

DISCOVERY ISSUES IN PATENT CASES

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I. INTRODUCTION

Needless to say, discovery in any complex civil litigation is crucial to assembling the evidence needed to win the case. Patent litigation is no different in this respect. In many respects, discovery issues in patent litigation are no different from discovery issues that arise in all other cases. For example, the tools provided by the Federal Rules of Civil Procedure are the means by which most discovery is conducted. However, there are a number of important issues that are either patent-litigation-specific or that tend to be particularly important in patent litigation. For example, many of the districts in which most patent litigation is conducted have enacted special local rules just for patent disputes. Likewise, patent cases involve a number of unique privilege issues. This article addresses many of these issues that any patent litigant should understand well.

II. WHAT INFORMATION PARTIES TYPICALLY WANT IN DISCOVERY

Although each patent case is different, set forth below is a list of the most common types of information or documents a patentee and an accused infringer should seek during discovery

A. Basic Discovery Every Patentee Should Seek from the Accused Infringer

- Claim construction position and support therefor
- Basis for each defense (narrow the shotgun list of defenses from the Answer)
- Non-infringement contentions (which elements are missing?)
- Development, operation, and make-up of accused products
- Identification of alleged prior art
- Invalidity contentions (element-by-element mapping)
- Evidence of accused infringer's knowledge of patent-in-suit (possible copying, trigger date for willfulness, include patents citing to patent-in-suit)
- Opinions of counsel regarding patent
- Financial information regarding accused device (sales, costs, profits)
- Licenses regarding patents and technology at issue

B. Basic Discovery Every Accused Infringer Should Seek from the Patentee

- Claim construction position and support therefor
- Identification of all accused products
- Identification of all asserted claims
- Infringement contentions (element-by-element mapping)
- Dates for conception and reduction to practice (and evidence thereof) for each claim; evidence of diligence

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- Alleged priority date for each claim (particularly when patent issued from a continuation-in-part application)
- All disclosures/sales/offers/uses, etc. of the invention before the patent application was filed
- Damage theory (lost profits or reasonable royalty)
- Evidence for reasonable royalty (other licenses/settlements regarding patent, success/failure of commercial embodiment; may be limited to timeframe of “hypothetical negotiation”)
- Prior art
- Other litigations of patent (may provide a trove of prior art)
- Evidence of marking under 35 U.S.C. § 287 information (all products that practiced patent; any evidence of marking) Licensees?
- Evidence of “actual notice” under 35 U.S.C. § 287
- Pending and abandoned applications and prosecution files in same family as patent-in-suit

III. MANDATORY PATENT DISCLOSURES

A. Special Local Rules for Patent Cases

In 2000, the Northern District of California adopted a set of local rules specifically for patent cases. After eight years of experience with these rules, the District substantially revised them in early 2008.¹ The rules set a schedule for an early sequence of disclosures of basic patent litigation contentions and claim construction positions and for a mid-case claim construction briefing and hearing following the disclosure of these basic patent contentions. In the last few years, numerous other districts have begun adopting the Northern District’s patent local rules, or extremely close variations. including the Eastern, Southern, and Northern Districts of Texas, the Northern District of Georgia, the Western District of Pennsylvania, the Southern District of California, the Western District of Washington, and the District of New Jersey.² The rules are also in draft form and likely to be formally enacted in the Eastern District of Virginia and the Northern District of Illinois and a few other districts. In addition, attorneys in cases pending in other districts often propose to the court as part of their Rule 16 or 26 report a schedule modeled after these rules.

Given that many districts are moving towards rules like the Northern California rules for patent cases, a brief tour through their requirements is instructive. The following chart identifies most of the requirements of the Northern California rules, as amended in early 2008. Changes from the previous version of the rules are in italics.

Disclosure/Event	Party*	When
Infringement Contentions – - identify each asserted claim <i>and the applicable subsection of 35 U.S.C. § 271</i> ; - identify each accused instrumentality (device, method, etc.); - identify where each element of each asserted claim is found within each accused instrumentality; - <i>for alleged indirect infringement, identify any direct infringement and a description of the acts that allegedly induce or contribute to that direct infringement</i> ; - <i>for any direct infringement based on acts of multiple parties, the role of each party</i> ; 	P	10 days after Initial Case Management Conference (Rule 16 Conference)

- identify whether the element is alleged to be present literally or by equivalence - <i>the basis for any allegation of willful infringement</i> ³		
Priority Date – for each asserted claim ⁴	P	
Patentee’s Commercial Embodiments – if patentee wishes to rely on its own commercial embodiments of the patent, identify the embodiments, <i>and produce documents sufficient to show the operation of such embodiments</i> ⁵	P	
File History of Asserted Patents	P	
Documents evidencing the conception, reduction to practice, design, and development of claimed invention ⁶	P	
<i>Documents evidencing ownership of the patent rights</i> ⁷	P	
Documents showing any sales, offers, disclosures, <i>public use</i> before the filing of the patent application ⁸	P	
Invalidity Contentions – - identify each prior art reference/activity that anticipates or renders obvious asserted claim; - identify where each element of each allegedly invalid claim is found in each piece of prior art; - disclose contentions for invalidity based on enablement or written description under 35 U.S.C. § 112(1), indefiniteness under 35 U.S.C. § 112(2) - <i>disclose contentions for invalidity under 35 U.S.C. § 101</i> ⁹	AI	45 days after previous
Documents sufficient to show operation of accused instrumentality ¹⁰	AI	
Copy of all prior art identified in Invalidity Contentions ¹¹	AI	
Proposed Claim Terms for Construction ¹² - identify all claim terms that the party contends should be construed; - identify which of those terms the party contends are governed by 35 U.S.C. § 112(6)	B	10 days after previous
Proposed Constructions ¹³ - identify proposed constructions for each term identified by any party; - identify structure, material, or act corresponding to any term a party contends is governed by 35 U.S.C. § 112(6); - identify any supporting extrinsic evidence; - <i>identify all references from the specification or prosecution history that support each proposed construction</i>	B	20 days after previous
File Joint Claim Construction Statement ¹⁴ - identify agreed construction; - identify each party’s proposed construction of each disputed term and supporting intrinsic and extrinsic evidence; - identify anticipated length of Claim Construction Hearing; - identify any witnesses that the parties might call at the hearing (including a summary of any expert witness testimony); - <i>identify “the terms whose construction will be most significant to the resolution of the case up to a maximum of 10”</i>	B	60 days after Invalidity Contentions
Claim Construction Briefs ¹⁵	B	45, 59, and 66 days after previous

Claim Construction Hearing ¹⁶	B	~2 weeks after final brief filed
Disclosure of Advice of Counsel – any advice of counsel on which a party intends to rely as part of a patent-related claim or defense ¹⁷	AI	50 days after Claim Construction Ruling

*P=Patentee; A=Accused Infringer; B=Both

B. Sufficiency of Patent Local Rule Contentions

Because patent local rule contentions are typically required early in the case, before significant discovery has occurred, many litigants often are tempted to provide high-level, cursory contentions with the expectation that any holes can be filled in later. While it is true that contentions need not recite all evidence supporting a contention (including evidence in the control of an opponent or third party and might be uncovered later in discovery),¹⁸ courts generally require detailed contentions that provide specific claim-by-claim theories for each accused product or method and each piece of prior art.

The contentions must actually provide details about how the accused product or method (or, for invalidity contentions, the prior art) meets each claim element. Merely stating that the accused product has the claim element is clearly inadequate.¹⁹ Also, the contentions should include specific citations to evidence.²⁰

For infringement contentions, the plaintiff should include separate contentions (e.g., a separate chart) for each accused product or method.²¹ For example, one court compelled more detailed contentions where the Plaintiff included "shotgun accusations of hundreds of products infringing hundreds of claims."²² In a notable case showing the danger of failing to include contentions for each accused product or method, a patentee recited specific contentions accusing Microsoft's Windows XP software of infringement and, in a footnote, casually stated its contention that it believed Windows Vista software infringed in a "similar" way.²³ Because the patentee failed to include specific contentions showing how it believed Windows Vista software met each element of the claims, the court struck the insufficient contention against that software and, given that the case was close to trial, refused to allow amendment.²⁴

For invalidity contentions, most local rules require a claim-by-claim chart for each reference. A common battle is over the disclosure of specific combinations for obviousness. Generally, courts require a claim-by-claim identification of specific combinations of prior art references, and defendants who fail to provide this detail do so at their peril.²⁵

C. Amendments to Patent Local Rule Contentions

The 2008 revisions to the Northern District of California's rules eliminated the earlier version's concept of "preliminary" and "final" infringement and invalidity contentions in favor of a single round of contentions that can be modified only for good cause.²⁶ The rationale for the change was eliminate a perceived right to reformulate contentions throughout the case, thereby holding litigants to their initial positions except in very special circumstances.²⁷ Non-exhaustive examples of circumstances that might constitute "good cause" for amending contentions include, as set forth in the rules, "(a) a claim construction by the Court different from that proposed by the party seeking amendment; (b) recent discovery of material prior art despite earlier diligent search; and (c) recent discovery of nonpublic information about the accused instrumentality which was not discovered, despite diligent search, before the service of the Infringement Contentions."²⁸

Whether good cause exists in a given case will be heavily dependent on the specific set of facts regarding the particular proposed amendment. However, the extensive case law that has developed provides some guideposts as to what factors tend to point to and away from good cause. As the examples

in the Northern District of California rule suggest, courts are likely to find good cause where: (1) the proposed amended contention is based on new information recently learned in discovery²⁹; and (2) the amendment is proposed very early in the case (and thus without likely prejudice).³⁰ In contrast, courts have often found no good cause and denied leave to amend contentions where: (1) the amending party had the information necessary to make the proposed amendment at the time of the original contentions³¹; (2) the amending party was not diligent in discovering the information on which the contention is based or in raising the amendment once it did learn the information³²; (3) the party's counsel failed to understand the significance of information it had³³; and (4) the proposed amendment occurs very late in the case or close to trial.³⁴

D. Enforcement of Patent Local Rule Contentions

Failing to follow the disclosure requirements of patent local rules can be disastrous for a litigant. In two exemplary cases, the Federal Circuit has affirmed decisions dismissing patent infringement claims based on new infringement theories revealed too late in the case. In *02 Micro International Ltd. v. Monolithic Power Systems, Inc.*,³⁵ the Federal Circuit affirmed the Northern District of California's grant of summary judgment of non-infringement and refusal of leave for the patentee to amend its infringement contentions. There, three months before moving for leave to amend, the patentee had learned in discovery about the facts that gave rise to the new theory. The district court found, and the Federal Circuit affirmed, that the three-month delay between learning of the facts and moving for leave to amend did not show sufficient diligence to satisfy the local rule's requirement of "good cause" for amending infringement contentions. A similar result occurred in *Safeclick, LLC v. Visa International Service Association*,³⁶ in which the patentee's new infringement theory was first advanced in opposition to Visa's motion for summary judgment of non-infringement. The district court found no good cause for the new theory and granted summary judgment. While the Federal Circuit found that it might have made a different decision had it been in the place of the district court, it held that there was no abuse of discretion and affirmed the grant of summary judgment.

Several recent district court cases provide additional examples. In *Ronald A Katz Technology Licensing LP v. General Motors Corp.*,³⁷ the plaintiff opposed a defendant's motion for summary judgment of non-infringement by asserting a "joint" infringement theory by which it alleged that the defendant "controls the action of its vendor." But because that specific contention had never been disclosed in plaintiff's interrogatory responses, the opposition was stricken. Likewise, in *Seiko Epson Corporation v. Optoma Technology, Inc.*,³⁸ a patentee was precluded from pursuing claims against additional accused products that had been one sale at the time of, but not included in, the original infringement contentions. In *Anticancer Inc v. Cambridge Research & Instrumentation, Inc.*,³⁹ the court showcased the potential danger of providing contentions that lack sufficient detail. There, the infringement contentions were found to be "cursory, single-sentence allegations" based on "photographs from [the defendant's] website."⁴⁰ The defendant moved for summary judgment of non-infringement based on the insufficient contentions. In granting the motion, the Court laid the blame squarely at the feet of the original contentions: "With such thin allegations of infringement, [plaintiff] has failed to create a triable question of fact that the [accused product] contains all the limitations of all the claims at issue. To the extent that [plaintiff's] opposition seeks to introduce new theories of infringement based on evidence which [plaintiff] did not disclose in its PICs . . . [s]ummary judgment is appropriate against a party who bases its opposition on theories omitted from its infringement contentions."⁴¹

E. Limits on Other Discovery Prior to Patent Local Rule Deadlines

Most of the local patent rules enacted by districts include a provision that allows a party to refuse to answer interrogatories and other discovery requests seeking certain types of patent-related information before the date such disclosure is required by the patent rules. For example, a defendant receiving an

interrogatory seeking a comparison of the claims to the prior art can refuse to answer that interrogatory prior to the time its invalidity contentions are due under the patent local rules.⁴² Other examples of discovery that can be refused prior to the time provided under the patent local rules for disclosure are requests seeking a party's claim construction position, seeking to elicit a comparison of the claims to an accused product or method, and seeking identification of any advice of counsel.⁴³

IV. OBTAINING BASIC PATENT CONTENTIONS THROUGH STANDARD DISCOVERY TECHNIQUES

When there are no local patent rules that govern nor a scheduling order that adopts similar rules for the case, patent litigants must obtain the important claim construction, infringement, and invalidity contentions through the discovery techniques provided by the Federal Rules. Given the importance of these contentions, significant case law addresses what can be asked and how.

A. Obtaining Claim Construction Contentions

Parties may use interrogatories to flush out the other side's claim construction positions. The clear majority of courts addressing the issue have required disclosure.⁴⁴ Courts have also rejected the argument that a party should not be required to disclose its claim constructions until it serves its claim construction brief.⁴⁵ Courts have also required the responding party to provide an actual construction rather than merely stating the tautology that the claim has its ordinary and customary meaning to one skilled in the art.⁴⁶ Courts are far more likely to order claim construction positions to be provided through interrogatory responses than through deposition testimony,⁴⁷ although some courts have required such deposition testimony to be provided.⁴⁸ Finally, courts are likely to use their sanctions authority by precluding a party from taking a position on claim construction different from that provided in response to interrogatories.⁴⁹

B. Obtaining Infringement Contentions

Courts generally will require parties to respond to interrogatories seeking their contentions on infringement or noninfringement.⁵⁰ Courts have also been willing to require specific formats for providing such contentions, including element-by-element claim charts⁵¹ and even diagrams of the accused device labeled with claim elements.⁵² Furthermore, some courts have gone so far as to require infringement contentions to be provided through deposition testimony, rejecting arguments that this would require the deponent to provide expert testimony.⁵³ As sanctions, courts may refuse to permit contentions at trial that differ from discovery responses.⁵⁴

C. Obtaining Invalidity Contentions

Just as the accused infringer wants to know how the patentee applies its patent claims to the accused product, so too the patentee needs to know what prior art the accused infringer contends to anticipate or render obvious the patent claims. In addition, the patentee will want to know what other invalidity arguments the accused infringer will assert, including written description, best mode, and indefiniteness under 35 U.S.C. § 112 and utility, unpatentable subject matter, and inoperability under 35 U.S.C. § 101. Of course, the local patent rules enacted by many districts require a detailed element-by-element claim chart applying prior art to the asserted claims as well as disclosure of arguments under section 112. In the absence of such local rules, courts have compelled an accused infringer to respond to interrogatories seeking at least an identification of prior art alleged to anticipate or render obvious the claims, with some courts also requiring a detailed explanation of how each prior art reference applies to the claims.⁵⁵

D. Using Rule 12 Motions To Obtain Early Infringement Or Invalidity Contentions

Parties in patent cases should also consider whether they might use motions under Rule 12 to obtain more detailed information about the claims asserted, the accused products or methods, or the basis for defenses before discovery even opens. Rule 8 requires that a Complaint contain only a “short and plain statement of the claim showing that the pleader is entitled to relief.” However, Rule 12(e) provides that “[a] party may move for a more definite statement of a pleading to which a responsive pleading is allowed but which is so vague or ambiguous that the party cannot reasonably prepare a response.” Recent decisions suggest that some courts are willing to force patent owners, at the pleading stage, to identify the asserted claims and the accused products or methods. For example, in *eSoft, Inc. v. Astaro Corporation*, the district court held that “[p]laintiff cannot foist the burden of discerning what products it believes infringe the patent onto defense counsel, regardless of their skill and expertise,” and ordered a more definite statement.⁵⁶ Likewise, in *Taurus IP, LLC v. Ford Motor Co.*, the court went even further and ordered a more definite statement of both the accused products as well as the asserted claims,⁵⁷ and held that if the patentee wished to later add additional claims or accused products, it would need to amend the Complaint.⁵⁸ Factors that have influenced courts to require a more definite statement include vague or absent descriptions of the accused devices or methods⁵⁹ and a very large number of possible patent claims and/or accused devices/methods.⁶⁰ Despite the increasing number of cases ordering a more definite statement, many courts still are not as receptive to such motions, leaving more detail to the discovery process.⁶¹

Two recent Supreme Court cases also might provide support for parties to go further and seek dismissal of pleadings that fail to provide sufficient detail of the patent infringement allegations or defenses thereto. First, in *Bell Atlantic v. Twombly*,⁶² decided in 2007, the Court held that a Complaint was properly dismissed for failure to state a claim for antitrust where the Complaint contained only a conclusory allegation of an illegal “agreement” (one element of an antitrust violation). In doing so, it overruled the holding in 1952’s long-quoted *Conley v. Gibson* decision that “a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief.”⁶³ Instead, the Court explained the new standard as follows: “While a complaint ... does not need detailed factual allegations, a plaintiff’s obligation to provide the ‘grounds’ for his ‘entitle[ment] to relief’ requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.”⁶⁴ The Court emphasized that a complaint alleging conspiracy in an antitrust action must include “enough factual matter (taken as true) to suggest that an agreement was made.”⁶⁵

In the wake of *Twombly*, district and circuit courts have struggled to determine whether the decision even applied to other types of civil cases (including patent cases),⁶⁶ and if so, how much detail was really required to provide fair notice of the grounds for a claim of or defense to patent infringement.⁶⁷ However, on May 18, 2009, the Supreme Court followed up on *Twombly* with its decision in *Ashcroft v. Iqbal*,⁶⁸ in which it held that the district court should have dismissed a civil rights case against John Ashcroft and Robert Mueller relating to post-9/11 detentions by the FBI. The Court made two important observations that will be useful in patent cases. First, contradicting a number of post-*Twombly* district and circuit court decisions, the Court made crystal clear that “*Twombly* expounded the pleading standard for ‘all civil actions.’”⁶⁹ Second, the Court effectively rejected the argument (made and accepted in some post-*Twombly* patent cases) that heightened pleading was unnecessary for patent cases in jurisdiction having patent local rule that mandate early disclosure of infringement and invalidity contentions: “[T]he question presented by a motion to dismiss for insufficient pleadings does not turn on the controls placed upon the discovery process.”⁷⁰ Before laying out a test for deciding whether pleadings are sufficient, the Court remarked that “Rule 8 marks a notable and generous departure from the hyper-technical, code-pleading regime of a prior era, but it does not unlock the doors of discovery for a plaintiff armed with nothing more than conclusions.” The Court then explained the “two-pronged” process for deciding

whether a pleading should be dismissed for failure to state a claim. First, the court must “identify[] the allegations in the complaint that are not entitled to the assumption of truth.”⁷¹ Factual allegations are entitled to that assumption, while mere conclusions are not.⁷² Next, after separating out the legal conclusions the court must determine whether the remaining factual allegations “plausibly suggest an entitlement to relief.”⁷³ The Court reiterated that “[t]he plausibility standard is not akin to a ‘probability requirement,’ but it asks for more than a sheer possibility that a defendant has acted unlawfully.”⁷⁴ A complaint fails to meet the “plausibility” test when it “pleads facts that are ‘merely consistent with’ a defendant’s liability.”⁷⁵

Certainly, *Twombly* and *Iqbal* have raised the bar required for pleadings any allegations, including patent infringement, but it remains to be seen whether courts will apply these decisions to require a patent complaint to identify specific products and claims. The Court made express that drawing the line between facts that make relief plausible instead of merely possible will be a “context-specific task” that will require judges to draw on their “judicial experience and common sense.” It is inevitable that the filing of 12(b)(6) motions in patent cases will now increase, and courts will be forced to flesh out the standard for the patent complaint context.

