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13th Annual Eastern District of Texas Bench-Bar Conference: Patent Litigation Update

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13th Annual Eastern District of Texas Bench-Bar Conference: Patent Litigation Update

Frisco, Texas

October 15, 2009

*The Honorable John Love**
*Robert Christopher "Chris" Bunt***
*J. Scott Andrews****

MR. BUNT: I thought we would start by generally outlining where the district is and the number of cases being filed currently. Last year, the Eastern District at the end of the year had 300 patent cases filed. It is slightly down this year, as we are currently at 181 cases. I am not exactly sure why there is a reduction. It could be related to patent venue concerns, or it could just have something to do with the economy. Statistics from some of the other patent dockets around the country are also showing reduced numbers. For instance, the Western District of Wisconsin was at forty-one cases last year and currently, they are at twenty-one cases. The Eastern District of Virginia was at sixty-three last year and they are now at forty-two this year.

As far as where the judges are in time to trial, I will give you my thoughts and then Scott and Judge Love can chime in as well. Please do not try to quote these numbers in your venue motions or responses to venue motions because they are just compiled from cases that I have. Currently, Judge Davis is running about twenty-two to twenty-four months to trial from the time of the filing of the lawsuit. I believe Judge Love is running a couple months ahead of that. Judges Ward and Everingham are running about twenty-four to twenty-eight months from the filing of suit to trial. Judge Clark is running about twenty-four months from the filing of suit. Judge Folsom is running about twenty-four to twenty-eight months from the filing to suit. Have you all had similar experiences? Obviously, Judge Love is going to know the most about his own docket.

MR. ANDREWS: That is the same for me

JUDGE LOVE: One thing I wanted to point out about those numbers is, and again, this is speaking for myself and Judge Davis to some extent in Tyler, Chris is talking about twenty-two to twenty-four months from filing of suit. The most important thing for us as judges, at least for me, is when the case is ready, we have status conferences in Tyler about every month. These are done for cases that are ready to proceed—in other words, all the answers are in, extensions that typically come are in, are out of the way, foreign service problems and everything is resolved, and the case is ready to move forward. From that point until trial, and I have not looked at this specifically, but I believe that myself and Judge Davis are on about an eighteen to twenty

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month schedule—I would say more like eighteen from that status conference to trial. I want to say that it may even be a little bit less than that. That is when the case gets on our radar, and we are looking at getting it as quickly from that point to trial, and again I think that is probably around eighteen months right now.

MR. BUNT: How does a case actually get on the court's radar? When is a management conference set?

JUDGE LOVE: Judge Davis recently has been asking that plaintiff's counsel inform the court when the case is ready to proceed at that status conference. Again, that helps the court know when all the service problems have been ironed out; a case gets on the court's radar for a status conference when all the defendants have gotten in.

MR. BUNT: Changing topics to more substantive issues, a subject I have noticed that has frequently been coming up lately deals with the sufficiency of infringement and invalidity contentions. It seems to me that this dispute has been exacerbated or more pronounced since the courts changed 3-1 and 3-3 rules back in 2006 to take off the term "preliminary" from infringement and invalidity contentions. I think the thought process was that too often parties were somewhat throwing stuff together in their preliminary contentions and then had every hope of supplementing those contentions as they went.

More recently, since that change went into effect, I see many disputes that arise over the sufficiency of contentions and they usually come up in one of three ways: a motion to strike the invalidity or infringement contentions of the other party, a motion to compel the other party to amend their infringement contentions so that they are more detailed, or a party who wants to amend file a motion for leave. The result is basically the same. You are seeing disputes over how sufficient you have to be. I would like to get Judge Love's thoughts on this—are you seeing more disputes? Could you give some guidelines regarding how to avoid those disputes?

JUDGE LOVE: I have not really looked into whether, over time, I am seeing more or less disputes. I want to say that it has probably been consistent over the years. I do not know that I can attribute any increased disputes over contentions to the change—it's possible, but I just have not looked into it specifically. Again, I think they seem pretty consistent over the years and these changes have not had a large effect on the number of disputes.

As far as what to do to avoid them, it is obvious that, "the sooner the better" is a rule of thumb on infringement or invalidity contentions—you should in get your contentions to the opposing side as soon as possible. If you are having discovery problems, another way to avoid disputes is to get on discovery immediately. Get your meeting out of the way, which I think we are going to talk about in some detail later, and then get your motion before the court to address those problems. Then, you can get the discovery you believe you need as soon as possible. That way, you can provide your contentions and then change your contentions as soon as possible. Read through the cases. The cases do talk about these contentions being notice,

serving a notice function, and setting discovery on path and also setting the course for trial. So, providing the other side with notice as soon as possible is going to hopefully avoid disputes about amendment later. As far as efficiency, there are some cases that talk about charting; the rules are fairly specific. Try to follow the rules. Where there are some disputes, I think there are some cases that speak about that, and you can look at those. Again, getting those issues out there as soon as possible, particularly on these fairly quick trial schedules that we have been talking about is going to hopefully head off some of those problems.

