenas to obtain discovery from third parties by requiring them to produce documents or appear at depositions.

Fact Discovery

After the Case Management Conference, the period for fact discovery begins. Fact discovery is the process through which each party may obtain evidence and information from the opposing party, or from third parties, that is relevant to the case. This process is an opportunity for each party to obtain evidence supporting its case, while at the same time learning about the positions and supporting evidence of the opposing party. In a patent case, the fact discovery period may last from six months to several years, depending on the complexity of the case and the court’s schedule. In general, the parties may seek discovery on any matter that is relevant to any claim or defense in the case and not protected by attorney-client privilege.

There are several ways for the parties to discover evidence from each other and third parties:

Requests for Production
Requests for production are written requests for documents, ESI, tangible objects, or inspection of physical locations. The party receiving the request must respond in writing within 30 days by stating whether it will produce the requested information or will object to the request as overbroad. The requested information is then usually provided sometime later, and oftentimes on a rolling basis as the responding party continues to collect documents within the scope of the request.

Interrogatories
Interrogatories are written questions served on an opponent, asking for written answers in response. The party receiving the interrogatory must respond within 30 days, by providing written answers, by identifying documents that contain the answers, or by objecting to the interrogatory. Often a party will object to an interrogatory as “premature” and then provide a substantive response closer to the end of the discovery period. If the parties are unable to resolve disputes about the proper scope of interrogatories and/or the adequacy of answers to interrogatories, they may seek a ruling from the court to resolve the issue.

Requests for Admission
Requests for admission are written statements that one party provides to another party, asking it to admit that each statement is true. The responding party must admit or deny the truth of each statement, or state that it lacks sufficient evidence or knowledge to admit or deny the statement. Requests for admission are useful for identifying truly undisputed facts that need not be proved at trial, thus helping streamline the trial. For example, they can be used to show that particular documents are authentic, or to identify the claim limitations that a party agrees are present in an allegedly infringing product or prior art reference.
**Depositions**

Depositions are out-of-court proceedings during which a witness responds under oath to questions presented by an attorney. The deposition testimony is recorded by a court reporter and/or by videotape for later use in court. A party may request to take the deposition of specific employees of an opposing party, or it may ask the opposing party to supply a witness prepared to testify about the party’s knowledge of specified subjects.

**Subpoenas**

While most fact discovery involves the plaintiff or defendant, it is sometimes necessary to obtain information from a non-party to the case. Parties may obtain discovery from non-parties by serving the non-parties with a “subpoena,” a court order requiring the non-party to provide information. Typically, subpoenas are used to compel non-parties to produce documents or to provide a witness for a deposition. The scope of discovery from non-parties is generally more limited than what may be obtained from parties, and may be limited by court order if it is overly burdensome on the non-party.

**Infringement and Invalidity Contentions**

In some courts, a mandatory part of fact discovery involves an exchange by the parties of detailed “contention” documents, whereby the plaintiff provides the defendant with a detailed explanation of how it believes the defendant is infringing the patents-in-suit, and the defendant provides a detailed explanation of why it contends that the patents are invalid. The exchange of these contentions typically takes place early in the discovery period, thereby limiting the scope of further discovery to information that is relevant to the contentions.

Typically, the infringement contentions will identify the specific claims that the plaintiff contends are infringed, and will also include “claim charts” that identify, for each element of each asserted patent claim, where that element is found in the defendant’s accused product or method. Similarly, the invalidity contentions will identify the basis for the defendant’s validity challenge, and will include claim charts that identify where each claim element is found in the prior art. Because the parties are generally bound by the positions taken in their infringement and invalidity contentions, it is common for these documents to be detailed and, depending on the complexity and number of asserted claims, quite lengthy.

<table>
<thead>
<tr>
<th>Type of Discovery</th>
<th>Governing Rules*</th>
<th>Presumptive Limits (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requests for Production</td>
<td>FRCP 34</td>
<td>None</td>
</tr>
<tr>
<td>Interrogatories</td>
<td>FRCP 33</td>
<td>25 total</td>
</tr>
<tr>
<td>Requests for Admission</td>
<td>FRCP 36</td>
<td>None</td>
</tr>
<tr>
<td>Depositions</td>
<td>FRCP 30</td>
<td>10, seven hours each</td>
</tr>
<tr>
<td>Subpoenas</td>
<td>FRCP 45</td>
<td>None (but depositions may be subject to the overall limit on the number of depositions taken by each party)</td>
</tr>
<tr>
<td>Infringement and Invalidity Contentions</td>
<td>Local rules, judge-specific rules, standing orders. Some districts have detailed patent-specific local rules; others have less guidance.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Discovery in federal court is generally governed by a set of nationwide rules called the Federal Rules of Civil Procedure (FRCP). However, these rules may be, and often are, modified or supplemented by the local rules or standing orders of a particular court or a particular judge.*
Expert Discovery