V. POSTPONING CERTAIN TYPES OF DISCOVERY IN PATENT CASES

Because discovery is such a large and expensive part of a patent case, parties should consider whether to seek some limitation, postponement, or phasing of certain types of discovery. For example, some courts have been receptive to staying or postponing all discovery except for that relevant to claim construction until after the Court has construed the claims.⁷⁶ Courts have also been receptive to postponing discovery solely related to damages issues so that the parties can focus initially on liability and possibly resolve the case on summary judgment before wasting resources on damages discovery.⁷⁷

VI. IDENTIFICATION AND PRODUCTION OF PENDING AND ABANDONED PATENT APPLICATIONS AND THEIR FILE HISTORIES

In general, patent applications that are still pending in the Patent Office or that have been abandoned, including their prosecution histories, are “kept in confidence” and are unavailable to the general public, at least for a time period.⁷⁸ The courts have held that the Patent Office’s statutory requirement to maintain application secrecy does not apply to the courts in litigation.⁷⁹ Nonetheless, given the recognition by the statute of the importance of secrecy to the patent application process, the courts generally require a heightened showing of “direct relevance” to order production.⁸⁰ A patentee’s abandoned or pending patent applications that are in the same family of applications as the patent-in-suit are often found to be directly relevant because they might provide evidence of the patentee narrowly defining a claim term in common with the patent-in-suit, making them possibly relevant to claim construction, equivalence, and prosecution history estoppel.⁸¹ Such applications might also disclose rejections of similar claims as those asserted by the patentee, or at least may reveal additional prior art known to the patentee. An accused infringer’s patent applications may also be relevant to issues in the litigation, including the state of the art, the long felt need of the patented invention, and the content of the prior art.⁸² However, courts have rejected the argument that the defendant’s patent application regarding its accused product is relevant to infringement because “patent applications can disclose a lot of things – sometimes the same and sometimes different from the actual process being used.”⁸³ The argument that a defendant’s patent applications might be relevant by showing admissions as to what is patentable has also been rejected as a basis for ordering production.⁸⁴ Finally, courts have made clear that any litigant moving to compel production of pending or patent applications should carefully delineate the specialized need for the applications rather than making generalized arguments regarding relevance.⁸⁵

VII. E-DISCOVERY IN LIGHT OF THE 2006 AMENDMENTS TO THE FEDERAL RULES OF CIVIL PROCEDURE

We live in a digital world in which more and more documents that are relevant in a litigation, such as spreadsheets, databases, and e-mail are stored in electronic form on computers. On December 1, 2006, in response to this societal change, the Federal Rules of Civil Procedure were amended to provide rules for discovery of “electronically stored information” (“ESI”). In total, these “e-discovery” amendments modified Rules 16, 26, 33, 34, 37, and 45.

Even before the amendments, it was fairly well-settled that electronic documents were discoverable. However, disputes commonly arose about scope and production mechanics, such as whether large volumes of data could be searched for relevance using keywords or whether a party could demand long-ago erased information to be forensically recovered. The amendments now confirm the case law’s that ESI⁸⁶ is discoverable and provide some rules regarding scope and production mechanics. The major points of these amendments are discussed below.

A. Parties Must Plan For Production Of ESI At Initial Conferences

While ESI was often discussed at preliminary discovery conferences before the amendments, the changes now require consideration of electronic discovery from the very outset of the case. The parties must discuss in the initial Rule 26(f) discovery conference the issues regarding the production of ESI. The discovery plan they produce under that rule must address “any issues relating to disclosure of electronically stored information, including the form or forms in which it should be produced.” Finally, each party’s Rule 26(a) initial disclosures must identify any ESI that it intends to use to support its claims or defenses.

B. Production Of ESI Must Be In A “Reasonably Usable Form”

In complex litigation today, it is common for parties to agree to produce documents in computer-imaged form (e.g., TIF or PDF computer format) rather than in boxes of paper. For such all-electronic productions, paper documents are generally scanned, while electronic documents are converted to the image format of production. Question often arise about how ESI is converted for production, such as whether the ESI must be converted to a word-searchable format. The ESI amendments generally resolve this issue.

The rules require that ESI be converted, if necessary, to a “reasonably usable form.”⁸⁷ For example, discoverable data that was stored by the company in a proprietary format unreadable by computers outside the company must be converted to something that the responding party could reasonably use.

If ESI is already maintained in a “reasonably usable form,” it can be converted to a different “reasonably usable form,” but not one that is more difficult to use. Thus, an electronic document that is already text-searchable cannot be converted to an unsearchable image for production.⁸⁸

C. Presumption Against Producing Electronically Stored Information That Is “Not Reasonably Accessible”

An important change to the rules is that ESI is presumptively not discoverable if it comes from a source that is “not reasonably accessible because of undue burden or cost.”⁸⁹ While the rules do not specify what types of sources might meet this requirement, they could include back-up tapes and overwritten or deleted data. In order to raise the presumption, however, the party to a discovery request

must identify, by category and type, any such sources that are “not reasonably accessible” that it is not searching and not producing. In response to such an identification, the requesting party may challenge the designation by moving to compel, at which point the responding party bears the burden to show that the information is not reasonably accessible. If the court agrees that the information is not reasonably accessible, the information is presumptively not discoverable unless the requestor shows “good cause.” Even then, the rules empower the court to specify conditions on the production, such as shifting the cost of production to the requesting party.

D. The So-Called “Safe Harbor” Provision For Destroyed ESI

More so than paper documents, companies often have routine document destruction plans for ESI, such as automated destruction of e-mails more than certain number of years old. Such plans have been the subject of a number of high-profile impositions of sanctions for spoliation when electronic documents were destroyed, albeit as part of an automated plan, after litigation commenced.

Amended Rule 37 now includes the following provision designed to address routine destruction of ESI:

Absent exceptional circumstances, a court may not impose sanctions under these rules on a party for failing to provide electronically stored information lost as a result of the routine, good-faith operation of an electronic information system.⁹⁰

While provision facially seems to create a “safe harbor” against sanctions for loss of ESI pursuant to a good-faith routine destruction plan, it is not likely as safe as it sounds. First, the amendments states that sanctions should not be imposed “under these rules,” which leaves the court free to impose sanctions under other sources of authority, including its inherent power of case management or rules of professional responsibility. Second, the requirement of “good faith” may close the “safe harbor” to ESI destroyed after litigation is anticipated. In fact, the Committee Notes imply that the “good faith” requirement would likely preclude a party from exploiting the routine operation of its electronic systems to thwart discovery obligations by allowing the system to destroy relevant documents after litigation is anticipated.⁹¹

VIII. ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT ISSUES IN PATENT LITIGATION

A. Attorney-Client Privilege for Specific Patent-Related Documents

1. Patent Invention Records and Other Client Technical Information

For decades, there were two diverging views regarding whether technical communications between inventors and patent attorneys relating to the preparation and prosecution of a patent applications were privileged or not. One view originated in *Jack Winter, Inc. v. Koratron Co.*,⁹² in which the district court concluded that technical information provided by a client to its patent attorney for purposes of preparing and prosecuting a patent application was not privileged.⁹³ The basis for the court’s decision was that the various disclosure requirements set forth in 35 U.S.C. § 112 required the patent attorney to submit all technical information provided by the client to the PTO.⁹⁴ Given this statutory mandate, the attorney was serving “merely as a ‘conduit’” and not as providing legal advice. *Id.* This conduit theory of the Jack Winter decision was followed by a number of courts around the country over the following decades.⁹⁵

The second, conflicting view on the issue comes from the Court of Claims’ decision in *Knogo Corp. v. United States*.⁹⁶ There, the court held that the disclosure requirements of 35 U.S.C. § 112 do not

preclude the attorney-client privilege over communications in patent prosecution.⁹⁷ The court criticized the conduit theory as an inaccurate oversimplification that improperly treated patent lawyers as different from other types of lawyers. The court explained that the patent attorney is not merely a pass-through but instead exercises legal judgment in extracting the invention from the technical information provided by the client and preparing the application.⁹⁸ Over the years, the Knogo view became the rule in the majority of jurisdictions.⁹⁹

In 2000, the Federal Circuit ended the conflict with its decision in *In re Spalding Sports Worldwide, Inc.*,¹⁰⁰ which endorsed the *Knogo* line of cases in which materials furnished to an attorney for purposes of a patent application may be privileged. There, the court held that invention records prepared or provided by inventor are privileged so long as they were prepared and provided to an attorney for the purpose of securing primarily legal advice on patentability and legal services in preparing a patent application.

Based on *Spalding*, a company can maximize the likelihood that privilege will apply to invention records and other technical information regarding an invention by ensuring that invention records completed by inventors are labeled attorney-client privileged and for the purpose of being submitted to an attorney for legal advice, that the records are actually provided to attorney for this purpose, and that the records are not provided to those who do not need to see them.

2. Privilege/Work Product for Patent Licensing Entities

The attorney-client privilege only applies to communications seeking or giving legal advice from a professional legal adviser in his or her capacity as such.¹⁰¹ In contrast, “[t]he privilege does not cover communications concerning business matters.”¹⁰² Likewise, work product immunity generally does not apply to “materials assembled in the ordinary course of business.” Although the lines between legal and business advice and between materials created for litigation and in the ordinary course of business may be fuzzy for any company, what happens to privilege and work product protections when the very business of the company *is* litigation. This question has erupted in the patent litigation community as more and more patent cases are being filed by non-practicing entities whose entire business is the licensing and enforcement of their patents.

The question was squarely addressed in a 2008 patent litigation brought by a subsidiary of Acacia, a well-known entity associated with acquiring, licensing, and enforcing patents.¹⁰³ There, Acacia Patent Acquisition Corporation (“APAC”), a subsidiary of Acacia Research Corporation (“Acacia”), acquired two patents from Carlos Amado, with Amado retaining a right to 50% of the royalties generated from the patents. APAC then assigned the patents to Diagnostics Systems Corporation (“DCS”), another Acacia subsidiary. DSC then set out on a licensing campaign contacting targets, alleging infringement, and attempting to negotiate licenses of the two patents. Ultimately, DSC filed suit against a large number of defendants. During discovery, one of the defendants, NetScout, moved to compel the production of over a thousand documents that DSC had withheld as privileged or work product. The Court, reviewing a Special Master’s decision, provided a detailed analysis of how privilege and work product apply to a company like Acacia, whose business is patent acquisition, licensing, and enforcement.

The court started off explaining the problem with distinguishing between DSC’s “business” versus “legal” matters: “DSC’s only business is to analyze, investigate, and attempt to enforce the patents-in-suit. While much of DSC’s activities relate to litigation and legal advice, for which the protection asserted by DSC is proper, much of DSC and the related entities’ activities center on their business objectives to license and acquire patents and do not bestow the same protections on related documents. . . . As explained by the Special Master, the DSC entities’ employees take multiple roles, both business and legal.”¹⁰⁴ The court then held that for a company like DCS, “evaluating patents to acquire

and targets to assert those patents against” involved “clearly business functions, and documents resulting from these functions cannot be categorized in sweeping assertions of privileges and protection in order shield the documents from discovery simply because [the executive] is a lawyer.”¹⁰⁵ In addition, the court noted that because “offers to license are a central aspect of DSC’s business model,” documents regarding offers to license patents sent to a large number of targets were not privileged or work product: “Plaintiff attempts to make the time period during which litigation was anticipated as broad as possible. However, Plaintiff’s business model does not allow it to claim such broad privileges. . . . If the Court were to adopt DSC’s position with respect to the work product doctrine, virtually all activities engaged in by a company premised entirely on licensing and/or enforcing patents via litigation would be classified as “in anticipation of litigation” and would therefore be work product; such a sweeping application of the work product doctrine is unsupported.”¹⁰⁶ In the end, the Court ordered DCS to produce over a third of the 1300 withheld documents.¹⁰⁷

3. Communications with Patent Agents

Advice regarding patentability and preparation of patent applications is often rendered by a patent agent instead of a patent attorney. Agents are those who are registered to practice before the PTO and need not be attorneys. The question often arises whether communications between patent agents and clients may be covered by the attorney-client privilege. The cases addressing this issue are conflicted. Some courts have been willing to extend the attorney-client privilege to communications with patent agents, either in the abstract¹⁰⁸ or so long as the agent is acting under the supervision of an attorney.¹⁰⁹ Other courts have held that because patent agents are not attorneys, the attorney-client privilege cannot apply to communication between them and their clients.¹¹⁰ In the same vein, the cases regarding communications with foreign patent agents are mixed.¹¹¹

4. Prior Art and Searches Therefor

In general, the facts that searches for prior art were performed and the results of such searches are generally not privileged because this information “is factual in nature and does not seek to probe [] advice given by its counsel or the mental impressions, thoughts, or other protected work product of its counsel.”¹¹² However, an attorney’s analysis of the results of a prior art or patentability search that are communicated to the client may be privileged to the extent it constitutes legal advice.¹¹³

5. Expert Witness Materials

More than any other type of litigation, patent cases invariably involve expert witnesses, with many cases having at least one (but often more) technical expert witness per side, at least one damage expert witness per side, and often a legal or patent office procedure expert witness per side. As such, a significant part of patent litigation discovery involves experts. Two primary issues arise regularly with respect to experts: whether drafts of the expert report must be saved and produced and whether attorney-expert communications and all materials shared with the expert must be produced.

a) Drafts of Expert Reports

Generally, drafts of expert reports should be considered discoverable under Fed. R. Civ. P 26(a)(2).¹¹⁴ In *Trigon Ins. Co. v. U.S.*,¹¹⁵ the district court held that Rule 26 obligated a party to produce drafts of experts’ reports “from the time of their genesis,” such that the party was “on notice that the materials were to be preserved so that they could be disclosed at the appropriate time.” Furthermore, because the drafts had not been saved, the court also imposed sanctions for spoliation.¹¹⁶

Because of these concerns of the discovery of drafts, expert reports are often written with no drafts communicated between attorneys and the expert. Instead, the expert keeps one draft and works with the attorneys when writing it, either in person or over an on-line meeting in which everyone can see the expert's computer screen over the Internet. Attorneys should also ponder the question whether saving over a previous version constitutes spoliation.

b) Attorneys' Disclosures to and Communications with Their Testifying Expert

Rule 26(a)(2) requires disclosure of all materials given to an expert, but some of these materials might also be viewed as attorney work product. The tension between these two authorities has been resolved differently by courts. In some jurisdictions, the adoption of Rule 26 has been viewed as trumping the work product doctrine, such that all communications with and documents and information shared with testifying experts are subject to discovery.¹¹⁷ The Federal Circuit seemingly has adopted this approach.¹¹⁸

Other jurisdictions, however, have found that Rule 26 cannot trump the longstanding law supporting a work-product doctrine. These courts have held that "factual" work product is discoverable, but the mental impressions and opinions of counsel (often termed "core work product") are protected even if shared with an expert.¹¹⁹

c) ABA Proposed Amendments to Federal Rules of Civil Procedure

In August 2006, the American Bar Association voted for a rule change that would shield from discovery draft expert witness reports and communications between expert witnesses and the attorney.¹²⁰ The proposal would amend Rule 26(a)(2) to provide a privilege for such materials. The proposal has been forwarded to the U.S. Supreme Court's Committee on Civil Rules.