MR. BUNT: If a party discovers information that leads them to believe that they need to amend their contingents, but they do not feel like they have sufficient information to make them quite as detailed as possible, it seems like some of the cases you have authored indicate that the preference would be more to amend earlier, even with less detail, than to wait until the last minute and have all the detail that you could possibly have.

JUDGE LOVE: Again, I am speaking for myself here. I have written on this, and I would recommend those opinions to you. However, as I think the opinions have talked about, the contingents are not designed to prove your case—they are designed to provide notice and direct discovery. I think that they are also setting the course for trial.

What we have to remember is that, although most cases settle before trial, some do get to trial, and when we get there, each side is going to want to know what the other side is going to put on. Getting that notice out there as soon as possible, and avoiding those issues of late notice, is going to head off notice problems down the road as the case gets closer to trial. Again, I would look at those opinions, and again, those are my opinions.

As Chris was saying, I think between alternatives, the notice function may be better served perhaps with earlier contingents and not waiting until it may become a notice problem or prejudice problem to the other side.

MR. BUNT: Scott, you appear often for the defendants—have you seen any issues arise about the sufficiency of invalidity contingents or other problems you have noticed in that realm?

MR. ANDREWS: Recently, what I have been seeing come up in large patent cases is many prior references, say over a hundred, and you are expected to chart all the possible combinations. Often, defendants will chart a representative amount of these combinations, say thirty, and they will not chart sixty of the other references. It seems like the plaintiffs are coming back with a hard line stance that, if you do not provide these specific claim charts, then you are going to face a motion to strike—or it is possible that you will have to possibly amend through 3-6. I don't know if Judge Love has any thought about this.

JUDGE LOVE: I have not seen that specific issue presented. The rules are the rules, and they are pretty clear and specific about what is required. I think that taking a good cost standard, there is flexibility. Obviously, what the court wants is the most information at the earliest stage that it can be provided. If there are reasons why that information, such as the charting or

combinations, can only be provided at certain stages of the case, I think the rules provide for some flexibility. I do not think unreasonable expectations are there. I think some rationality and the over-arching goal is to have as much notice and information to the other side as soon as possible and also looking toward what you are going to want to present at trial. If that is helped by honing your case about infringement and invalidity contingents, that may be an avenue to pursue.

Certainly, when it comes down to trial, courts typically are going to be looking at you all to do that to hone a case down. But again, as far as Scott's point, it has not been before me. If you are going to use that at trial then my word of advice would be to make sure you have it in there. If that requires a lot of effort and expense, well, that might unfortunately be the case. In working with the other side, hopefully the court provides some flexibility there, and hopefully that will not be too much of an issue.

MR. BUNT: Often times, I see infringement contingents and invalidity contingents being amended fairly early on in the case before the Markman; often, both sides want to amend, but they do not want the other side to amend, and there is motion practice, or events leading up to motion practice, and eventually everybody agrees to let the other side amend. Have there been any discussions to modify the patent rules to allow amendments without leave up until a certain date? Maybe Markman, or a couple months before Markman—have there been any discussions of that kind?

JUDGE LOVE: Not that I am aware of. There may have been, and this may be a good idea. If anyone desires to propose it to the rules committee and let it filter down, I think it is something that would be considered. I think the balancing is for the rules to provide—as has been said in some of the cases—a trajectory to the case as early as possible; that is done by the complainant by analyzing everything that is publicly available. Again, there is some flexibility beyond that of course, and there has to be, but that somewhat sets the case on a course for everything that happens—settlement discussions, discovery, and the substance of the case. So, that is kind of the balance. You want to avoid time where the case may not have a focus or direction that it needs to get the dispute efficiently resolved.

So, that is a great proposal and I think something that can be looked at. Those are the considerations that must be balanced. The concern is when the direction finally comes—how late in the case and how does that leave the parties?

MR. BUNT: The rules committee for the local rules changed rule 7 a while back to make the meet-and-confer requirements for motion practice stricter. Generally speaking, it seems like most of us are able to get along with the meet the meet-and-confer obligations, but I do run into situations where we are in the process of getting ready to file a motion, and I find that opposing counsel suddenly cannot seem to find time to have a meet and confer or arrange to get their local counsel and the lead counsel involved. Obviously with hectic schedules, the meeting may not happen in the first day

or two, but sometimes it can stretch out for a week or a couple of weeks. Have either of you seen that come up? How are you dealing with that?