Because of their complex subject matter, patent trials almost always involve testimony by paid expert witnesses, who are hired by each party to explain the facts of the case to the jury and provide opinions based on their expertise concerning the issues of infringement, validity, and damages that the jury must decide. Because expert testimony is usually the centerpiece of each party’s case, it is essential for a party to hire well-qualified and capable experts who will be able to understand the subject matter of the case and effectively explain the party’s position to a jury.

Before an expert can testify at trial, he or she must provide one or more written reports to the lawyers for the opposing party containing the substance of the expert’s anticipated testimony. In addition, each expert will usually sit for a deposition at which lawyers for the other side may ask questions about the reports, such as the basis for certain opinions, and will try to obtain admissions from the experts that can be used against them when they testify at trial. “Expert discovery” refers to the process by which each party is given an opportunity to learn about the expected testimony and opinions of the experts hired by the other side.

Types of Experts

Each party will typically have two types of experts: (1) technical experts, who provide analysis and opinions concerning infringement or validity of the patent, and whose expertise is in the same technical field as the patented inventions, and (2) experts on damages issues, who are generally economists or have a background in patent licensing, and who can testify about the value of the patented invention or the economic damage caused to the patent holder by the alleged infringement. Less frequently, the particular issues in a case may also require testimony from other types of experts, such as a specialist in testing the relevant qualities of the accused product, an expert on patent office procedures, or a market research expert to explain the market for the accused product.

Timeline for Expert Discovery

Discovery deadlines vary from court to court, but expert discovery generally occurs shortly after fact discovery is completed. Many courts set the deadline for completion of fact discovery to be just prior to the beginning of expert discovery. In other courts, there is only one discovery deadline for both fact and expert discovery, but even in those cases, expert discovery generally occurs toward the end of the discovery period after most fact discovery has been completed.
When and How Experts Are Hired

The process of selecting and hiring experts should begin many months before expert discovery begins—sometimes more than a year before. Experts might be hired even before the case is filed, for purposes of evaluating the patentee’s infringement theory.

Selecting an expert is an interactive process that involves identifying candidates, confirming their availability, interviewing them, and ultimately weighing the strengths and weaknesses of each to determine the best fit for the case. While there are no fixed rules as to who may serve as an expert witness (assuming the person possesses relevant training), technical experts are often academics who are experienced in explaining technical ideas to a nonexpert audience, who are not otherwise affiliated with either party, and whose schedules allow them the necessary time to work on the case. By contrast, damages experts are usually professional litigation consultants whose main employment involves giving expert testimony and who often have teams of assistants who help them prepare their reports.

Typically, parties locate appropriate experts in three ways. First, a client (who presumably has a general familiarity with the technical field) may know of individuals in academia or industry who would be good experts for the case. Second, the attorneys on the case may have recommendations for experts based on personal experience. Third, the attorneys may engage expert search firms that maintain rosters of experts who are available for litigation work.

Three great sources to locate experts:

1. Company employees and engineers with knowledge of industry experts
2. Attorneys on the case who may have worked with experts in the same field in the past
3. Expert search firms

For a patent trial, a party will usually hire technical experts to provide opinions in the field of the patented invention and damages experts to provide opinions about the value of the patent or the economic damages caused by the alleged infringement. Some experts will provide testimony at depositions and/or trial, while others may be used for consulting purposes only.
Claim Construction

The numbered sentences called “claims” listed at the end of a patent define the scope of the legal protection that the patent confers. For that reason, the precise meaning attributed to the language in a patent’s claims will often have a significant impact on whether a patent is found to be infringed or invalid. Not surprisingly, the parties in a patent case will usually disagree about the meaning of key terms in the claims, and this disagreement must be resolved by the judge prior to trial. The process by which the judge resolves disagreements about the meaning of claim language is called “claim construction.” The outcome of this process will often have a significant impact on the outcome of the case and in some cases may entirely resolve all issues of liability in the case.