6. Work-Product Application to Patent-Related Proceedings Other than Litigation

The work-product immunity generally protects from discovery attorney work product prepared "in anticipation of litigation." A question often arises whether materials prepared in anticipation of various proceedings before the Patent Office qualifies for this protection. Courts have generally agreed that for those Patent Office proceedings that are highly adversarial, such as interferences, reexaminations, and appeals from Patent Office decisions, work product immunity should apply.¹²¹ However, the basic patent application process is considered *ex parte*, not adversarial, and documents relating to these activities are not considered immune work product.¹²²

B. Waivers of Privilege

1. Voluntary Production of Non-Liability Opinion

Nearly all patentees allege in their Complaint that the infringement has been willful,¹²³ a charge that if proven could subject the infringer to up to treble damages and the patentee's attorney fees.¹²⁴ One of the key factors for determining whether infringement was willful has traditionally been "whether the infringer, when the infringer knew of the patent holder's patent protection, investigated the issue by seeking legal advice and formed a good faith belief that the patent was invalid or was not infringed."¹²⁵ In fact, in 1983, just after its creation, the Federal Circuit held in *Underwater Devices Inc. v. Morrison-Knudsen Co.*¹²⁶ that where a potential infringer has notice of another's patent rights, it had an affirmative duty of due care to determine whether or not it infringed, including obtaining legal advice. Soon

thereafter, the Court went further and held that willfulness could be inferred by the trier of fact if the accused infringer who had notice of the patent failed to produce a competent, exculpatory opinion of counsel during the litigation.¹²⁷ This law of a “negative inference” was overruled in 2004 in *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corporation*.¹²⁸ Nonetheless, the *Knorr-Bremse* decision refused to overturn the affirmative duty of due care to ensure one is not infringing a patent of which one has notice and the reliance on legal advice remains an important factor for an accused infringer to show lack of willfulness.¹²⁹

The landscape of willfulness law was recreated in 2007, when the Federal Circuit, sitting *en banc* in the case of *In re Seagate Technology, LLC*,¹³⁰ overturned the affirmative duty of due care, which the Court likened essentially to a negligence standard for enhanced damages:

Th[e affirmative duty of due care] standard fails to comport with the general understanding of willfulness in the civil context . . . and it allows for punitive damages in a manner inconsistent with Supreme Court precedent. . . . Accordingly, we overrule the standard set out in *Underwater Devices* and hold that proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness. Because we abandon the affirmative duty of due care, we also reemphasize that there is no affirmative obligation to obtain opinion of counsel.¹³¹

Seagate also announced a new test for willful infringement, namely one of objective recklessness:

Accordingly, to establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. The state of mind of the accused infringer is not relevant to this objective inquiry. If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.

While the Federal Circuit has abolished the affirmative duty of due care, opinions of counsel are likely to continue having a role in defending against a willfulness charge, albeit now a much lesser role under a test that allows many different types of evidence to be used to show lack of objective recklessness.¹³² Furthermore, opinions of counsel may continue to be important to defending against other charges in a patent case, including inducement of infringement under 35 U.S.C. § 271(b).¹³³ Because the strategic disclosure of legal advice in a patent case will continue despite the recent change in willfulness law, a number of discovery issues will continue to arise around such disclosure, chiefly, (a) the scope of the waiver and (b) the timing of the waiver.

a) Scope of Waiver Due to Production of Opinion

When an accused infringer discloses an opinion of counsel, a dispute will likely arise over the scope of the subject matter waiver of privilege. Although the patentee is certainly entitled to all opinions that the accused infringer has obtained, not just the favorable ones, there has long been substantial dispute among the district courts regarding how much more the waiver encompasses. Until 2006, the Federal Circuit had not provided uniform guidance on the issue, leaving the scope of the waiver extremely variable based on the jurisdiction of the case and causing substantial uncertainty for litigants. For example, some courts had limited the waiver to materials communicated to the client,¹³⁴ while others extended the waiver even to work product of the attorney that was not provided to the client.¹³⁵ Some

courts had restricted the waiver to communications with opinion counsel,¹³⁶ while others had extended the waiver to communications with trial counsel as well.¹³⁷

In May 2006, in the case of *In re Echostar*,¹³⁸ the Federal Circuit finally provided resolution to some of these scope of waiver issues. First, the court addressed the types of work product that are discoverable when an accused infringer waives privilege on an opinion of counsel. The court explained that “the attorney-client privilege and the work-product doctrine, though related, are two distinct concepts and waiver of one does not necessarily waive the other.”¹³⁹ To determine whether waiver of an opinion of counsel extends to work product, the court explained that the willfulness issue must always focus on the intent of the client and the reasonableness of the client’s reliance on information and advice received from the attorney: “It is what the alleged infringer knew or believed, and by contradistinction not what other items counsel may have prepared but did not communicate to the client, that informs the court of an infringer’s willfulness.”¹⁴⁰ For this reason, “[w]ork-product waiver extends only so far as to inform the court of the infringer’s state of mind.”¹⁴¹ Thus, any attorney communications with the client and any work product that was communicated to the client is discoverable.¹⁴² Furthermore, any uncommunicated work product that discusses or references a communication with the client is also discoverable but may be redacted to protect work product in such documents that was not communicated.¹⁴³ The court held that other work product is not discoverable: “documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney’s mental impressions but were not given to the client... [are] not discoverable.”¹⁴⁴

The second holding in the *Echostar* case addresses what other legal advice must be disclosed when an accused infringer waives privilege on other opinions it received. In that case, Echostar had disclosed opinions rendered by its in-house counsel to rebut a willfulness charge. After it was sued by Tivo, Echostar also sought advice from the law firm Merchant & Gould, but chose not to rely on, and thus not to disclose, that advice. The Federal Circuit reaffirmed that when one waives privilege on one or more opinions for purposes of defending against a willfulness charge, the waiver extends to all legal advice on the same topic from any attorney:

Thus, when EchoStar chose to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel, which would include communications with Merchant & Gould.¹⁴⁵

The importance of this case is that the waiver was held to extend to other legal advice received even after the litigation was filed:

EchoStar contends that waiver of opinions does not extend to advice and work product given after litigation began. While this may be true when the work product is never communicated to the client, it is not the case when the advice is relevant to ongoing willful infringement, so long as that ongoing infringement is at issue in the litigation.¹⁴⁶

Two questions remain unanswered, however, after *Echostar*: (1) whether the scope of waiver extends to communications on other defenses than the specific ones addressed by the opinion; and (2) whether the waiver should also extend to trial counsel.

On the first issue, the district courts have been divided, some holding that, for example, disclosing an opinion of counsel regarding non-infringement waives communications regarding non-infringement, invalidity, and unenforceability.¹⁴⁷ Other courts have limited the waiver to the specific topic in the disclosed opinion.¹⁴⁸

On the second issue, the Federal Circuit resolved the issue in its 2007 *en banc In re Seagate* decision. The Court affirmatively held “as a general proposition, that asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel.”¹⁴⁹ The Court based this decision on the different functions of trial counsel and opinion counsel, the need to protect trial counsel’s thoughts, and the fact that willfulness generally depends on the accused infringer’s prelitigation conduct.¹⁵⁰ The Court further held that relying on opinion counsel’s work product likewise generally would not waive work product immunity with respect to trial counsel.¹⁵¹

b) Timing of Production of Opinion

The timing of the waiver of the privilege through disclosure of an opinion remains important to both sides. The patentee clearly prefers that the waiver be early in the case so that it can benefit from a preview of the defendants’ theories on claim construction, infringement, and validity found in the opinion and obtain the benefit of any additional materials that fall within the scope of the waiver. Likewise, the accused infringer would prefer to wait as late as possible before making the decision to disclose the opinion and producing materials within the waiver. Recognizing the potential prejudice to the accused infringer of requiring it to waive privilege on its opinions early in the case, the Federal Circuit has recommended that district courts consider bifurcation of the willfulness issue from the liability trial.¹⁵²

For cases in those districts that have adopted patent local rules like the ones in the Northern District of California, if the accused infringer intends to rely on an opinion, it must disclose the opinion and other materials within the scope of the waiver within a set period after the court’s claim construction ruling.¹⁵³ In the absence of such a local rule, parties often include such a date as part of the proposed scheduling order for the case. When the issue is litigated, some courts have postponed production until late in the case,¹⁵⁴ some have bifurcated the case or the sequence of trial proceedings,¹⁵⁵ and some have simply required production immediately without regard to possible prejudice to the accused infringer.¹⁵⁶

2. Using Patent Attorney’s State of Mind to Rebut Inequitable Conduct

Just as an accused infringer’s disclosure of legal advice to defend against willfulness waives the attorney-client privilege, so too a patentee’s reliance on legal advice to defeat an inequitable conduct defense likewise may result in a waiver of privilege:

Generally, in this type of situation, the patentee intends to have the prosecuting patent attorney testify that the allegedly withheld prior art was not material or not known by the patentee. Injecting the attorney’s advice and state of mind in this fashion operates as a waiver of the attorney-client privilege.¹⁵⁷

Some courts, however, have held that a mere denial of inequitable conduct or intent by a patent attorney does not alone waive privilege because it does not reveal the content of privileged communications.¹⁵⁸ If privilege is found to have been waived, the scope of the waiver when the patentee injects advice to rebut inequitable conduct might extend to all attorney-client communications relating to the prosecution of the patent at issue.¹⁵⁹

3. Placing State of Mind at Issue to Support Estoppel Defense

Equitable estoppel is a common defense in patent litigation. The gist of the defense is that the accused infringer continued its allegedly infringing actions in reliance on a representation from the patentee that it would not enforce its patent rights.¹⁶⁰ If the infringer relied on something else in continuing its actions, such as market pressures or advice of its attorneys that there was no infringement,

then there would be no estoppel.¹⁶¹

Some cases, almost all of them in the Northern District of Illinois, have held that by pleading an estoppel defense, the accused infringer affirmatively places at issue its pre-lawsuit communications with attorneys regarding the patents-in-suit, and thereby waives the privilege on these communications.¹⁶² More recent cases, however, have backtracked on this issue, holding that merely raising the estoppel defense does not put advice of counsel into issue.¹⁶³ The new cases criticize the old ones for allowing waiver of advice of counsel if the advice is simply “relevant” to the defense when the proper test is whether the defendant intends to use the advice to prove its defense. The Federal Circuit has endorsed this new approach.¹⁶⁴ Thus, under the modern view, the implicit waiver is treated more narrowly, such that merely raising equitable estoppel as a defense does not waive advice of counsel, unless the one raising the defense expressly relies on that advice.

4. Piercing the Privilege Due to Inequitable Conduct

When inequitable conduct is an issue, an alleged infringer might attempt to pierce the patentee’s attorney-client privilege based upon the application of what has been labeled the “crime-fraud” exception. The “crime-fraud” exception in general states that communications made by a client to its attorney in furtherance of an ongoing or future crime or fraud should not be protected by privilege.¹⁶⁵ While inequitable conduct is often colloquially referred to as “fraud on the Patent Office,” the Federal Circuit has rejected the argument that an allegation of inequitable conduct is sufficient to invoke the crime-fraud exception.¹⁶⁶ Instead, to pierce the privilege, the party must make a prima facie case of common-law or “Walker Process” fraud, including the following elements: (1) a misrepresentation of a material fact, (2) with intent to deceive, (3) reliance upon the misrepresentation by the party deceived, and (4) resultant injury.¹⁶⁷ Thus, while inequitable conduct may encompass the withholding of material information, the fraud necessary to pierce the privilege is limited to a “material misrepresentation”; in addition, while reliance is not necessary for inequitable conduct, it is for the crime-fraud exception. Thus, the mere failure to cite a reference to the Patent Office will not suffice to pierce the attorney-client privilege based on the crime-fraud exception.¹⁶⁸

5. Loss of Privilege in Asset Transfers (Including Patents)

Today, more and more patent lawsuits are being brought by companies that have purchased one or more patents from others, often buying them out of a bankruptcy auction. Often, the purchaser also receives from the seller/patentee documents related to the patent, many of which are likely to be privileged. The question then arises: can the purchaser in litigation continue to maintain privilege over the documents it received as part of the asset transfer, or has the privilege been waived. The answer is that any privilege that may have existed over the documents should be considered waived if they were part of a transfer of less than all of the assets of the privilege holder and if the common interest privilege does not apply.

“[A] transfer of assets is not sufficient to effectuate a transfer of the [attorney-client] privilege[]; control of the entity possessing the privilege[] must also pass for the privilege[] to pass.”¹⁶⁹ The Federal Circuit applied this law to the patent context and held that the assignment of a patent does not transfer an attorney-client relationship: “The district court correctly found that Medtronic was never a client of [the attorneys] because the assignment of a patent does not transfer an attorney-client relationship.”¹⁷⁰

Of course, it is black-letter law that “[v]oluntary disclosure of the content of a privileged communication constitutes a waiver of the privilege as to all other such communication on the same subject matter.”¹⁷¹ In the context of transferring privileged documents to a purchaser of part of the assets of the privilege holder, the transfer waives the privilege.¹⁷²

In some special situations, a “common interest” privilege might apply to protect disclosures of privileged material to a purchaser of assets. Although the elements of the privilege may vary somewhat between circuits, the common interest privilege generally requires that the communication was made by separate parties in the course of a matter of common interest and was designed to further that common interest.¹⁷³ Thus, the common interest privilege might protect disclosures of privileged information as part of a partial asset transfer that occurs while litigation is ongoing or anticipated and for the purpose of the joint defense instead of for a business reason (such as to encourage the purchaser to go through with the transaction).¹⁷⁴

In sum, accused infringers in litigation regarding patents that were obtained as part of a partial asset transfer should demand all documents that were received by the current owner as part of the transfer, including any the owner claims to be privileged, and should move to compel if the owner refuses.

C. “Claw-Back” of Inadvertently Produced Privileged Documents

In order to avoid conflicts over inadvertent production of privileged documents,¹⁷⁵ parties have often included a provision for so-called “claw-backs” of privileged documents in their agreed Protective Orders. Such a provision has generally allowed a producing party that discovers an inadvertent production of a privileged document or an inadvertent misdesignation of confidentiality of a document to notify the receiving parties of this problem and have the documents returned.

On September 19, 2008, the President signed into law new Federal Rule of Evidence 502, which specifically protects a party from inadvertent disclosure under certain circumstances. According to the legislative report, it was in part designed to address the conflicting circuit views on inadvertent production and to reduce costs associated with production in the e-discovery age:

The costs of discovery have increased dramatically in recent years as the proliferation of email and other forms of electronic record-keeping have multiplied the number of documents litigants must review to protect privileged material. Outdated law affecting inadvertent disclosure coupled with the stark increase in discovery materials has led to dramatic litigation cost increases.¹⁷⁶

The new rule applies in all proceedings commenced after the date of enactment, September 19, 2008, and, “insofar as is just and practicable,” in all proceedings pending on that date. Rule 502(b), which addresses inadvertent disclosure, states:

- b. Inadvertent Disclosure - When made in a Federal proceeding or to a Federal office or agency, the disclosure does not operate as a waiver in a Federal or State proceeding if:
 - 1. the disclosure is inadvertent;
 - 2. the holder of the privilege or protection took reasonable steps to prevent disclosure; and
 - 3. the holder promptly took reasonable steps to rectify the error, including (if applicable) following Federal Rule of Civil Procedure 26(b)(5)(B).

The last two requirements are important, with claw back possible if the patent holder both took reasonable steps to prevent the disclosure and to get the documents back. Case law will certainly develop over what satisfies these two types of “reasonable steps.” For example, is the use of key word searching to find and remove privileged documents from a production a “reasonable step” to prevent inadvertent disclosure?¹⁷⁷

Despite the new addition of Rule 502, parties should continue to negotiate a “claw-back” agreement, and preferably, incorporate it into their agreed Protective Orders. Even though Rule 502 removes some of the uncertainty regarding inadvertent disclosure, a significant amount of uncertainty still exists given the requirements of “reasonable steps.” Claw-back agreements can almost entirely remove these concerns and help minimize cost and risk regarding production of privileged documents. Rule 502(e) specifically allows claw-back agreements between parties (although states that they do not apply to third parties) and Rule 502(d) provides that a claw-back agreement incorporated into a court order will apply to all disclosures in the litigation.

IX. PROTECTIVE ORDER ISSUES

Nearly every patent case requires one or all parties to produce confidential technical and financial information during discovery, often to a marketplace competitor. For this reason, crafting Protective Orders at the beginning of a case to govern production and handling of confidential information should receive considerable attention by litigants. District courts generally will adopt a Protective Order drafted and agreed to by the parties. Set forth below is a list of issues that the parties should consider for their Protective Order in patent cases, some issues common with other types of cases but some fairly unique to patent litigation.

A. Tiers of Confidentiality

Confidential information produced in litigation will have different levels of sensitivity. Most protective orders will therefore allow information to be designated as one of several levels, or tiers, of confidentiality, with each tier having different restrictions, such as persons who are given access, how the information must be stored or handled, etc. Most patent cases have two tiers, such as “Confidential” for most information and a more restrictive “Attorneys’ Eyes Only” for more sensitive information, such as future product plans, technical trade secrets, and financial information. Cases that involve computer software will often have a third, most restrictive tier for computer source code.

For each tier, the protective order should spell out who will be given access to the information. Outside counsel will generally have access to all tiers, as will the court and experts. The parties must also decide whether in-house counsel will be given access to any or all tiers. Generally, non-attorney employees of the opponent are restricted from seeing all or the more sensitive tiers, although sometimes a party will be permitted one designated employee to be given access. In cases where there are co-defendants who are competitors of each other, the protective order might grant the plaintiff more access to each defendant’s documents than its co-defendants. For experts who will be given access, the order should provide a procedure by which the expert’s name and credentials (including past jobs as an expert) must be disclosed to the opponent certain number of days before any of that opponent’s information is disclosed to the expert; this delay gives the opponent an opportunity to determine whether there might be some reason that the disclosed expert should not be given access to the information (e.g., the expert might be an employee of a competitor or might be involved in developing technology in the same field as the opponent). Often, a protective order will require certain groups of third parties who are given access, such as vendors or experts, to sign an undertaking agreeing to be bound by the terms of the protective order, and the order often includes the form of such an undertaking as an exhibit. The order might also allow a confidential document to be shown to a witness in a deposition who has already had access to the document prior to its production, such as a letter or e-mail in which the witness was the sender or a recipient.