MR. ANDREWS: I have seen it come up when I will have a client call and say that we need a meet-and-confer by five o'clock today, on filing the motion, and ask if that is reasonable. Some people ask if a few days is reasonable. I do not think there is a discreet number that you can put on "reasonable."

JUDGE LOVE: Yes, I have seen quite a bit of that, where there is a dispute about whether a meet-and-confer requirement has been satisfied. I was talking a little bit with Chris and Scott before we got started, and like Chris said, trial practice is very hectic and difficult. It is hard to get everyone together and we, as judges, realize that. The meet-and-confer portion of the rule is pretty detailed and pretty clear about what it requires, so I would hope that everyone will look at it and try to follow it. Again, like what Scott said, you should be reasonable about what you are doing. Ask yourself if you are being reasonable and if you are giving the other side a reasonable opportunity.

Sometimes, the non-movant complains about the meet-and-confer not being satisfied. Sometimes, the movant is in a situation where they feel like the meet-and-confer requirement is not being satisfied by the other side. Each situation is different. I certainly do not mind in your certificate of conference, when you file a motion, that you explain what you have done in detail and how it's gone. Again, if you are looking at yourself and have been reasonable in your actions, I do not see anything wrong with filing that motion and explaining your efforts. Perhaps the meet-and-confer requirements have not been met, but if it is not your fault, I think a motion and a certificate of conference explaining that is fine.

Again, you have to be reasonable—firing at each other at the meet and confer is not very helpful. There are several things that can happen if it is not being followed. Your motion, as we mentioned earlier today, can be stricken or it could re-file. Another thing that could happen is that you may be ordered to meet-and-confer and no action will be taken on the motion until you fulfill the meet-and-confer requirements. There could also be sanctions involved if the meet-and-confer is not met.

It is a pretty detailed and specific portion of the rule, and it needs to be followed and best efforts need to be made. Courts are going to look at it very seriously if it is not being followed, and I have seen some cases where it seems like the argument is going back and forth about the failure to meet and confer. Hopefully, that can be avoided, but know that there can be consequences—very serious consequences—the least of which being, as I say, you may be directly ordered by the courts to fulfill that requirement before your motion gets looked at.

MR. BUNT: It seems fairly common in the Eastern District, in these patent cases, for the cases to often involve a number of patents and often a number of defendants. Have either of you all seen any particular problems arise out of having multi-party cases?

MR. ANDREWS: From the defendant's perspective, it often does help if you have multiple defendants when searching through prior-art documents to preparing any leading contingents. But once again, when you increase the number of defendants, it is hard to get everybody on a call; it is hard to come together and figure out the correct process or how you want to proceed; and sometimes, one defendant might want to take a contrary position to the rest of the group which puts everyone in a difficult situation.

MR. BUNT: Judge Love, how does it affect your Markman practice and trial practice when you have multi-parties involved in the suit?

JUDGE LOVE: I would also mention multi-claims, which is when numerous claims are asserted in a case. Many things we have been talking about are heightened by an increased number of parties, number of patents, and number of claims. In other words, you really need to look at your contingent issues. You also really need to look at your discovery issues to get a case moving and, as I have said before, in getting it to trial. Chris mentioned Markman, and a lot of times, these can have numerous claim terms put forward. Obviously, what the court is going to want is the narrowing of the disputed terms as much as possible. You may see orders from the court requiring parties to meet and confer, narrowing terms to discuss with the court, and trying to get to a manageable number both for the parties and the court.

The court is very interested to get those terms narrowed down as much as humanly possible to make Markman a manageable process. The same goes for lowering the number of patents and claims to a manageable number for trial. Again, you may see orders from the court directing trial plans for what patents or claims are going to be asserted and how the parties are going to be structured. There are a lot of issues and everything is heightened once the complexity is increased by the multi-patent, multi-defendant cases. The court is going to be looking at how Markman and trial can be made more manageable.

MR. BUNT: How much time do you and Judge Davis usually permit for Markman hearings?

JUDGE LOVE: We afford the parties an opportunity to tell us how much time they would like. We may be in some communication with them about that, but typically, we will let the parties know if we cannot accommodate the amount of time asked for and if we want to shorten it. We usually like them to be as short as possible, and three hours may be a good average time. Judge Davis may disagree, but that is probably about an average time. Some are shorter, and some require a little more time. Again, if you will let us know how much time you want, we will look at it, and if there is a problem, we will let you know. Of course, we will also be looking at the number of terms that are issued, and it may raise a red flag we may need to talk with you about.