The Law of Claim Construction

In 1996, the Supreme Court ruled, in the case of Markman v. Westview Instruments, Inc., that it was the responsibility of the trial judge, and not the jury, to determine the precise legal meaning of the words used in patent claims. Because of this ruling, patent cases almost invariably include a hearing, prior to trial, in which the parties seek to persuade the judge to define, or “construe,” particular words or phrases found in the patent claims. Such hearings are sometimes referred to as Markman hearings. Typically, the judge will issue a claim construction (or Markman) order construing the claims prior to the completion of fact discovery, although some judges may wait until after fact discovery, or even until trial, to make their ruling.

The basic rule for claim construction is that a claim term should be given its ordinary meaning as it would be understood, in the context of the patent document as a whole, by a person with ordinary skill in the relevant technical field. Thus, the claim construction process typically involves a detailed analysis of the patent specification to understand the intended meaning of claim terms. It may also involve an analysis of statements found in the patent’s prosecution history, which is the record of communications between the inventor and the USPTO during the patent examination process. The judge may also consider “extrinsic evidence,” such as technical dictionaries, treatises, or statements by technical experts, to show how a term is ordinarily used in a particular technical field, but this type of information is generally given less weight.

Timing and Procedure

The timing and procedural requirements of a claim construction process vary, depending on the district and judge. A typical timeline is shown below. In general, the process begins with the parties identifying the claim terms they believe need to be construed by the court and trying to come to some agreement as to the appropriate construction of each term. Those terms on which the parties are unable to agree will be submitted to the court for resolution. The process includes a two-to-three-month period of briefing, which is usually followed by a Markman hearing before a judge.

| Scheduling order sets claim construction timeline (approximately 3 months into litigation) |
| Parties exchange terms requiring construction (approximately 5-10 months into litigation) |
| Parties meet to confer and limit number of terms requiring construction |
| Parties file briefs on terms on which no agreement was reached (approximately 6-12 months into litigation) |
| Markman hearing: Court conducts hearing on disputed claim terms (approximately 8-15 months into litigation) |
Summary Judgment Motions

In a patent case, as in any civil litigation, the role of the jury is to resolve disputed facts in order to determine which party should prevail in the dispute. Sometimes, however, at the close of the discovery period, a party may conclude that there are no genuine and material factual disputes and that, based on the undisputed facts, it is entitled to judgment as a matter of law. In such a case, the party may file a motion asking the court for what is called “summary judgment” with respect to all or part of the case. For example, the defendant may argue that there is no genuine dispute about how its product works, and that it objectively does not fall within the scope of any of the asserted claims. Alternatively, a summary judgment motion may address only a subsidiary issue in the case—for example, whether a particular document is prior art to the patent-in-suit or whether a particular invalidity defense should be presented to the jury.

Timing

Most summary judgment motions are prepared and filed sometime after the close of fact and expert discovery and claim construction, but before the trial date. During this period, the parties and the court look for ways to potentially simplify issues and streamline the case for trial. The judge will typically set a deadline for filing summary judgment motions and will sometimes schedule a hearing to allow the parties to make oral arguments in addition to their written submissions. The option of moving for summary judgment early, before the deadline for dispositive motions, may be available with some judges and can be strategically advantageous.

Common Types of Summary Judgment Motions

Infringement/Non-Infringement: The most common type of summary judgment motion is one in which the defendant seeks a judgment of non-infringement. The defendant typically argues that, based on the undisputed facts, the plaintiff cannot demonstrate that the defendant infringed. Although the plaintiff may sometimes seek summary judgment that the defendant infringed, this is less common since the plaintiff typically wants an opportunity to tell the infringement story to the jury, which would still need to determine other issues in the case, such as validity and the amount of damages.

Invalidity/No Invalidity: It is also common in patent cases for parties to file summary judgment motions relating to validity. Because the defendant has the burden of proving invalidity, the plaintiff may move for summary judgment with respect to some or all of the defendant’s invalidity defenses if there is a lack of evidence to support them. Conversely, the defendant may move for summary judgment of invalidity. This is most common where the underlying issue is a pure question of law, or where the court’s claim construction establishes beyond dispute that the asserted claims are invalid because they encompass the prior art. Obtaining summary judgment of no invalidity is perceived as generally more difficult than obtaining summary judgment of non-infringement, since a claim of invalidity often boils down to a “battle of the experts” that must be decided by a jury.

Damages Issues: Summary judgment motions may also be used to eliminate damages-related issues, such as a claim for lost profits when there is lack of evidence to support such claims, or a claim for enhanced damages based on willful infringement when there is no evidence to support a claim of willful infringement.
Pre-trial motions can address issues such as the exclusion of expert testimony, bifurcation of the case into two trials, and the resolution of motions concerning the admissibility of evidence.