For computer source code, severe restrictions on access are generally appropriate. Sometimes, parties agree that source code can be inspected but not copied; for example, an opponent’s attorneys and experts might be given unlimited access to inspect the code in the producing attorney’s offices. Other

times, source code might be produced only in paper form with limited provision for copying. More typically, however, source code is produced in electronic form on a laptop computer with password protection and provisions that the laptop may not be connected to a network. Also, source code must generally be maintained in a locked room with a log kept of those who access the code.

B. Third-Party Protections

The protective order should expressly apply to information produced by anyone as part of the litigation, not only the parties but also third parties that might be required to produce evidence via subpoenas. Such forethought will save the parties from having to seek amendment if third party evidence is sought during the case.

C. Conflicts over Designation

The Protective Order should set forth a specific procedure by which a receiving party may challenge the confidentiality designation of one or more documents. The procedure should provide a period of time after written notice of the challenge for the producing party to change the designation. Although the procedure should place the burden of proving the proper designation on the producing party, the protective order might require that one party or the other bring the matter to the court's attention (e.g., require the producing party to move for a protective order or the challenging party to move to compel).

D. Destruction/Return of Confidential Documents at Conclusion of Case

The order should require that, at the conclusion of the litigation, another party's confidential information be either destroyed or returned by the receiving party and that a certification be provided when such destruction or return is complete. An often-included exception allows outside counsel to maintain one complete set of files indefinitely or for a limited period of time.

E. Preventing Use of Confidential Documents in Other Proceedings

Nearly every protective order entered to protect confidential documents produced in the litigation requires that such documents may be used only for purposes of preparation and litigation of the matter.¹⁷⁸ This general statement has several specific applications in patent cases. For example, the "litigation" probably would not include ancillary proceedings in the Patent Office, such as reissues or reexaminations, even though those proceedings might involve the patentee and the accused infringer. Needless to say, such a provision also would preclude a party from using confidential information received from its opponent to file its own patent applications.¹⁷⁹

F. Patent Prosecution Bar

A common problem that arises in patent litigation involves patent attorneys who not only represent clients in litigation but also before the Patent Office. For example, a patentee's litigation counsel might be simultaneously drafting or prosecuting patent applications for the patentee in the Patent Office on technology that relates to that in the patent-in-suit, often with those patent applications being continuing applications claiming the benefit of the patent-in-suit's filing date. The accused infringer would be concerned that the patentee's attorney, despite his or her best efforts, might not be able to ignore the accused infringer's confidential information regarding its accused product produced during the litigation when drafting patent claims in those pending applications. This possible scenario and others have caused litigants to seek a bar on those who have access to an opponent's confidential information during litigation from participating in certain types of patent prosecution activities. In general, courts have been receptive to requests that the protective order include this type of provision, which is often

called a “prosecution bar.”¹⁸⁰ A few courts, however, have shown resistance, holding that attorneys should be trusted not to violate the basic premise of protective orders that confidential information obtained during litigation will not be used outside the context of the litigation.¹⁸¹

Attorneys crafting a prosecution bar should consider some of the following issues:

- Types of patent proceedings in which participation is barred: original and continuing applications, reexaminations, reissues¹⁸²
- Length of time of bar: limited number of years after end of litigation or after access to information¹⁸³
- Clients to which bar applies: more likely to obtain a bar limited to patenting for the litigant¹⁸⁴
- Subject matter of bar: subject matter of the patent or a specific named field¹⁸⁵

X. CONCLUSION

Like all federal litigation, the Federal Rules of Civil Procedure govern the discovery process in patent litigation. However, there are issues that arise only in patent cases or else arise more often in these cases than others. An understanding of these particular issues should help any patent litigator obtain the discovery its client needs in an efficient manner.

¹ The 2008 revisions apply to patent cases filed after March 1, 2008. Cases filed earlier than February 29, 2008 are subject to the previous version. N.D. Cal. Patent L.R. 1-4 (March 1, 2008).

² The District of Minnesota has adopted a specific Rule 26 Report requirement that mandates the basic framework of the Northern District of California Patent Rules, but allows the parties to propose specific dates for the various required disclosures.

³ N.D. Cal. Patent L.R. 3-1(a)-(e), (h).

⁴ N.D. Cal. Patent L.R. 3-1(f).

⁵ N.D. Cal. Patent L.R. 3-1(g), 3-2(e).

⁶ N.D. Cal. Patent L.R. 3-2(b).

⁷ N.D. Cal. Patent L.R. 3-2(d).

⁸ N.D. Cal. Patent L.R. 3-2(a).

⁹ N.D. Cal. Patent L.R. 3-3(a)-(d).

¹⁰ N.D. Cal. Patent L.R. 3-4(a).

¹¹ N.D. Cal. Patent L.R. 3-4(b).

¹² N.D. Cal. Patent L.R. 4-1.

¹³ N.D. Cal. Patent L.R. 4-2.

¹⁴ N.D. Cal. Patent L.R. 4-3.

¹⁵ N.D. Cal. Patent L.R. 4-5. The patentee files an opening brief, followed by the accused infringer’s response brief fourteen days later, followed by the patentee’s reply brief seven days later.

¹⁶ N.D. Cal. Patent L.R. 4-6.

¹⁷ N.D. Cal. Patent L.R. 3-7. The previous version of this rule was limited to advice of counsel on which a defendant intended to rely as a defense to a charge of willfulness. The rule now applies generally to any advice of counsel that will be used in the litigation for a patent-related claim or defense, which might include a defense to willfulness, inducing infringement under §271(b), and inequitable conduct.

¹⁸ One court recently held that “[f]or information not publicly available, [a party] must note that such detail is forthcoming pending further discovery and [the party] must note from whom such discovery is expected.” *Linex Techs., Inc. v. Belkin Int’l, Inc.*, 2008 WL 4372708, at *8 (E.D. Tex. Sept. 19, 2009) (compelling more detailed contentions).

¹⁹ *See, e.g., Iris Corp. v. United States*, No. 1-06-cv-00801, slip op. at 7 (Ct. Fed. Cl. Oct. 16, 2008) (granting motion to compel more detailed infringement contentions where the “original infringement claim chart merely made a global, conclusory statement that each claim element was met by the accused device . . . [and while Plaintiff]

amended its claim chart, its latest iteration still fail[ed] to identify how each claim limitation is met by the [device]”).

²⁰ See, e.g., *Iris Corp.*, slip op. at 7 (granting motion to compel more detailed infringement contentions where the "original infringement claim chart ... cited entire user guides and manuals for the [device], requiring Defendants to comb through voluminous pages to identify specific alleged element”).

²¹ See, e.g., *Linex Techs.*, 2008 WL 4372708, at *8 (compelling more detailed contentions and holding that infringement contentions "must list each individually Accused Product and go through specific infringement contentions for each"); *Michael S. Sutton Ltd. v. Nokia Corp.*, No. 6-07-cv-00203, slip op. at 5 (E.D. Tex. Feb. 13, 2009) (compelling new contentions because claim charts referred to multiple steps and multiple functions in accused instrumentality: "In Example 1 of [Plaintiff's] claim chart, there are at least two steps disclosed . . . in Example 2, [Plaintiff] groups multiple elements together and makes reference to an exhibit that consists of several pages of material. . . . Grouping two elements together and referencing a seven-page source code does not clarify where the elements are allegedly located.").

²² *ConnecTel v. Cisco*, 391 F.Supp.2d 526, 528 (E.D. Tex. 2005).

²³ *Computer Acceleration v. Microsoft*, 503 F.Supp.2d 819, 820-21 (E.D. Tex. 2007).

²⁴ *Id.* at 823-25.

²⁵ See, e.g., *Saffran v. Johnson & Johnson*, No. 2-07-cv-00451, slip op. at 2 (E.D. Tex. Feb. 24, 2009) (striking invalidity contentions with leave to refile because they "do not specifically identify combinations of references that the defendants anticipate using at trial, and they include language purporting to make the contentions merely illustrative"); *Medtronic Inc. v. W.L. Gore & Associates, Inc.*, 2008 WL 5191846 (N.D. Cal. Dec. 9, 2008) (denying summary judgment of obviousness based on combination of references because, while the references were disclosed in the invalidity contentions, the specific combination was not); *Tyco Healthcare Group LP v. Applied Med. Resources Corp.*, No. 9-06-cv-00151, slip op. at 5 (E.D. Tex. March 30, 2009) (granting motion in limine to exclude expert testimony based upon undisclosed prior art combinations: "[Defendant] was required to disclose any combination of, or motivation to combine, prior art it was asserting against a particular claim in its Invalidity Contentions. Failure to do so, unless substantially justified or harmless, means the evidence will be excluded. While the court takes [defendant's] point that experts should 'not be required to copy the defendant's invalidity contentions verbatim into their expert reports,' neither should they be permitted to opine on obviousness combinations or motivations to combine that were never disclosed for a particular claim in those Invalidity Contentions.").

²⁶ See N.D. Cal. Patent Local Rules Advisory Subcommittee Report, p. 2 (Jan. 2008). This change followed a similar change made several years earlier by the Eastern District of Texas for its patent local rules.

²⁷ *Id.*

²⁸ N.D. Cal. Patent L.R. 3-6.

²⁹ See, e.g., *MacLean-Fogg Co. v. Eaton Corp.*, 2008 WL 4601476, at *2 (E.D. Tex. Oct. 6, 2008) (allowing amended invalidity contentions where "[t]he delay resulted principally from requesting additional discovery rather than any gamesmanship"); *VirnetX, Inc. v. Microsoft Corp.*, No. 6-07-cv-00080, slip op. at 4-6 (E.D. Tex. Dec. 19, 2008) (allowing amended infringement contentions where Plaintiff was diligent in reviewing "500 gigabits of source code and tens of thousands of confidential documents since serving its original contentions," and possible prejudice was found low because amendment dropped contentions for over a dozen claims, one patent, and some accused features); *Mintz v. Dietz and Watson Inc.*, No. 3-05-cv-01470, slip op. at 2-3 (S.D. Cal. June 29, 2009) (granting leave to amend where "defendants filed their motion to amend 13 court days after submitting the final invalidity contentions and three court days after their. . . discovery of [witness] statements about the invalidity of plaintiffs' . . . patent. The Court finds and concludes that defendants acted with diligence in promptly moving to amend their final invalidity contentions after their contact with [that witness].")

³⁰ See, e.g., *MacLean-Fogg Co. v. Eaton Corp.*, 2008 WL 4601476 (allowing amended invalidity contentions in part because amendment sought early in case, 10 months before the *Markman* hearing and more than a year before close of discovery); *Lear Corp. v. TS Tech USA Corp.*, No. 2-07-cv-00406, slip op. at 3 (E.D. Tex. Oct. 10, 2008) (permitting amended infringement contentions sought less than 2 months after original contentions and more than a year before *Markman* hearing); *Arbitron, Inc. v. Int'l Demographics, Inc.*, 2008 WL 4755761, at *1 (E.D. Tex. Oct. 29, 2008) (permitting Defendant to add an indefiniteness contention considered "critical" to its defense where discovery had only recently commenced and trial was seven months away); *Paice, LLC v. Toyota Motor Corp.*, No. 2-07-cv-00180 (granting leave to amend invalidity contentions sought after *Markman* hearing but before court issued its *Markman* order where discovery was still open and expert reports would not be due until 90 days after the *Markman* order); *Verizon Servs. Corp. v. Charter Fiberlink TX-CCO LLC*, No. 5-08-cv-00025, slip op. at 1 (E.D. Tex. March 23, 2009) (granting leave to amend infringement contentions "to add three new claims from patents

already asserted in this case” where “very little discovery has yet been conducted”); *Advanced Micro Devices Inc. v. Samsung Elecs. Co.*, 2009 WL 890515 (N.D. Cal. April 1, 2009) (granting leave to amend invalidity contentions where leave was sought three months after original invalidity contentions).

³¹ See, e.g., *Chemfree v. J. Walter, Inc.*, 2008 WL 4845129 (N.D. Ga. Aug. 27, 2008) (denying leave to amend contentions to add prior art cited in the patent’s file history); *Softvault v. Microsoft Corp.*, 2007 WL 1342554 (E.D. Tex. May 04, 2007) (denying leave for Plaintiff to amend contention to claim earlier priority date because Plaintiff necessarily already had the information it needed at the time of the original contentions); *Ariba Inc v. Emptoris Inc.*, No. 9-07-cv-00090, slip op. at 4 (E.D. Tex. Oct. 17, 2008) (denying leave to amend infringement contentions to add doctrine of equivalence theory: “[I]t is backwards for [Defendant] to define its invalidity contentions and then allow [Plaintiff] to tailor its last-minute infringement theories. [Plaintiff] had no problem asserting a doctrine of equivalents theory as to claim 31 earlier in the case. [Plaintiff’s] failure to assert the same for other claims until shortly before trial seems to be gamesmanship.”); *Transamerica Life Ins. Co. v. Lincoln Nat’l Life Ins. Co.*, 2008 WL 5377719, at *2 (N.D. Iowa Dec. 19, 2008) (denying leave to add contentions based on prior art known at time of original contentions: “The court has already rejected [plaintiff’s] contentions that . . . newly discovered relevance of certain prior art warrants amendments or supplements.”).

³² See, e.g., *02 Micro v. Monolithic*, 467 F.3d 1355 (Fed. Cir. 2006) (no good cause where Plaintiff waited 3 months after deposition uncovered new infringement theory before seeking amendment); *Golden Hour Data Sys., Inc. v. emsCharts, Inc.*, No. 2-06-cv-00381, slip op. at 1-2 (E.D. Tex. Sep. 29, 2008) (denying motion for leave to amend invalidity contentions where defendant waited five months after discovering the “new” prior art and also “failed to show good cause why it did not identify the [new prior art] it seeks to add” earlier); *West v. Jewelry Innovations, Inc.*, 2008 WL 4532558, at *3 (N.D. Cal. Oct. 8, 2008) (denying leave to add contentions based on newly discovered prior art the party did “not provide any information about when or why it began the inquires, how it inquired, who its contacts in the industry were, or even what it inquired about. The burden is on [the moving party] to establish diligence, and merely asserting that it made ‘diligent’ inquiries does not meet this burden.”); *Alcatel USA Resources Inc v. Microsoft Corp.*, No. 6-06-cv-00500 (E.D. Tex. Oct. 13, 2008) (denying leave to add invalidity contention based on four prior art references where defendant knew about the prior art before the claim construction hearing but did not seek leave to add new contention until after that hearing, but allowing amended contention based on fifth prior art reference just recently discovered); *Paradox Security Sys., Ltd. v. ADT Security Servs., Inc.*, No. 2-06-cv-00462 (E.D. Tex. Jan. 23, 2009) (denying leave to amend infringement contentions to include a claim for infringement under 35 U.S.C. § 271(f)(2) where Plaintiff received information in discovery over a year before which gave notice of that additional claim).

³³ See, e.g., *Cummins-Allison Corp v. Shinwoo Info. & Telecomm. Co.*, No. 9-07-cv-00196 slip op. at 8 (E.D. Tex. March 19, 2009) (denying leave to amend invalidity contentions: “Simply because Defendants later learned that they made a mistake in not asserting a potentially invalidating piece of prior art because Plaintiff made a helpful admission is not sufficient ‘good cause’ for leave to amend.”); *Ariba Inc v. Emptoris Inc.*, No. 9-07-cv-00090, slip op. at 3 (E.D. Tex. Sep. 9, 2008) (“inability and delay in understanding the divulged prior art” insufficient basis to amend invalidity contentions); *Berger v. Rossignol Ski*, 2006 WL 1095914, at *4-5 (N.D. Cal. 2006) (“Carelessness or mere errors, however, are insufficient to establish good cause.”).

³⁴ See, e.g., *Finisar v. DirecTV*, 424 F.Supp.2d 896 (E.D. Tex. 2006) (no good cause to amend because leave sought just 3 months before trial); *Transamerica Life Ins.*, 2008 WL 5377719, at *3 (denying leave to amend __ months before trial: “Even if [Defendant] was not actually surprised by injection of the new prior art in question. . . [it] would certainly be prejudiced by belated injection of issues based on that prior art, because it is now severely hampered in its ability to prepare to address [Plaintiff’s] reliance on additional prior art such a short time before trial and long after discovery has closed.”); *Raytheon Corp. v. Indigo Sys. Corp.*, 2008 WL 5378047, at *2 (E.D. Tex. Dec. 23, 2008) (denying leave to amend infringement contentions after fact discovery had closed: “Were the court to allow [Plaintiff] to supplement its [infringement contentions] in the manner proposed, the entire case, which is now some twenty-one months old, would essentially start over from scratch. The Defendants would need to expend a king’s ransom in assessing the new [infringement contentions], reformulating its defense strategy and participating in reopened fact discovery were the court to allow [Plaintiff] to submit its supplemental [infringement contentions]. They would also be prejudiced by the inevitable delay that would ensue.”).

³⁵ 467 F.3d 1355, 1366-68 (Fed. Cir. 2006).

³⁶ 2006 WL 3017347, at *5-7 (Fed. Cir. Oct. 23, 2006) (non-precedential).

³⁷ No. 2-07-cv-02339, slip op. at 2 (C.D. Cal. Sep. 30, 2008).

³⁸ No. 3-06-cv-06946, slip op. at 3-5 (N.D. Cal. Aug. 22, 2008).

³⁹ No. 3-07-cv-00097 (S.D. Cal. Feb. 13, 2009).

⁴⁰ *Id.*, slip op. at 7.

⁴¹ *Id.*

⁴² See, e.g., N.D. Cal. Patent L.R. 2-5.

⁴³ *Id.* See, e.g., *Townshend Intellectual Property, L.L.C. v. Broadcom Corp.*, 2007 WL 2462152 (N.D. Cal. 2007) (denying in part patentee's motion to compel accused infringer to provide discovery that effectively required a disclosure of the accused infringer's invalidity, nonwillfulness, and noninfringement contentions because Patent Local Rule precluded such discovery until a specified, but noting that the local rule did not apply to unenforceability claim).

⁴⁴ *Suncast Techs., L.L.C. v. Patrician Prods., Inc.*, 2008 WL 179648 (S.D. Fl. 2008) (ordering parties to finalize the list of terms that they intended for the court to construe and exchange proposed term construction of said terms); *General Elec. Co. v. DR Sys., Inc.*, 2007 WL 1573625 (E.D.N.Y. 2007) (ordering accused infringer to provide proposed claim constructions and requiring the patentee to respond within 10 days); *WhitServe LLC v. Computer Patent Annuities N.A., LLC*, 2006 WL 1273740 (D. Conn. 2006) (granting accused infringer's motion to compel interrogatory response on claim construction); *S.S. White Burs, Inc. v. Neo-Flo, Inc.*, 56 Fed. R. Serv. 3d 965 (E.D. Pa. 2003); *Carver v. Velodyne Acoustics, Inc.*, 202 F.R.D. 273, 274 (W.D. Wash. 2001); *Moore U.S.A., Inc. v. Standard Register Co.*, 2000 WL 876884 (W.D.N.Y. 2000) (granting motion to compel patentee to provide its claim constructions); *Ecrix Corp. v. Exabyte Corp.*, 95 F. Supp. 2d 1155, 1157 n.2 (D. Colo. 2000); *Exxon Research & Eng'g Co. v. U.S.*, 44 Fed. Cl. 597, 601-03 (1999) (ordering the patentee to answer contention interrogatories on claim construction rather than designating one of its attorneys as a 30(b)(6) deponent on that topic); *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 157 (D. Del. 1977) (requiring patentee to identify in interrogatory response the portions of the claims and specifications which it interprets as encompassing the certain monomers and to state in detail the basis for such interpretation); *Scovill Mfg. Co. v. Sunbeam Corp.*, 357 F. Supp. 943, 948 (D. Del. 1973), *decision supplemented*, 61 F.R.D. 598 (D. Del. 1973) (ordering patentee to define particular claim term); *Lee v. Elec. Prods. Co.*, 37 F.R.D. 42, 45 (N.D. Ohio 1963) ("Objections going to opinion or interpretation of [patent] claims ... must be brushed aside where, as here, the interrogatories are directed to discovery of the exact nature of plaintiff's claim."); *Drake v. Pyclope, Inc.*, 96 F. Supp. 331, 332 (N.D. Ohio 1951) (requiring patentee to provide interpretation of claims); *E.I. Du Pont de Nemours & Co. v. Byrnes*, 1 F.R.D. 34, 39 (S.D.N.Y. 1939) (ordering patentee to answer interrogatories as to the construction of claim terms it would assert). *But see, Static Control Components, Inc. v. Lexmark Intern., Inc.*, 2006 WL 897218, *5 (E.D. Ky. 2006) (denying motion to compel patentee to answer interrogatory that asked: "a) the identification of the specific patent claims it accuses SCC of infringing, (b) the claims that Lexmark contends cover its own products (since only such claims can be indirectly infringed in this case), and (c) how Lexmark interprets the scope of these identified claims" and instead ordered a 4 step procedure that was in accordance with other jurisdictions' local patent rules).

⁴⁵ *WhitServe*, 2006 WL 1273740, at *3 (rejecting patentee's argument that interrogatory was premature: "[i]f at some point the parties will be required to present their interpretation of the claims in a Markman hearing, the court sees no reason why WhitServe should not provide its claim construction to CPA now"); *S.S. White Burs*, 56 Fed. R. Serv. 3d 965; *Carver*, 202 F.R.D. at 274 ("There is no reason for the [patentees] to delay disclosure until the Markman hearing."). *But see Funai Elec. Co. v. Orion Elec. Co.*, 2002 WL 1808419 (S.D.N.Y. 2002) (ruling that accused infringer's motion to compel patentee to answer contention interrogatory on the construction of the asserted claims was premature and would not have to be answered until after the Markman hearing).

⁴⁶ *WhitServe*, 2006 WL 1273740, at *3 (stating an answer to a claim construction interrogatory that uses "the well-trodden *pro forma* response that the 'claims should be construed according to their plain meaning by people skilled in the relevant art' is in violation of their Rule 33(b)(1) obligations"); *Carver v. Velodyne Acoustics, Inc.*, 202 F.R.D. 273, 274 (W.D. Wash. 2001); *Moore U.S.A.*, 2000 WL 876884 ("Although Moore may believe that the '128 patent's claims are clear and unambiguous, SRC may reasonably require construction of the claims.").

⁴⁷ See *SmithKline Beecham Corp. v. Apotex Corp.*, 2004 WL 739959, at *3 (E.D. Penn 2004) ("It would be very difficult for a non-attorney witness to answer such questions at a deposition. A better method would be for SmithKline to respond to interrogatories because then it would be able to receive input from both its attorneys and other persons familiar with its patents."); *Alloc, Inc. v. Unilin Decor N.V.*, 2006 WL 2527656, at *2 (E.D. Wis. 2006) (denying deposition motion in favor of contention interrogatories); *Exxon*, 44 Fed. Cl. 597 at 601 (1999) (ordering the patentee to answer contention interrogatories on claim construction rather than designating one of its attorneys as a 30(b)(6) deponent on that topic); *McCormick-Morgan, Inc. v. Teledyne Indus., Inc.*, 134 F.R.D. 275, 286 (N.D. Cal. 1991), *rev'd in other part*, 765 F. Supp. 611 (N.D. Cal. 1991).

⁴⁸ See, e.g., *CellNet Data Sys., Inc. v. Itron, Inc.*, 178 F.R.D. 529 (N.D. Cal. 1998) (ordering patentee's Chief Technology Officer to answer questions regarding the meaning of terms in the patent); *Babcock & Wilcox Co. v.*

Foster Wheeler Corp., 54 F.R.D. 474, 478 (D.N.J. 1971) (granting motion to compel co-inventor to answer deposition questions regarding the scope of his invention in relation to the count of an interference proceeding).

⁴⁹ See *Clintec Nutrition Co. v. Baxa Corp.*, 1998 WL 560284 (N.D. Ill. 1998) (because defendant “had an ongoing obligation to supplement its interrogatory answers since [plaintiff] specifically asked for [defendant's] claim interpretation, defendant “may only offer those theories of claim interpretation it provided in its interrogatory answers.”).

⁵⁰ *Cryptography Res., Inc. v. Visa Int’l Serv. Ass’n*, 2008 WL 346411, at *1 (N.D. Cal. 2008) (granting motion to compel patentee to disclose “detailed descriptions for the factual and legal bases underlying its claims of indirect infringement”); *Suncast Techs.*, 2008 WL 179648 (requiring plaintiff to provide infringement contentions and defendant to provide non-infringement contentions); *Protective Optics, Inc. v. Panoptx, Inc.*, 2007 WL 963972, *2 (N.D. Cal. Mar. 30, 2007) (granting plaintiff’s motion to compel defendant’s response to non-infringement contention interrogatories); *Tritek Techs., Inc. v. U.S.*, 63 Fed. Cl. 740, 751 (Fed. Cl. 2005) (describing anticipated answers to non-infringement contention interrogatories as “important to Plaintiff’s case”); *Chamberlain Group v. Interlogix, Inc.*, 2002 WL 467153, at *5 (N.D. Ill. 2002); *Conopco, Inc. v. Warner-Lambert Co.*, 2000 WL 342872 (D.N.J. 2000); *Ecrix Corp. v. Exabyte Corp.*, 95 F. Supp.2d at 1157 (denying protective order to patentee regarding interrogatory and 30(b)(6) deposition notice requesting contentions comparing each element of claims to accused products); *Bausch & Lomb v. Alcon Labs.*, 173 F.R.D. 367, 375 (W.D.N.Y. 1995) (ordering patent owner to answer interrogatory asking for a comparison of accused device to each claim element: “A defendant charged with infringement is entitled to use discovery mechanisms to determine the plaintiff’s contentions as to each element of the claim.”); *Mead Corp. v. Riverwood Natural Res. Corp.*, 145 F.R.D. 512, 518 (D. Minn. 1992) (ordering responses to patentee’s interrogatories requiring accused infringer to state all facts it intended to rely on to prove its defenses, including noninfringement); *Scovill Mfg. Co. v. Sunbeam Corp.*, 61 F.R.D. 598, 601 (D. Del. 1973) (granting motion to compel accused infringer to respond to interrogatory requesting it to state the factual bases for its declaratory judgment action as to why it did not infringe the patent, list relevant documents, including identifying prior art, and specific documents in the file history that support its allegations of noninfringement and invalidity); *Cleo Wrap Corp. v. Elsner Eng’g Works, Inc.*, 59 F.R.D. 386, 391 (M.D. Pa. 1972).

⁵¹ *Suncast Techs.*, 2008 WL 179648, at * 11 (“Consequently, there can be no doubt that Defendant's request for Plaintiffs' element-by-element infringement allegations involves relevant material that is properly the subject of contention interrogatories. Plaintiffs, therefore, have an obligation to respond fully to Defendant's demand for Plaintiffs' contentions regarding how the Accused Product infringes each element of each claim allegedly infringed.”); *Motionless Keyboard Co. v. Microsoft Corp.*, Case No. 04-180-AA, Docket No. 70, at 2 (D. Or. Aug. 10, 2004) (ordering claim chart because “this type of discovery is common in patent litigation and often assists the parties in narrowing the focus of the litigation and the court in considering the allegations of infringement”); *Chamberlain Group*, 2002 WL 467153, at *5 (ordering patentee to submit claim chart before accused infringer had to respond to patentee’s interrogatories regarding the bases for the noninfringement defense because the accused infringer “should not have to guess how [the patentee] believes its patents are infringed”); *Carver*, 202 F.R.D. at 274 (ordering response to interrogatory asking for claim chart showing how each element of each asserted claim was met by accused products); *Conopco*, 2000 WL 342872 (ordering patentee to provide a preliminary claim chart “showing how [it] is applying the limitations in its patent claims to the accused [device] on an element-by-element basis and whether there is literal infringement or infringement under doctrine of equivalents”).

⁵² *Cleo Wrap*, 59 F.R.D. at 391 (compelling patentee to answer interrogatory asking patentee to label a diagram and photograph of the accused product with the alleged corresponding elements of the patent claim).

⁵³ *Performance Pricing, Inc. v. Google Inc.*, No. 2-07-cv-00432 (E.D. Tex. May 27, 2009) (granting motion to compel deposition of a witness regarding the basis of defendant's noninfringement contentions); *Applied Telematics, Inc. v. Sprint Corp.*, 1995 WL 79237 (E.D. Pa. 1995) (granting motion to compel patentee to answer questions regarding infringement, although noting that such testimony will be personal opinion); *AMP Inc. v. Molex Inc.*, 227 U.S.P.Q. 172, 1985 WL 2284 (N.D. Ill. 1985) (granting motion to compel corporate patentee to designate and provide an individual to testify as to the company’s position on the interpretation and equivalence of the asserted patent claims); *De Graffenried v. U.S.*, 224 U.S.P.Q. 787 (Cl. Ct. 1983) (granting motion to compel patentee-inventor to provide personal opinion regarding the interpretation of the patent claims).

⁵⁴ See *Transclean Corp. v. Bridgewood Servs., Inc.*, 290 F.3d 1364, 1373-74 (Fed. Cir. 2002) (affirming sanctions precluding accused infringer from asserting noninfringement of patent claims and granting patentee summary judgment of infringement because accused failed to identify noninfringement defense in response to interrogatory seeking identification of basis for defenses; district court properly imposed sanctions because patentee was prejudiced by not having notice it should pursue discovery on the issue”); *Refac Int’l, Ltd. v. Hitachi, Ltd.*, 921 F.2d

1247, 1253-56 (Fed. Cir. 1990) (upholding sanctions ordered against party that failed to comply with order to provide an infringement analysis); *Thermos Co. v. Starbucks Corp.*, 1999 WL 203822, *6 (N.D. Ill. April 6, 1999) (precluding accused infringer from pursuing specific noninfringement defense when it failed to supplement interrogatory response on point).

⁵⁵ See, e.g., *Dot Com Ent. Group, Inc. v. Cyberbingo Corp.*, 237 F.R.D. 43 (W.D.N.Y. 2006) (allowing contention interrogatories seeking the bases for Defendants' prior art and obviousness defenses); *Ecrix Corp. v. Exabyte Corp.*, 191 F.R.D. 611, 616 (D. Colo. 2000) ("When an interrogatory requests an explanation of the effect of prior art on patent validity, the response should set forth the prior art and briefly state why it supports the contention that the patent is invalid."); *Mead*, 145 F.R.D. at 518 ("In this action for patent infringement, plaintiff is entitled to discover the factual basis for assertion of defenses [including invalidity] ..."); *Motorola, Inc. v. Alexander Mfg. Co.*, 22 U.S.P.Q.2d 1718, 1719 (N.D. Iowa 1991); *Schwarzkopf Techs. Corp. v. Ingersoll Cutting Tool Co.*, 142 F.R.D. 420, 422 (D. Del. 1992).

⁵⁶ *eSoft, Inc. v. Astaro Corp.*, 2006 U.S. Dist. Lexis 52336, at *6 (D. Colo. 2006). See also *Ricoh Co., Ltd. v. Asustek Computer, Inc.*, 481 F. Supp. 2d 954, 959 (W.D. Wis. 2007) ("Although pleading standards under Fed. R. Civ. P. 8 are liberal, a plaintiff must provide notice of its claim so that the other side may prepare a defense. ... In the context of alleged patent infringement, [notice] means at least that the plaintiff must tell the defendant which products allegedly infringe the plaintiff's patent. Failing to identify the infringing product in a patent case is akin to failing to identify the retaliatory action in a civil rights case."); *Extreme Networks, Inc. v. Enterasys Networks, Inc.*, 2007 U.S. Dist. LEXIS 95030, at *4-5 (W.D. Wis. 2007); *Agilent Techs., Inc. v. Micromuse, Inc.*, 2004 WL 2346152 at *4 (S.D.N.Y. Oct. 19, 2004) (holding that the defendant is entitled to know from the Complaint which of its products or services are alleged to have infringed the plaintiff's patents); *In re Papst Licensing GmbH Patent Litig.*, 2001 WL 179926, at *2 (E.D. La. Feb. 22, 2001).

⁵⁷ *Taurus IP, LLC v. Ford Motor Co.*, 539 F. Supp. 2d 1122, 1127 (W.D. Wis. 2008) ("Although plaintiff lists a few examples of allegedly infringing products in its complaint, it fails to specify which claims it believes are infringed and seeks to assert infringement of many unspecified products. Because defendants cannot respond to plaintiff's allegations without undue burden and prejudice, defendants' motion for a more definite statement will be granted."; "Plaintiff must provide a more definite statement identifying the claims it believes defendants' products infringe and listing all products it believes are infringing or providing a criteria by which defendants can identify the infringing products.").

⁵⁸ *Id.* ("To the extent further infringed claims or accused products are identified during discovery, plaintiff is expected to amend the original complaint to specify each claim and each accused device by the deadline for submitting amended complaints. Plaintiff will not be allowed to assert a claim or accuse a device that is not specifically identified in the pleadings.").

⁵⁹ See, e.g., *Bay Indus., Inc. v. Tru-Arx Mfg.*, 2006 U.S. Dist. LEXIS 86757, *2 (E.D. Wis. 2006) (insufficient: "certain" ones of defendant's "extruded aluminum cladding products" infringe); *Agilent Techs. v. Micromuse*, 2004 WL 2346152 (S.D.N.Y. Oct. 19, 2004) (insufficient: "offers products for sale ... that infringe Agilent's patents").

⁶⁰ See, e.g. *Taurus IP*, 539 F. Supp. 2d at 1127 (Complaint gave a few examples but then referred vaguely to other products and services on website's catalog); *Hewlett-Packard v. Intergraph*, 2003 WL 23884794 (N.D. Cal. Sep. 6, 2003) (Complaint implicated over 150 "types" of products); *In re Papst*, 2001 WL 179926 (E.D. La. 2001) (Complaint asserted 20 patents having over 500 total claims).

⁶¹ See, e.g., *Digital Tech. Lic'g LLC v. Sprint Nextel Corp.*, 2008 WL 4068930 (D.N.J. Aug. 27, 2008) (allegation against "digital cellular telephones" and "accessories" sufficient even though it implicates hundreds of products); *Metso Paper Inc. v. Enerquin Air, Inc.*, 2007 WL 486635 (E.D. Wis. Feb. 12, 2007) (allegation that "certain blow boxes" sold by defendant infringed); *Oki Elec. Indus. v. LG Semicon*, 1998 WL 101737 (N.D. Cal. Feb. 5, 1998) (Complaint was sufficient even though it asserted five patents vaguely and generally against "nearly all of Defendant's product line").

⁶² 550 U.S. 544 (2007).

⁶³ *Id.* at 561-63.

⁶⁴ *Id.* at 555 (citations omitted).

⁶⁵ *Id.* at 556.

⁶⁶ See, e.g., *Gunasekera v. Irwin*, 551 F.3d 461, 466 (6th Cir. 2009); *Filipek v. Krass*, 576 F. Supp. 2d 918, 922 (N.D. Ill. 2008); *In re Papst Licensing GMBH & Co. KG Litig.*, 602 F. Supp. 2d 17, 20-21 (D.D.C. 2009).