Trial Preparation and Pre-Trial Motions

Usually about a month or two before the scheduled trial date, the parties will begin an intense period of trial preparation and filing of pre-trial motions. Trial preparation includes everything from preparing witnesses and trial exhibits to arranging logistics for the trial site. During this process, the parties will typically file many pre-trial motions that ask the judge to resolve issues relating to the conduct of the trial.

Typical pre-trial motions include motions to strike unreliable expert testimony, motions to bifurcate (split up) the case into multiple trials on separate issues, and motions that seek advance rulings on the admissibility of evidence or attorney conduct in advance of trial (called “motions in limine”).

Motions to Strike Expert Testimony

After the close of expert discovery, parties will often ask the court to preclude the other side’s expert from testifying about certain issues or opinions. For example, a party may file a motion asking the court to prevent an expert from offering an opinion that is not based on a reliable methodology. Such motions are called “Daubert motions” after the Supreme Court case that established this practice. Other grounds for excluding an expert’s testimony include the following:

- The testimony is inconsistent with the infringement or invalidity contentions of the party offering the expert’s testimony.
- The testimony was not identified in the expert’s original report in a timely fashion.
- The testimony is on an issue that is irrelevant to the case or not properly the subject of expert testimony.

Motions to Bifurcate

Under appropriate circumstances, the parties may ask the judge to bifurcate the trial into parts to simplify the presentation to the jury, or to avoid prejudice to a party. For example, if the proof of damages in the case is particularly complex, the parties may ask the court to hold a trial on liability issues first, and thus avoid the need for a trial to determine damages if no liability is found. Alternatively, a party may argue that certain defenses in the case are properly resolved by the judge without a jury, and that it would be prejudicial for the jury to hear evidence relating to those defenses. In such cases, the judge may hold a separate trial on equitable defenses apart from the jury trial.
Motions in Limine

Motions in Limine (MILs) are requests to the court to rule prior to trial on evidentiary issues or issues relating to attorney conduct. Typically, they involve requests to exclude testimony or argument that could be determined by a court to be irrelevant and/or prejudicial. Examples of areas where parties sometimes request a ruling on a motion in limine include but are not limited to:

- Testimony about the presence of the same patent in other litigation
- Reference to concurrent USPTO proceedings and reexamination or foreign patents and proceedings
- Use of specific words such as “patent troll” or “monopoly”
- Testimony that describes alleged bad acts by one of the parties that are not relevant to the issues that the jury must decide

Preparations for Trial

Patent litigation trials are complex undertakings with many moving pieces, and they entail extensive preparation beforehand. Usually about one to two months prior to the trial date, the litigation team will begin actively preparing for trial. Trial preparation tasks typically include:

- Outlining witness testimony and cross-examination
- Identifying deposition testimony to be presented at trial
- Preparing graphics or demonstrations for use at trial
- Preparing witnesses for trial, including practice testimony
- Conducting focus groups or mock trials to evaluate likely juror reaction to trial themes, attorney presentations, and problematic facts
- Preparing opening statements and closing arguments
- Conducting trial depositions to preserve testimony for witnesses unable to attend the trial in person

Pre-Trial Order/Pre-Trial Conference

Shortly before the trial date, the court will issue a pre-trial order, which sets the ground rules for the trial. For example, the pre-trial order may set forth the order in which the sides will present their evidence, the scheduling of the witnesses, and the total amount of time allotted to each side for questioning witnesses or making opening statements or closing arguments. The court may also specify preliminary jury instructions that may be read to the jury before the presentation of the evidence to inform the jurors about certain basic facts of the case and how a patent infringement trial works. The pre-trial conference and hearing are where the parties negotiate and argue for their proposed trial ground rules and preliminary jury instructions.
Trial

Patent trials are, in almost all cases, jury trials. Both parties have a constitutional right to a jury trial if the trial involves a claim for monetary damages against the defendant. A typical patent trial will last between one and two weeks, before a jury of six to eight citizens from the district in which the trial is being held. Because jurors typically do not have expertise with the patented technology, much of a patent trial involves educating the jury about the relevant technology, the patented invention, the product or method that is accused of infringement, and any prior art that allegedly invalidates the patent. One of the biggest challenges in a patent case is to present the technical issues in a way that keeps the jury’s interest and that the jury can understand.