⁶⁷ *Compare Bartronics, Inc. v. Power-One, Inc.*, 245 F.R.D. 532, 537 (S.D. Ala. 2007) (applying *Twombly* and finding following pleading insufficient: "One or more claims of the [patent] are invalid under 35 U.S.C. § 103 [and] are invalid as being indefinite under 35 U.S.C. § 112, paragraph [2]."); *AntiCancer v. Xenogen*, 248 F.R.D. 278, 282

(S.D. Cal. 2007) (applying *Twombly* and finding following pleading insufficient: “Each of the defendants has directly infringed the [patent] and has indirectly infringed the [patent] by contributing to or inducing direct infringements of the [patent] by others.”); *Fifth Market Inc. v. CME Group Inc.*, No. 1-08-cv-00520, slip op. at 2 (D. Del. May 14, 2009) (insufficient: “None of [the infringement] claims contain any reference to a single infringing product or method. Indeed, the only reference to [a product] is found in the facts. Further, this reference to [a product] does not make it clear to the court whether [Plaintiff] avers that this . . . product infringes one, both, or neither of the patents in suit.”); *SPH America, LLC v. High Tech Computer Corp.*, No. 1-08-cv-00702, slip op. at 1 (E.D. Va. Oct. 30, 2008) (insufficient: counterclaim and affirmative defense directed to “other equitable defenses” which was “merely pled as a vague catchall”); *Sun Valley Bronze, Inc. v. Nobilus, LLC*, 2008 WL 5234055 (D. Id. Dec. 12, 2008) (insufficient: “some or all of the claims of the [patent-in-suit] are invalid for failure to comply with the requirements of 35 U.S.C. §§ 102, 103 and/or 112”); *Duramed Pharms., Inc. v. Watson Labs., Inc.*, 2008 WL 5232908, at *4 (D. Nev. Dec. 12, 2008) (insufficient: counterclaim for a declaration of invalidity alleging only that “[t]he claims of the [patent-in-suit] are invalid because they fail to comply with one or more of the statutory requirements for patentability set forth in 35 U.S.C. §§ 101 et seq.”: “By failing to specify which of the many possible grounds of patent invalidity it is relying upon, [defendant] does not put [plaintiff] on fair notice as to the basis of its counterclaim.”); *Sun Microsystems Inc. v. Versata Enters. Inc.*, 2009 WL 1904369 (D. Del. July 1, 2009) (insufficient: “misleading, deceptive, and unlawful conduct” found inadequate to plead an equitable estoppel defense) *with McZeal v. Sprint Nextel*, 501 F.3d 1354 (Fed. Cir. 2007) (sufficient: “The defendant’s International Walkie Talkie machine physically have [sic] or perform all of the basic elements contained in the patent claims.”); *CBT Flint Partners v. Goodmail Sys.*, 529 F.Supp.2d 1376 (N.D. Ga. 2007) (sufficient: “products and services, including but not limited to email certification services”); *PA Advisors v. Google*, 2008 WL 4136426 (E.D. Tex. Aug. 7, 2008) (sufficient: “methods and systems (including but not limited to Yahoo! Search Marketing [and 9 others]) . . . through various websites (including, but not limited to, [6 websites])”); *Global Innovation Tech. Holdings, LLC v. Acer Am. Corp.*, No. 1-09-cv-20127, slip op. at 8-9 (S.D. Fla. May 7, 2009) (sufficient: “hardware and/or software for protecting or authenticating information”); *Teirstein v. AGA Med. Corp.*, No. 6-08-cv-00014, slip op. at 7 (E.D. Tex. Feb. 13, 2009) (sufficient: invalidity defense that contained “a list of the specific statutory provisions Defendant asserts compel invalidity”); *Sikes Cookers & Grill, Inc. v. Vidalia Outdoor Products, Inc.*, 2009 WL 427227, at *2 (N.D. Ga., Feb. 19, 2009) (sufficient: allegations that did not identify “the specific infringing item or what claim of the asserted patent the item infringed”); *Woods v. Deangelo Marine Sys., Inc.*, No. 9-08-cv-81579, slip op. at 2 (S.D. Fla. April 13, 2009) (sufficient: “invalidity defenses that make express references to particular sections of the statute under which the patent is allegedly invalid are sufficient”).

⁶⁸ 129 S. Ct. 1937 (2009).

⁶⁹ *Id.* at 1953.

⁷⁰ *Id.*

⁷¹ *Id.* at 1949.

⁷² “[T]he tenet that a court must accept as true all of the allegations contained in a complaint is inapplicable to legal conclusions. Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” *Id.* at 1950.

⁷³ *Id.* at 1951.

⁷⁴ *Id.* at 1949; *see also id.* at 1950 (“[W]here the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged-but it has not ‘show[n]’ – ‘that the pleader is entitled to relief.’”).

⁷⁵ *Id.* at 1949.

⁷⁶ *See, e.g., Eon-Net, L.P. v. Flagstar Bancorp*, Case No. 2:05-cv-02129-RSM, Docket No. 124 (W.D. Wash. March 25, 2008) (granting motion to stay all discovery not related to claim construction until after the *Markman* hearing); *E-Data Corp. v. Cinemark USA Inc.*, Case No. 1:05-cv-04616-BSJ-FM, Docket No. 32, at 2 (S.D.N.Y. June 23, 2005) (grating motion to stay discovery until after patentee provides detailed infringement contentions); *Hoffer v Microsoft Corp.*, Case No. 5:01-cv-20731-JW, Docket No. 104 (N.D. Cal. Jan. 30, 2002) (staying all discovery not related to claim construction). *But see Toter Inc. v. City of Visalia*, 44 U.S.P.Q.2d 1312, 1997 WL 715459 (E.D. Cal. 1997) (denying defendant's motion to prohibit all discovery before an early *Markman* hearing, stating that without some discovery the parties did not even know what terms in the patent were in dispute or what prior art might be relevant to claim construction).

⁷⁷ *See, e.g., Medtronic Xomed, Inc. v. GyruS ENT LLC*, 440 F. Supp. 2d 1333, 1337 (M.D. Fla. 2006) (ordering discovery conducted with separate liability and damages phases in view of liability and damages determination being both complex and distinct); *Magarl, L.L.C. v. Crane Co.*, 2004 WL 2750252, at *16 (S.D. Ind. Sept. 29, 2004)

(staying damages because “damages discovery may be costly, complex and time consuming” and “*Markman* ruling likely will narrow the issues for trial and thus may eliminate the need for some damages discovery,” but denying stay of willfulness discovery); *GTE Wireless, Inc. v. Qualcomm, Inc.*, 192 F.R.D. 284, 289-90 (S.D. Cal. 2000) (holding that the balance of harms favored stay of discovery on damages in patent infringement suit because a clear possibility existed that defendant would prevail on pending dispositive motion, discovery would significantly burden defendant, and other issues existed which could be pursued during any stay of discovery); *Novopharm Ltd. v. Torpharm, Inc.*, 181 F.R.D. 308, 310-12 (E.D.N.C. 1998) (postponing damages discovery because the degree of work that would go into a determination of damages “could be avoided if the jury found for the accused infringer at the liability stage”); *But see WeddingChannel.Com, Inc. v. The Knot, Inc.*, 2004 WL 2984305, at *2-3 (S.D.N.Y. Dec. 23, 2004) (citing the overlap between damages and liability discovery, denying motion for a stay of damages discovery and for separate trials on liability and damage); *Moore U.S.A., Inc. v. Standard Register*, 2000 WL 876884, at *6 (W.D.N.Y. May 26, 2000) (denying stay of damages discovery, and noting that party requesting stay had itself sought damages discovery and moved to compel on some of those requests); *Foseco, Inc. v. Consolidated Aluminum Corp.*, 851 F. Supp. 369 (E.D. Mo. 1991) (denying motion to stay damages discovery despite bifurcation of liability and damages portions of trial; defendant failed to demonstrate with specificity that damages discovery would be unduly burdensome and judicial economy and expediency supported full discovery prior to first trial).

⁷⁸ 35 U.S.C. § 122. Under recent revisions to the statute, applications will generally be published eighteen months after the filing date, but there are still exceptions to this rule.

⁷⁹ *See, e.g., James B. Clow & Sons, Inc. v. U. S. Pipe & Foundry Co.*, 313 F.2d 46, 51 (5th Cir. 1963) (“Neither 35 U.S.C.A., Sec. 122, nor the rules of the Patent Office promulgated thereunder requiring patent applications to be maintained in confidence, nor the rules of privilege may be used to prevent the truth from coming to light in a pending suit such as this involving the issue of who is the first inventor, if the application sought is found to be relevant by the court.”); *Crown Mach. & Tool Co. v. KVP-Sutherland Paper Co.*, 244 F. Supp. 543, 544 (N.D. Cal. 1965) (“It has been held that 35 U.S.C. § 122 does not have the effect of rendering patent applications privileged for judicial purposes. Nor Should the rule of Practice of the Patent Office be used to preclude the Court from having the benefit of all relevant evidence in order to reach the truth.”); *Britt Tech Corp. v. L&A Prods., Inc.*, 223 F. Supp. 126, 127 (D. Minn. 1963) (holding that section 122 only applied to the Patent Office, not to the district court).

⁸⁰ *See Cordis Corp. v. SciMed Life Sys., Inc.*, 982 F. Supp. 1358, 1361 (D. Minn. 1997).

⁸¹ *See, e.g., Tristrata Tech., Inc. v. Neoteric Cosmetics, Inc.*, 35 F. Supp.2d 370, 372 (D. Del. 1998) (ordering production of pending and abandoned domestic and foreign patent applications that claimed priority from the patents in suit under a protective order even though the parties were direct competitors because the applications could be relevant to the proper claim interpretation of the patents in suit); *Avery Dennison Corp. v. UCB SA*, 1996 WL 633986 (N.D. Ill. 1996) (compelling production of patentee's pending or abandoned patent applications in the family of application leading to the patents-in-suit because such applications could “contain information or admissions that clarify, define or interpret the claims of the patents in suit”); *Central Sprinkler Co. v. Grinnell Corp.*, 897 F. Supp. 225, 226 (E.D. Pa. 1995) (ordering production of pending and abandoned domestic and foreign patent applications that claimed priority from the patents-in-suit because the applications could be relevant to the proper claim interpretation of the patents in suit).

⁸² *Golden Valley Microwave Foods, Inc. v. Weaver Popcorn Co., Inc.*, 132 F.R.D. 204, 212-13 (N.D. Ind. 1990) (holding that defendant's draft patent applications were relevant to issues of level of skill in the art, content of the prior art, and long felt need).

⁸³ *Great Lakes Carbon Corp. v. Cont'l Oil Co.*, 23 F.R.D. 33, 35 (W.D. La. 1958) (denying production of the accused infringer's pending patent application because “the issue of infringement in no way depends on what may be contained in the application. The process which is employed in the [accused infringer's refinery] is the issue.”); *see also Aspex Eyewear, Inc. v. E'Lite Optik, Inc.*, 53 Fed. R. Serv. 3d 44 (N.D. Tex. 2002) (refusing to order production of accused infringer's patent application that allegedly covered its accused product because patentee failed to make a “particularized showing” of how the application was relevant to infringement).

⁸⁴ *See, e.g., Key Tech., Inc. v. Simco/Ramic Corp.*, 137 F.R.D. 322, 324-25 (D. Or. 1991) (“The argument of [the patentee], that the requested documents may contain admissions with regard to what [the accused infringer] believes is patentable also does not support granting this broad request. Whether or not [the accused infringer] subjectively believed that any product of [the patentee] was patentable is irrelevant to the defense of [the accused infringer] that the patents of [the patentee] are not valid.”).

⁸⁵ *See Microsoft Corp. v. Multi-Tech Sys., Inc.*, 62 U.S.P.Q.2d 1794, 1795 (D. Minn. 2002) (holding that accused infringer's argument that pending applications “may” be relevant to claim construction was insufficient to meet heightened relevancy standard to permit production); *Fischer Imaging Corp. v. Lorad Corp.*, 148 F.R.D. 273, 274-

75 (D. Colo. 1993) (refusing to compel production of pending patent applications where party seeking discovery only proffered “generalized arguments that the patent applications contain information which may be probative on the questions of infringement and invalidity. No specific showing of direct relevance or particularized need has been made.”).

⁸⁶ While the amended rules do not define ESI, the Committee Notes indicate that the definition “is intended to be broad enough to cover all current types of computer-based information and flexible enough to encompass future changes and developments.” The rules indicate, however, that ESI is not to be considered a “document,” but instead is subject to its own requirements.

⁸⁷ Fed. R. Civ. P. 34(a).

⁸⁸ Committee Notes to Fed. R. Civ. P. 34(a): “If the responding party ordinarily maintains the information it is producing in a way that makes it searchable by electronic means, the information should not be produced in a form that removes or significantly degrades this feature.”

⁸⁹ Fed. R. Civ. P. 26(b)(2)(B), 45(d)(1)(D).

⁹⁰ Fed. R. Civ. P. 37(f).

⁹¹ Committee Notes to Fed. R. Civ. P. 37(f).

⁹² 50 F.R.D. 225 (N.D. Cal. 1970)

⁹³ *Jack Winter, Inc. v. Koratron Co.*, 50 F.R.D. 225, 228 (N.D. Cal. 1970).

⁹⁴ *Id.* at 228.

⁹⁵ See, e.g., *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 147-48 (D. Del. 1977); *McNeil-PPC, Inc. v. Procter & Gamble Co.*, 136 F.R.D. 666, 668 (D. Colo. 1991).

⁹⁶ 213 U.S.P.Q. 936, 940 (Ct. Cl. 1980).

⁹⁷ *Id.*

⁹⁸ *Id.* at 940-41.

⁹⁹ See, e.g., *Laitram Corp. v. Hewlett-Packard Co.*, 827 F. Supp. 1242, 1246-47, 27 U.S.P.Q.2d 1541, 1545-46 (E.D. La. 1993); *Advanced Cardiovascular Sys. Inc. v. C.R. Bard Inc.*, 144 F.R.D. 372, 378 (N.D. Cal. 1992); *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 25 U.S.P.Q.2d 1274, 1276 (E.D.N.C. 1992); *Fromson v. Anitec Printing Plates Inc.*, 152 F.R.D. 2, 4 (D. Mass. 1988); *Cuno Inc. v. Pall Corp.*, 121 F.R.D. 198, 202 (E.D.N.Y. 1988).

¹⁰⁰ 203 F.3d 800 (Fed. Cir. 2000).

¹⁰¹ 8 J. Wigmore, Evidence § 2292, at 554.

¹⁰² *Juxtacomm Techs., Inc. v. Microsoft Corp.*, No. CV-09-1394-GHK (PLAx) (C.D. Cal. April 3, 2009), at 4 (citing *Western Trails, Inc. v. Camp Coast to Coast, Inc.*, 139 F.R.D. 4, 8 (D.D.C. 1991)).

¹⁰³ See *Diagnostics Systems Corp. v. Symantec*, No. 8:06-cv-01211-DOC-AN (C.D. Cal. Aug. 12, 2008).

¹⁰⁴ *Id.* at 9.

¹⁰⁵ *Id.* at 10.

¹⁰⁶ *Id.* at 10-11.

¹⁰⁷ *Id.* at 17-18. The order compelling production was temporarily stayed when DCS petitioned the Federal Circuit for a writ of mandamus, but the appeals court denied the petition. See Misc. Docket No. 802 (Fed. Cir. Dec. 5, 2008).

¹⁰⁸ *Foseco Int’l Ltd. v. Fireline, Inc.*, 546 F. Supp. 22, 25 (N.D. Ohio 1982) (“Communications between a patent agent and a client may be privileged, however, where the patent proceeding is before the United States Patent Office and the patent agent is registered with that office.”); *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 393-94 (D.D.C. 1978) (holding that communications between a client and non-lawyer, but PTO-registered, patent agent were privileged, and noting that Congress intended both lawyers and non-lawyers to practice in proceedings before the U.S. Patent Office and thus the privilege should apply equally in such proceedings); *Hercules*, 434 F. Supp. at 146; *Vernitron Medical Prods., Inc. v. Baxter Lab., Inc.*, 186 U.S.P.Q. 324 (D.N.J. 1975).

¹⁰⁹ See, e.g., *Diagnostics Sys. Corp. v. Symantec Corp.*, No. CV 06-1211-DOC, slip op. at 15-16 (C.D. Cal. Aug. 18, 2008) (ordering production of search report prepared by patent agent because the agent was not working “under the authority and control” of an attorney); *Gorman v. Polar Electro, Inc.*, 137 F. Supp. 2d 223, 227-228 (E.D.N.Y. 2001) (sustaining objections to Magistrate’s order to produce communications with patent agent and instructing Magistrate on remand to determine if agent was acting “under the authority and control” of an attorney); *Stryker Corp. v. Intermedics Orthopedics, Inc.*, 145 F.R.D. 298, 304 (E.D.N.Y. 1992); *Cuno, Inc. v. Pall Corp.*, 121 F.R.D. 198, 204 (E.D.N.Y. 1988); cf. *Golden Trade v. Lee Apparel Co.*, 143 F.3d 514, 518-19 (S.D.N.Y. 1992) (holding that whether privilege applies depends on whether the patent agent was “acting to assist an attorney in providing legal advice”).

¹¹⁰ See, e.g., *Agfa Corp. v. Creo Prods., Inc.*, 2002 U.S. Dist. LEXIS 14269 (D. Mass. 2002); *Santrade, Ltd. v. General Elec. Co.*, 150 F.R.D. 539, 546 (E.D.N.C. 1993) (“Generally, communications with patent agents,

American or foreign, are not subject to privilege in the United States); *Detection Sys., Inc. v. Pittway Corp.*, 96 F.R.D. 152, 155 (W.D.N.Y. 1982); *Sneider v. Kimberly-Clark Corp.*, 91 F.R.D. 1, 8-9 (N.D. Ill. 1980) (“Notwithstanding the quasi-legal service patent agents render, courts have declined to extend the privilege to the patent agent.”); *Mead Digital Sys., Inc. v. A.B. Dick Co.*, 89 F.R.D. 318, 320 (S.D. Ohio 1980) (“There can be no doubt that if Rouse were a domestic patent advisor and had communications to a domestic client through the documents at issue, then no attorney-client privilege could be asserted by the client because Rouse is not a member of the bar of any court.”); *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1169 (D.S.C. 1974) (“The federal courts have refused to extend the attorney-client privilege to encompass American patent agents).