To win a patent case, the plaintiff must convince the jury that it is more likely than not that the defendant has infringed the patent, typically by making, using, or selling a product or service. Conversely, the defendant can win if the jury is unconvinced that there is infringement, or if it convinces the jury that the patent is invalid. The defendant’s burden of proof for invalidity—that clear and convincing evidence—is higher than the plaintiff’s burden of proving infringement by a “preponderance of the evidence.” In all cases, the jury’s verdict must be unanimous. If the jury cannot reach a unanimous verdict, a mistrial is declared and a new trial may be held before a new jury.

Jury Selection

In jury trials, the parties help select the jury through a process called voir dire, during which potential jurors answer questions put to them by the judge or the lawyers for each party. After hearing the answers to voir dire questions, each side may seek to remove a potential juror from the jury. Parties are entitled to a limited number of so-called preemptory strikes by which jurors may be removed for no stated reason. Parties may also seek to remove jurors for “cause” (e.g., if the juror appears to be biased or to have personal knowledge of the facts of the case).

Opening Statement

After jury selection and preliminary jury instructions, the trial starts with opening statements from the parties. During opening statements, the parties get their first opportunity to tell the jury their side of the case. While argument is not permitted because evidence has not yet been entered, the parties will set the stage for the jury by telling it what the trial is about and what testimony they should expect to hear. This typically involves the plaintiff describing the invention, the inventor, and how the invention was developed, while the defendant typically explains that its product is based on its own independent research and development or that the key features were already known in the prior art. Usually, the plaintiff, who has the burden to prove infringement, gives an opening statement first, followed by the defendant.
Presentation of Evidence

After opening statements, the parties normally present their evidence in the same order, with the plaintiff going first. The evidence that the parties present consists of live testimony of witnesses along with exhibits, such as documents or product samples, that are admitted into evidence. Sometimes video-recorded deposition testimony of an unavailable witness is also played for the jury. The judge will often place strict time limits on how much total time each party will have to examine witnesses, thereby limiting the length of the trial.

The plaintiff’s case typically starts with testimony from fact witnesses, such as the inventor or patent owner, and other witnesses—businesspeople or customers—who may help lay the foundation for the plaintiff’s claim for damages. This is usually followed by expert testimony regarding infringement and the amount of damages. After the plaintiff finishes putting on its infringement case (or “rests”), the defendant may put on its own witnesses to counter the infringement case and also to support any invalidity case it may have. This, too, will typically include fact and expert witnesses. Finally, if the defendant presents evidence concerning validity, the plaintiff will be given a final opportunity to rebut that evidence, usually with additional expert testimony.

When a party puts on a witness (other than a hostile witness) as part of its case, that party’s attorney will elicit testimony from the witness through what is called “direct examination.” While direct examination questions may not be leading (e.g., not questions that begin with “Isn’t it true that … ?”), it is typical for the attorney and the witness to have practiced answering the questions to be asked in advance, so both know what to expect.

After a party finishes its direct examination of a witness, the opposing party’s attorney has an opportunity to cross-examine the witness. Cross-examination may include leading questions and is usually an effort to get the witness to agree with statements that are favorable to the opposing party’s case.

Closing Argument, Verdict, and Judgment

After all the evidence has been presented by the parties, the attorneys have a final chance to speak directly to the jury. Each side presents its arguments about the evidence and the conclusions that the jury should reach. Unlike in opening statements, the parties strive to make persuasive closing arguments by commenting on the evidence—testimony and exhibits—that was presented during trial.

After the parties make their closing arguments, the judge gives the jury instructions, which explain the legal rules governing the jury’s deliberations, and the jury then deliberates. There is no set time for deliberations, but juries typically will deliberate during normal business hours over a period of one or more days before reaching a verdict.

Typically, the jury receives a verdict form, which will ask the jury to decide unanimously whether each asserted claim is infringed and whether it is valid. If the jury finds infringement, it will also be asked to state an amount of money damages to award to the patentee for past infringement. On occasion, the jury will be asked to answer more specific questions, such as whether specific products infringe, whether infringement was willful, or whether certain information was prior art to the asserted patents. Once a jury returns a verdict, the judge will then enter judgment in favor of the winning party.