¹¹¹ *Compare Vernitron Med. Prods.*, 186 U.S.P.Q. 324 (privilege applied so long as foreign patent agent was registered to practice before the foreign patent office and the communication was of a nature requiring the agent to perform a role akin to substantive lawyering in the United States); *Mendenhall v. Barber Greene Co.*, 531 F. Supp. 951 (N.D. Ill. 1982) (same); and *In re Ampicillin Antitrust Litig.*, 81 F.R.D. at 393-94 (privilege will apply to communications regarding patent activities in the foreign country if the law of the foreign country specifically would grant a privilege) with *Status Time Corp. v. Sharp Elecs. Corp.*, 95 F.R.D. 27, 33 (S.D.N.Y. 1982) (“Expanding the privilege to treat foreign patent agents as if they are lawyers improperly expands the privilege beyond its proper bounds.”)

¹¹² *Lakewood Eng'g & Mfg. Co. v. Lasko Prods., Inc.*, 2003 WL 1220254, at *5 (N.D. Ill. March 14, 2003) (compelling patentee to provide accused infringer “with the dates of all prior art searches conducted with respect to the subject matter of the [patents-in-suit], and that it identify the persons involved and the prior art that was discovered”). See also *Softview Computer Prods. Corp. v. Haworth, Inc.*, 58 U.S.P.Q.2d 1422, 1432 (S.D.N.Y. 2000) (cryptic handwritten notes of patent counsel regarding result of patent search not privileged because they did not reveal any client confidences); *Hydraflow, Inc. v. Enidine Inc.*, 145 F.R.D. 626, 635 (W.D.N.Y. 1993) (letter between client’s outside counsel and law firm retained to perform prior art search describing the factual results of the search and suggesting additional classes to search was not privileged); *Minnesota Mining & Mfg. Co. v. Smith and Nephew, PLC*, 25 U.S.P.Q.2d 1587, 1592-93 (D. Minn. 1992) (ordering in camera review of patentee’s prior-art search reports to determine whether they contained any privileged matter).

¹¹³ See, e.g., *MPT, Inc. v. Marathon Labels, Inc.*, 2006 WL 314435 (N.D. Ohio 2006) (denying motion to compel patentee to produce redacted portions patent agent’s prior art search report discussing how the prior art found in the search compared to the features of the invention); *Application of Minebea Co., Ltd.*, 143 F.R.D. 494, 502-03 (S.D. N.Y. 1992) (holding that letter from attorney to client discussing results of prior art search and patentability of the application claims in view of the search results was privileged).

¹¹⁴ *W.R. Grace & Co. v. Zotos Int’l*, 2000 WL 1843258 *10 (W.D.N.Y. 2000) (“Courts have held that drafts of reports prepared by the testifying experts are subject to disclosure pursuant to Fed. R. Civ. P. 26(a)(2)(B).”); *B.C.F. Oil Ref., Inc. v. Consolidated Edison*, 171 F.R.D. 57, 62 (S.D.N.Y. 1997); *Georgou v. Fritzshall*, 1996 WL 73592 (N.D. Ill. 1996).

¹¹⁵ 204 F.R.D. 277, 288 (E.D. Va. 2001).

¹¹⁶ *Id.* at 289.

¹¹⁷ See, e.g., *B.C.F. Oil Ref.*, 171 F.R.D. at 66 (where expert served as expert as well as consultant during trial, materials must be disclosed unless has no relation to the expert’s role as an expert, with all doubts resolved in favor of disclosure); *Karn v. Ingersoll-Rand Co.*, 168 F.R.D. 633, 639 (N.D. Ind. 1996); *Intermedics, Inc. v. Ventritex, Inc.*, 139 F.R.D. 384, 387-392 (N.D. Cal. 1991). *TV-3, Inc. v. Royal Ins. Co. of Am.*, 194 F.R.D. 585, 589 (S.D. Miss. 2000); *Boring v. Keller*, 97 F.R.D. 404, 407 (D. Colo. 1983).

¹¹⁸ See *In re Pioneer Hi-Bred Int’l, Inc.*, 238 F.3d 1370, 1375 (Fed. Cir. 2001) (documents and information disclosed to a testifying expert in connection with the testimony are discoverable by the opposing party, whether or not the expert relies on the document or information in preparing the report).

¹¹⁹ See, e.g., *Bogosian v. Gulf Oil Corp.*, 738 F.2d 587, 595 (3d Cir. 1984); *Johnson v. Gmeinder*, 191 F.R.D. 638, 644 (D. Kan. 2000); *Magee v. Paul Revere Life Ins. Co.*, 172 F.R.D. 627, 642 (E.D.N.Y. 1997); *Haworth, Inc. v. Herman Miller, Inc.*, 162 F.R.D. 289, 294-96 (W.D. Mich. 1995) (basing decision on “strong policy against disclosure of documents consisting of core attorney’s work product”); *All West Pet Supply Co. v. Hill’s Pet Prods. Div., Colgate Palmolive Co.*, 152 F.R.D. 634, 638 (D. Kan. 1993).

¹²⁰ See American Bar Ass’n, Section of Litigation Resolution 120A (Aug. 8, 2006) (available at http://www.abanet.org/litigation/standards/docs/120a_policy.pdf).

¹²¹ See, e.g., *Datatransury Corp. v. Wells Fargo & Co.*, No. 2-06-cv-00072, slip op. at 4 (E.D. Tex. July 1, 2009) (denying motion to compel some documents relating to reexamination “Work product doctrine typically applies to reexamination proceedings, particularly here where the reexamination is connected to litigation. . . . Plaintiff has

sufficiently shown that work done by [its patent agent] in connection with reexamination of [one of the] patents was done in connection with ongoing litigation and was done on behalf of Plaintiff.”); *Applied Telematics, Inc. v. Sprint Communications Co.*, 1996 WL 539595, at *5 (E.D. Pa. 1996) (reexaminations); *SmithKline Beecham Corp. v. Apotex Corp.*, 193 F.R.D. 530, 539-40 (N.D. Ill. 2000) (appeals from PTO proceedings); *McCook Metals v. Alcoa, Inc.*, 192 F.R.D. 242, 259 (N.D. Ill. 2000) (“documents produced in preparation for a patent reexamination proceeding when related litigation was subsequently initiated in the federal courts have been held to be made in anticipation of litigation, and thus protected by the work product doctrine.”); *Natta v. Zeltz*, 418 F.2d 633, 637-38 (7th Cir. 1969) (interferences); cf. *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 116 F.R.D. 533, 543 (N.D. Cal. 1987) (holding that draft reply to office action in ex parte reexamination that was pending at same time as collateral litigation qualified as work product because it disclosed attorney theories regarding how reexamination strategy would affect litigation).

¹²² See, e.g., *Casual Living Worldwide, Inc v. Lane Furniture Indus. Inc.*, No. 3-07-cv-00167, slip op. at 16 (W.D. Ky.) (rejecting work product objection at the deposition of a prosecuting patent attorney because “[a]n attorney’s thought processes concerning the prosecution of a patent are not intrinsically protected absent a sufficient showing that the ‘in anticipation of litigation’ component of the work product doctrine has been satisfied”); *Beasley v. Avery Dennison Corp.*, No. SA-04-CA-0866, 2006 WL 2854396, at *3 (W.D. Tex. Oct. 4, 2006) (“The work product immunity does not apply if the primary concern is with claims raised in the *ex parte* patent application prosecution. . . . Defendants have not shown that plaintiff was an actual or potential adversary when the documents were created. Accordingly, defendants have not demonstrated that the work product privilege shields the identified documents from discovery.”); *Power Mosfet Techs. v. Siemens AG*, 206 F.R.D. 422, 423-24 (E.D. Tex. 2000) (“Work product does not apply to prosecution materials. Many a patent attorney has been deposed and forced to turn over their files, which are never prepared in the immediate anticipation of litigation, let alone as a response to litigation.”); *Varo, Inc. v. Litton Sys., Inc.*, 129 F.R.D. 139, 142 (N.D. Tex. 1989) (“The work product immunity doctrine protects from disclosure documents prepared in anticipation of litigation. . . . More than the mere possibility of litigation must be present before material is protected by the doctrine.”); *Softview Computer Prods.*, 2000 U.S. Dist. LEXIS 4254, at *39; *Detection Sys.*, 96 F.R.D. at 155 (W.D.N.Y. 1982); *Status Time*, 95 F.R.D. 27; *Sneider*, 91 F.R.D. 1.

¹²³ See Kimberly A. Moore, *Empirical Statistics on Willful Patent Infringement*, 14 FED. CIR. BAR J. 227 (2004).

¹²⁴ 35 U.S.C. §§ 284-85.

¹²⁵ *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992).

¹²⁶ 717 F.2d 1380, 1390-91 (Fed. Cir. 1983).

¹²⁷ See *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1572-73 (Fed. Cir. 1988); *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1580 (Fed. Cir. 1986)

¹²⁸ 383 F.3d 1337 (Fed. Cir. 2004) (*en banc*).

¹²⁹ *Id.* at 1345-46.

¹³⁰ 497 F.3d 1360 (Fed.Cir.2007) (*en banc*).

¹³¹ *Id.* at 1371.

¹³² See, e.g., *Pivonka v. Central Garden & Pet Co.*, 2008 WL 486049, at *2 (D. Colo. Fed. 19, 2008) (granting summary judgment of no willfulness based on evidence that defendant “consulted with patent counsel after learning of the plaintiffs’ patents” and on the PTO’s initial decision in interference that the asserted claims were unpatentable); *ResQNet.com, Inc. v. Lansa, Inc.*, 2008 WL 313921, at *19 (S.D.N.Y. Feb. 1, 2008) (finding no willfulness because adjudged infringer’s defenses “were substantial, reasonable, and far from the sort of easily-dismissed claims that an objectively reckless infringer would be forced to rely upon.”); *Lucent Techs., Inc. v. Multimedia Patent Trust*, 2007 U.S. Dist. LEXIS 95934, at *18 (S.D. Cal. Oct. 30, 2007) (granting summary judgment of no willfulness based on the PTO’s grant of ex parte reexamination requests).

¹³³ In *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006) (*en banc*), the Federal Circuit resolved “conflicting precedent” and held that liability under 35 U.S.C. § 271(b) for inducement requires a “specific intent to infringe,” and not merely an intent to induce the acts that are later charged with infringement. A three-judge panel in the *DSU* case (the Court sat *en banc* for only the part of the opinion that resolved the conflicting issue of whether specific intent to infringe was a requirement) went on to affirm the jury’s finding of no liability for inducement where the accused inducer relied on patent counsel opinions. *Id.* at 1306-07. See also *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 553-54 (Fed. Cir. 1990) (reversing district court’s decision finding inducement where alleged inducers relied on advice of counsel).

¹³⁴ See, e.g., *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 363-64 (D. Mass. 1995); *Thorn EMI N.A. v. Micron Tech., Inc.*, 837 F. Supp. 616, 621-22 (D. Del. 1993).

¹³⁵ See, e.g., *Cordis Corp. v. SciMed Life Sys.*, 980 F. Supp. 1030, 1034 (D. Minn. 1997); *Michlin v. Canon, Inc.*, 208 F.R.D. 172 (E.D. Mich. 2002).

¹³⁶ See, e.g., *Collaboration Proprs., Inc. v. Polycom, Inc.*, 224 F.R.D. 473, 477 (N.D. Cal. 2004); *Motorola, Inc. v. Vosi Techs., Inc.*, 2002 WL 1917256 (N.D. Ill. Aug. 19, 2002).

¹³⁷ See, e.g., *Thermos Co. v. Starbucks Corp.*, 1998 U.S. Dist. LEXIS 17753 (N.D. Ill. Nov. 3, 1998).

¹³⁸ 448 F.3d 1294 (Fed. Cir. 2006).

¹³⁹ *Id.* at 1300.

¹⁴⁰ *Id.* at 1303.

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ *Id.* at 1304-05.

¹⁴⁴ *Id.* at 1303-04.

¹⁴⁵ *Id.* at 1299.

¹⁴⁶ *Id.* at 1303 n.4.

¹⁴⁷ See, e.g., *Affinion Net Patents, Inc. v. Maritz, Inc.*, 440 F. Supp.2d 354, 356 (D. Del. 2006) (holding that the advice-of-counsel privilege waiver applied to any defense to infringement); *Intex Recreation Corp. v. Team Worldwide Corp.*, 439 F. Supp. 2d 46, 49 (D.D.C. 2006) (holding that the subject matter waiver scope includes infringement, validity, and enforceability); *Ind. Mills & Mfg., Inc. v. Dorel Indus., Inc.*, 2006 WL 1749413, at *7 (S.D. Ind. May 26, 2006) (declining to expand the waiver beyond the subject matter of the underlying opinion because EchoStar did not "squarely address[] that issue"), *withdrawn on other grounds*, 2006 WL 1993420 (S.D. Ind. Jul.14, 2006).

¹⁴⁸ See, e.g., *Genentech, Inc. v. Insmad Inc.*, 442 F. Supp. 2d 838, 846-47 (N.D. Cal. 2006) (limiting waiver to the subject matter of the relied-upon opinion); *Informatica Corp. v. Bus. Objects Data Integration, Inc.*, 2006 WL 2329460, at *1 (N.D. Cal. Aug. 9, 2006) (holding the advice-of-counsel privilege waiver extends to documents related to the opinion which the defendant relies upon); *Beck Sys., Inc. v. Managesoft Corp.*, 2006 WL 2037356, at *1 (N.D. Ill. Jul 14, 2006) (treating waiver as applicable to "attorney-client communications and work-product material on the same subject matter as the legal opinions on which it relies").

¹⁴⁹ *Seagate*, 497 F.3d at 1374.

¹⁵⁰ *Id.* at 1373-74.

¹⁵¹ *Id.* at 1376.

¹⁵² "An accused infringer, therefore, should not, without the trial court's careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found. Trial courts thus should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court *in camera*, reveal that the defendant is indeed confronted with this dilemma." *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642, 644 (Fed. Cir. 1991).

¹⁵³ See, e.g., N.D. Cal. Patent Local Rule 3-8.

¹⁵⁴ *Plasmanet, Inc. v. Apex Partners, Inc.*, 2003 WL 21800981 (S.D. N.Y. 2003) (granting protective order staying discovery on opinion of counsel but ordering discovery of liability and damages for all other aspects of the case to proceed); *Kos Pharms., Inc. v. Barr Labs., Inc.*, 218 F.R.D. 387, 394-95 (S.D.N.Y. 2003) (ordering that a jury first decide the liability issues and if liability found, parties would take some discovery regarding opinions of counsel, and then the same jury would decide the willfulness issue), *clarified*, 293 F. Supp. 2d 370 (S.D.N.Y. 2003); *F&G Scrolling Mouse, L.L.C. v. IBM Corp.*, 190 F.R.D. 385, 395 (M.D.N.C. 1999) (ordering postponement of willfulness discovery until near the end of discovery); *Flex Prods. Inc. v. BASF Corp.*, 47 U.S.P.Q.2d 1380, 1382, 1998 WL 425475 (E.D. Mich. 1998) (ordering postponement of discovery of accused infringer's opinions of counsel until two weeks before discovery cutoff); *Bausch & Lomb Inc. v. Alcon Labs., Inc.*, 173 F.R.D. 367, 378-79 (W.D.N.Y. 1995) (postponing production and discovery of opinions until one month before discovery cutoff).

¹⁵⁵ *Belmont Textile Mach. Co. v. Superba, S.A.*, 48 F. Supp. 2d 521, 526 (W.D.N.C. 1999) (denying motion to bifurcate willfulness but indicating that trial might be conducted in phases before the same jury "presenting one major issue at a time e.g., invalidity, then infringement, then willfulness and damages"); *Patent Holding Co. v. TG (USA) Corp.*, 46 U.S.P.Q.2d 1566, 1568, 1998 WL 241203 (E.D. Mich. 1998) (ordering sequencing but not bifurcation of trial, to avoid chance that jury could be confused hearing evidence of willfulness prior to the determination of liability).

¹⁵⁶ *Nitinol Med. Techs., Inc. v. AGA Med. Corp.*, 135 F. Supp. 2d 212, 216 (D. Mass. 2000); *Wright Mfg. Inc. v. Great Dane Power Equip. Inc.*, 48 U.S.P.Q.2d 1698, 1998 WL 817595 (D. Md. 1998); *Fuji Mach. Mfg. Co., Ltd. v. Hover-Davis, Inc.*, 982 F. Supp. 923, 925 (W.D.N.Y. 1997); *Johns Hopkins Univ. v. Cellpro, Inc.*, 160 F.R.D. 30, 36 (D. Del. 1995)

¹⁵⁷ *GFI, Inc. v. Franklin Corp.*, 265 F.3d 1268, 1273, 60 U.S.P.Q.2d (BNA) 1141, 1143 (Fed. Cir. 2001) (affirming district court decision ordering production of all material within scope of waiver when patentee offered testimony of its patent counsel at trial as to his state of mind, knowledge of prior art, and communications with the patentee regarding the duty of disclosure); see also *Martin Marietta Materials, Inc. v. Bedford Reinforced Plastics, Inc.*, 227 F.R.D. 382 (W.D. Pa. 2005) (finding waiver due to in-house counsel's disclosure in deposition of legal advice received from patent prosecution attorney as a basis for lack of intent to deceive Patent Office); *Starsight Telecast, Inc. v. Gemstar Dev. Corp.*, 158 F.R.D. 650, 654 (N.D. Cal. 1994) (patent attorney's declaration stating that all known prior art was submitted to by the patentee to the patent attorney and then by him to the PTO waived privilege as to all communications on the same subject matter); *Echometer Co. v. Lufkin Indus., Inc.*, 2002 WL 87323 (N.D. Tex. 2002) (holding that unless patentee stipulated that it would not raise at trial a "good faith" defense to inequitable conduct, it must produce privileged documents relating to the patent prosecution).

¹⁵⁸ *Laser Indus., Ltd. v. Reliant Techs., Inc.*, 167 F.R.D. 417, 446-47 (N.D. Cal. 1996), *dismissed*, 232 F.3d 910 (Fed. Cir. 2000) (refusing to find waiver based on affidavits submitted by prosecuting attorneys denying fraud or knowledge of any prior art waiver); *For Your Ease Only, Inc. v. Calgon Carbon Corp.*, 2003 WL 1989611, at *11-12 (N.D. Ill. April 28, 2003) (no waiver where attorney affidavits merely denied intent and personal knowledge of withheld prior art but did not reveal the substance privileged communication)

¹⁵⁹ See, e.g., *Multiform Dessicants, Inc. v. Stanhope Prods. Co., Inc.*, 930 F. Supp. 45, 49 (W.D.N.Y. 1996) (patentee's use of its patent attorney to provide fact and expert testimony to rebut the inequitable conduct charge by testifying that the patentee did not know of the alleged material prior art waived privilege to "all communications pertaining to the patent prosecution"); *Bio-Rad Labs., Inc. v. Pharmacia, Inc.*, 130 F.R.D. 116, 123 (N.D. Cal. 1990) (designation of in-house patent counsel who prosecuted patent at issue as an expert waived work-product privilege with respect to present and past opinions held by the patent attorney regarding the prosecution of the patent). *Compare Schofield v. U.S. Steel Corp.*, 2005 WL 3159165 (N.D. Ind. 2005) (holding that testimony of patent attorney on why certain prior art was withheld waived privilege only on that narrow issue, not on all documents related to the patent application).

¹⁶⁰ See *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028, 1042-43 (Fed. Cir. 1992) (en banc).

¹⁶¹ See, e.g., *Vaupel Textilmaschinen KG v. Meccanica Euro Italia SPA*, 94 F.2d 870, 879 (Fed. Cir. 1991) (finding no estoppel because accused infringer "did not rely on any purported abandonment by [the patentee] of its patent rights or any intentionally misleading silence ... but ... on the existence of [its] own patents ..."); *Armstrong v. Motorola, Inc.*, 374 F.2d 764 (7th Cir. 1967) ("Motorola did not rely upon any inaction of Major Armstrong but instead decided in late 1941 that it was not infringing his patents and therefore would not take a license."); *W.L. Gore & Assoc., Inc. v. Int'l Med. Prosthetics Research Assoc., Inc.*, 16 U.S.P.Q.2d 1241 (D. Ariz. 1990) (finding no estoppel because, *inter alia*, accused infringer relied primarily on counsel's patent invalidity advice).

¹⁶² *Southwire Co. v. Essex Group, Inc.*, 570 F. Supp. 643, 649 (N.D. Ill. 1983); *Videojet Sys. Int'l, Inc. v. Inkjet, Inc.*, 1997 U.S. Dist. LEXIS 3378 (N.D. Ill. Mar. 19, 1997); *THK Am. Inc. v. NSK Co. Ltd.*, 157 F.R.D. 637, 650 (N.D. Ill. 1993); *Sig Swiss Indus. Co. v. Fres-Co System USA, Inc.*, 22 U.S.P.Q.2D 1601 (E.D. Pa. 1992).

¹⁶³ See *Procter & Gamble Co. v. SC Johnson & Son Inc.*, No. 9-08-cv-00143, slip op. at 6 (E.D. Tex. May 13, 2009) (denying motion to compel privileged information due to pleading equitable estoppel defense: "Merely asserting an equitable estoppel defense, where [defendant] states that it is not planning to use privileged information to support this defense, does not implicitly waive the attorney-client privilege. . . . So long as [defendant] continues to rely only on non-privileged evidence for its equitable estoppel defense, it need not turn over opinions of counsel.") *Chamberlain Group v. Interlogix, Inc.*, 2002 U.S. Dist. LEXIS 5468 (N.D. Ill. 2002); *Beneficial Franchise, Inc. v. Bank One*, 205 F.R.D. 212, 216 (N.D. Ill. May 8, 2001); *Pittway Corp v. Maple Chase Co.*, 1992 U.S. Dist. LEXIS 19237 (N.D. Ill. Dec. 16, 1992).

¹⁶⁴ *Int'l Rectifier Corp. v. IXYS Corp.*, 361 F.3d 1363, 1376 (Fed. Cir. 2004). In *International Rectifier*, the district court had granted summary judgment to the patentee on the accused infringer's estoppel defense because the accused infringer refused to waive the privilege regarding its communications with counsel regarding infringement and validity. The Federal Circuit did not address the different line of cases on whether the privilege is waived by raising the estoppel defense, the court impliedly endorsed the view that waiver only occurs if the accused infringer relies affirmatively on advice of counsel as a defense: "Given that IXYS is basing its defense on non-privileged evidence, IR's argument has no merit. The cases IR cites are not dispositive, because the cases each

involve situations in which the withheld information is relevant. . . . We agree with IXYS that it is entitled to present its claims of laches and estoppel based on the non-privileged evidence.” *Id.*

¹⁶⁵ See *U.S. v. Zolin*, 491 U.S. 554, 562-563 (1989).

¹⁶⁶ *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 807 (Fed. Cir. 2000).

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ *In re Grand Jury Subpoenas*, 734 F. Supp. 1207, 1211 n.3 (E.D. Va.1990) *aff’d in relevant part, vacated in part on other grounds*, 902 F.2d 244 (4th Cir.1990).

¹⁷⁰ *Telectronics Proprietary Ltd. v. Medtronic, Inc.*, 836 F.2d 1332, 1336-37 (Fed. Cir. 1988); see also *In re Yard Processing Patent Validity Litig.*, 530 F.2d 83, 90 (5th Cir. 1976) (“Assignment of the patent does not assign [counsel] Mr. Irons along with it. The relationship between an attorney and his client is personal. . . . In the absence of this relationship, the duties of loyalty and confidentiality do not arise.”); *Yosemite Inv. v. Floyd Bell, Inc.*, 943 F. Supp. 882, 883-84 (S.D. Ohio 1996) (holding that assignment of patent did not carry with it the right to invoke attorney-client privilege).

¹⁷¹ *Muncy v. City of Dallas*, 2001 U.S. Dist. LEXIS 18675 (N.D. Tex. 2001) (collecting citations). See, e.g., *United States v. Jones*, 696 F.2d 1069, 1072 (4th Cir. 1982) (“Any voluntary disclosure by the client to a third party waives the privilege not only as to the specific communication disclosed, but often as to all other communications relating to the same subject matter.”); *In re Sealed Case*, 219 U.S. App. D.C. 195, 676 F.2d 793, 818 (D.C. Cir. 1982) (“When a party reveals part of a privileged communication in order to gain an advantage in litigation, it waives the privilege as to all other communications relating to the same subject matter....”); *Edwards v. Whitaker*, 868 F. Supp. 226, 229 (M.D. Tenn. 1994) (“Voluntary disclosure of the content of a privileged attorney communication constitutes waiver of the privilege as to all other such communications on the same subject.”).

¹⁷² *Robbins & Myers, Inc. v. J.M. Huber Corp.*, 2003 WL 21384304, at *3 (W.D.N.Y. May 9, 2003) (finding waiver of privileged documents left in subsidiary’s possession upon sale of subsidiary); *Pilates, Inc. v. Georgetown Bodyworks, Inc.*, 201 F.R.D. 261, 263 (D.D.C. 2000) (ordering production of formerly privileged documents transferred to purchaser of trademarks); *Sobol v. E.P. Dutton, Inc.*, 112 F.R.D. 99, 103 (S.D.N.Y. 1986) (same); *In re In-Store Advertising Secs. Litig.*, 163 F.R.D. 452, 458 (S.D.N.Y. 1995) (finding waiver where seller of assets transferred privileged communications to buyer of assets). *Compare Sovereign Software LLC v. The Gap, Inc.*, 340 F. Supp. 2d 760, 763-64 (E.D. Tex. 2004) (finding that privilege transferred where portion of assets purchased from bankrupt company included a product line and thus constituted a “business”); *Crane Co., v. Sandenvendo Am., Inc.*, No. 2-07-cv-00042, slip op. at 2 (E.D. Tex. June 19, 2009) (permitting plaintiff to assert the attorney-client privilege of its predecessors where it “[plaintiff] continues to operate the same business; [plaintiff] owns [its predecessor’s] patents, inventory, machinery, and equipment; and [plaintiff] succeeded to the contracts, agreements, and warranty obligations previously entered into by [its predecessor].”).

¹⁷³ See, e.g. *Union Carbide v. Dow Chemical*, 619 F. Supp. 1036 (D. Del. 1985) (holding that communications to non-parties can “retain a protective shield if the parties have a common legal interest, such as where they are co-defendants or are involved in or anticipate joint litigation. [citations omitted] ... the key consideration is that the nature of the legal interest be identical, not similar, and be legal, not solely commercial”)

¹⁷⁴ *Corning Inc. v. SRU Biosystems, LLC*, 223 F.R.D. 189, 190 (D. Del. 2004) (“The Court concludes that SRU has not provided proof sufficient to establish that, at the time of their negotiations, BD and SRU shared identical legal interests in the subject opinions of counsel. Instead, the Court views the negotiations between these two corporations to reveal that SRU’s disclosures to BD were made not in an effort to formulate a joint defense but rather to persuade BD to invest in SRU. Accordingly, the Court concludes that SRU has failed to demonstrate that the parties had agreed to a joint defense strategy or that the opinions were a precaution against anticipated joint litigation.”); *Diagnostics Sys. Corp. v. Symantec Corp.*, No. CV 06-1211-DOC-AN, slip op. at 14-15 (C.D. Cal. Aug. 18, 2008) (holding that privilege applied to documents between inventor and attorney despite document appearing on privilege log for party that later acquired patents because inventor retained 50% royalty on later proceeds from enforcement, it was unclear when the documents had been disclosed, and documents disclosed among joint clients in litigation are privileged).

¹⁷⁵ The law regarding whether inadvertent disclosure waives privilege is somewhat varied, as courts have taken three different approaches. See generally *Hopson v. Mayor of Baltimore*, 232 F.R.D. 228, 235-38 (D. Md. 2005). This variance in the case law makes avoiding any dispute on the issue highly important.

¹⁷⁶ Sen. Rep. No. 264, 110th Cong., 2d Sess. 1-2 (2008).

¹⁷⁷ See, e.g., *Rhoads v. Building Materials Corp. of America*, 254 F.R.D. 216, 221 (E.D. Pa. 2008) (“A party that uses advanced analytical software applications and linguistic tools in screening for privilege and work product may

be found to have taken ‘reasonable steps’ to prevent inadvertent disclosure. The implementation of an efficient system of records management before litigation may also be relevant.”) (applying FRE 502 and finding “reasonable steps” taken).

¹⁷⁸ See, e.g., *ReedHycalog UK, Ltd. v. Baker Hughes Oilfield Ops. Inc.*, No. 6-06-cv-00222, slip op. at 3 (E.D. Tex. April 8, 2009) (denying plaintiffs' motion for relief from a protective order to permit production of confidential documents in a related case: "Defendants produced confidential documents in this case with the understanding that those documents would be used only in this case and would be destroyed at the resolution of this case. The parties relied on the terms of the Protective Order in their document production.").

¹⁷⁹ In one extreme case, *Eagle Comtronics Inc. v. Arrow Communication Labs.*, 2002 U.S. App. LEXIS 19150 (Fed. Cir. 2002), a party received a confidential pending patent application that had been filed by its opponent. The receiving party then copied the patent application but listed its own employee as the inventor. Surprisingly, the district court held that this was not a violation of the protective order's restriction on use of confidential information for purposes other than the litigation. On appeal, however, the Federal Circuit reversed, holding that the district court had abused its discretion when it found no violation of the protective order.

¹⁸⁰ See, e.g., *Cheah IP LLC v. Plaxo, Inc.*, 2009 WL 1190331, at *2 (N.D. Cal. May 4, 2009) (granting prosecution bar because "the risk to Defendants if there were no bar is significant. Without a patent prosecution bar, Plaintiff's litigation attorneys could inadvertently disclose to patent prosecution counsel Defendants' confidential technical information which could inform the fashioning of the seven continuation patents being prosecuted by Plaintiff thereby providing Plaintiff with a strategic advantage. . . . [C]ontrary to what Plaintiff contends, a term in the protective order specifying that confidential information may be used only for purposes of this litigation is not sufficient."); *Oyster Optics, Inc. v. Fujitsu Network Communications, Inc.*, No. 1-08-cv-08206 (S.D.N.Y. May 4, 2009) (granting bar precluding plaintiff's counsel from working on "the prosecution, reexamination, and/or reissuing of patent applications and/or patents in the relevant subject matter": "Plaintiff is free to arrange its affairs with counsel any way it chooses. However, the nature of the selected arrangement may place a person receiving confidential information in a competitive decision making posture. Here, plaintiff has not disputed that it is in the business of owning and prosecuting patents and patent applications. It has elected to use prosecuting counsel as litigating counsel."); *Wm. Wrigley Jr. Co. v. Cadbury Adams USA LLC*, 73 U.S.P.Q.2d 2023, 2024 (N.D. Ill. 2005); *Chan v. Intuit, Inc.*, 218 F.R.D. 659, 662 (N.D. Cal. 2003); *Interactive Coupon Mktg. Group, Inc. v. H.O.T.! Coupons, LLC*, 1999 WL 618969, at *4 (N.D. Ill. 1999); *Mikhon Gaming Corp. v. Acres Gaming Inc.*, 1998 US Dist LEXIS 22251 (D. Nev. 1998); *Motorola, Inc. v. Interdigital Tech. Corp.*, 1994 US Dist. LEXIS 20714 (D. Del. 1994).

¹⁸¹ See *AFP Advanced Food Prods. LLC v. Snyder's of Hanover Mfg., Inc.*, 2006 WL 47374 (E.D. Pa. 2006) (holding that attorneys can be trusted with following the order not to use confidential information, either inadvertently or intentionally, for purposes other than for the litigation); *MedImmune, Inc. v. Centocor, Inc.*, 271 F. Supp. 2d 762, 774-75 (D. Md. 2003) (denying motion for protective order seeking to exclude prosecuting patent attorney from seeing confidential materials since it would amount to a per se prohibition on using prosecuting patent counsel as litigation counsel and party seeking exclusion did not show counsel was involved in the competitive decision making).

¹⁸² See, e.g., *Wrigley*, 73 U.S.P.Q.2d at 2024 (bar applied to applications, reexaminations, and reissues); *Chan*, 218 F.R.D. at 662 (bar against "patenting," including providing advice about claim language or scope); *Technology Dev. & Licensing, LLC v. Comcast Corp.*, No. 1-08-cv-03584 (N.D. Ill. April 23, 2009) (bar applied to prosecuting patent applications for a party, but court refused to extend bar to participating in a reexamination proceeding); *Hochstein v. Microsoft Corp.*, 2008 WL 4387594, at *3 (E.D. Mich. Sep. 24, 2008) (allowing plaintiff's litigation counsel to participate in the reexamination of the patent-in-suit despite the protective order because "the reexamination will only implicate matters in the public record, i.e. the patent and the prior art" and the "reexamination initiated by [defendant] is not outside of the litigation, it is part and parcel of the instant case."); *Pall Corp. v. Entegris, Inc.*, No. 2-07-cv-01869, slip op. at 1 (E.D.N.Y. April 8, 2009) (bar applied to "any post-issuance activity, including any reexamination or reissue proceedings"); *Document Generation Corp. v. Allscripts, LLC*, 2009 WL 1766096, at *3 (E.D. Tex. June 23, 2009) (rejecting Defendants' more restrictive language for a prosecution bar regarding reexamination proceedings: "[T]here is no support for Defendants' argument that Plaintiff's outside counsel be prevented from advising Plaintiff's reexamination counsel on amendments during reexamination. This requirement would effectively bar Plaintiff's counsel from any meaningful participation in reexamination since amendments to claim language are an important tool for avoiding prior art during reexamination.").

¹⁸³ See, e.g., *Oyster Optics, supra* (until 18 months after end of litigation); *Wrigley*, 73 U.S.P.Q.2d at 2024 (until earlier of 3 years after last saw confidential information or termination of litigation); *Chan*, 218 F.R.D. at 662 (until

2 years after trial); *Interactive Coupon Mktg. Group*, 1999 WL 618969, at *4 (until one year after litigation concluded); *Motorola*, 1994 US Dist. LEXIS 20714 (until 1 year after end of litigation).

¹⁸³ See *AFP Advanced Food Prods.*, 2006 WL 47374.

¹⁸⁴ *Nazomi Comm., Inc. v. Arm Holdings PLC*, 2002 WL 32831822 (N.D. Cal. 2002) (limiting prosecution bar to prosecution activities for the patentee only, for one year after litigation in field of patent). See also *Chan*, 218 F.R.D. at 662 (for any party to the litigation) until 2 years after trial); *Interactive Coupon Mktg. Group*, 1999 WL 618969, at *4 (for litigation party); *Motorola*, 1994 US Dist. LEXIS 20714 (for litigation party).

¹⁸⁵ See, e.g., *Oyster Optics, supra* (“the relevant subject matter”); *Wrigley*, 73 U.S.P.Q.2d at 2024 (field of chewing gum technology); *Chan*, 218 F.R.D. at 662 (specific technical fields specified in protective order); *Interactive Coupon Mktg. Group*, 1999 WL 618969, at *4 (subject matter of the patents-in-suit).