Post-Trial Motions

After trial, the losing party may file post-trial motions asking the judge to overrule the jury verdict, either because of lack of evidence supporting the opposing party’s case or because of errors in the conduct of the trial. If the jury has returned a verdict for the plaintiff, the plaintiff may also file post-trial motions seeking orders that bar the defendant from continuing its infringing activity or provide for a mandatory royalty for future infringement (if an injunction is not possible), increasing the amount of damages to account for willful infringement, or awarding attorneys’ fees.
Appeal

Once the district court has entered judgment and has ruled on all post-trial motions challenging the verdict, the losing party may appeal the judgment. The appeal is commenced by filing a short notice with the district court. In most cases, this notice must be filed within 30 days of the entry of judgment, or within 30 days of the resolution by district court of any requests by either party to modify the judgment, whichever is later.

Exclusive Jurisdiction of the Federal Circuit

Unlike most civil litigation in federal court, in which appeals are taken to one of 12 regional U.S. Circuit Courts of Appeals, all appeals of cases arising under the patent laws must be taken to a special appeals court called the U.S. Court of Appeals for the Federal Circuit, which is located in Washington, D.C. The term “arising under” has been construed broadly as including any actions that raise substantial questions under the U.S. patent laws. Examples of patent issues falling within the Federal Circuit’s exclusive jurisdiction include infringement, validity, inventorship, enforceability, attorneys’ fees, and application of rules and regulations in the USPTO. The Federal Circuit’s jurisdiction does not encompass an action merely because a patent is a relevant piece of evidence, and does not, for example, extend to disputes over the terms of patent licenses or patent ownership, which are typically determined under state law.

Timeline of the Appeal to the Federal Circuit

After a notice of appeal is filed, it is docketed at the Federal Circuit within seven to 10 days. Following docketing of the appeal, the parties file briefs setting forth their arguments, according to a schedule set by the court. The party that filed the appeal (appellant) files an opening brief, followed by a responsive brief filed by the opposing party (appellee), and then by a reply brief by the appellant. Sometimes both parties appeal different aspects of the district court’s judgment, in which case both parties file two briefs.

Oral arguments are almost always held in patent cases and are typically conducted in front of a three-judge panel, with each side allotted 15 minutes. After the oral argument, the judges on the panel will vote on the outcome of the appeal. In most cases, the outcome is unanimous, but only two out of three votes are required for a party to prevail. Once the panel has determined the outcome of the appeal, it will usually issue a written opinion explaining its reasoning, although in some cases the panel may simply affirm the decision of the district court without a written explanation.

There is no set time for the panel to issue its decision following oral argument. However, the median time from when the appeal is docketed until the court issues a decision is just over 11 months. That time to disposition has remained fairly consistent over recent years, as seen in the table below:

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After the panel issues its opinion and enters the judgment, either party may file a petition for rehearing either by the panel or by the whole court—called an en banc rehearing. That petition must be filed within 14 days of entry of judgment by the panel. If the court grants rehearing en banc, the court, at its discretion, may order additional briefing or schedule further oral argument. Panel rehearings are typically granted only to correct a clear and material mistake in the original panel decision. En banc rehearings are very rare and typically involve an important question of law that the court as a whole wishes to definitively resolve.

Supreme Court Review

After an unsuccessful result at the Federal Circuit Court of Appeals, a losing party may request further review of the decision by the United States Supreme Court. This is done by filing what is called a “petition for writ of certiorari” within 90 days after the Federal Circuit has entered its judgment. As with en banc review at the Federal Circuit, requests for Supreme Court review are very rarely granted and usually only if the case raises an important issue of law that the Supreme Court wishes to resolve.

Although the Supreme Court has historically reviewed few patent cases, largely leaving the development of patent case law in modern times to the Federal Circuit, the number of cases reviewed by the Supreme Court has steadily increased over the past four decades. The Supreme Court reviewed only seven patent cases in the 1980s, eight in the 1990s, and 11 in the 2000s, but it reviewed 22 in the seven-year period starting in 2010.
Settlement

The foregoing sections described the steps that parties to a patent infringement lawsuit typically go through to obtain a final adjudication of their dispute in federal court. In practice, however, less than 10 percent of patent infringement suits are litigated to final judgment. In the vast majority of cases, the parties agree to resolve their dispute by entering into a settlement agreement: a written contract in which the parties mutually agree to take or forego certain actions in order to end the lawsuit. While settlement does not provide the parties with the satisfaction of a definitive ruling on whether the defendant’s activities infringe a valid patent, and typically gives each party less than it believes it deserves, it is often a rational choice for both parties since it avoids both the expense and uncertainty associated with taking a case to trial and through appeal. Settlement may be facilitated through the court by means of alternative dispute resolution (ADR), such as mediation, early neutral evaluation, or arbitration.

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