Judicial Management of Patent Litigation in the United States: Expedited Procedures and Their Effects

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According to the program, my topic today is "Expedited Procedures and Their Effects" in United States patent litigation. I take this topic to raise two questions:

First, how to do it, that is, how can court systems achieve expedited resolution of patent cases? What procedures are required to expedite the resolution of patent cases?

And second, is this a good thing? In other words, is it a good thing to expedite the resolution of patent cases in 6-8 months? Put another way, what justification is there for expediting the resolution of patent cases in 6-8 months?

My answer to the first question is based on my experience of more than a dozen years as a judge in the Eastern District of Virginia, which is famous or infamous, depending on your perspective, for the so-called "Rocket Docket." In the Eastern District of Virginia, all cases, including patent and other intellectual property cases, proceed from birth to death, start to finish, in 6-8 months, regardless of the nature or dimensions of the case and with only the rarest of exceptions. Examples of such exceptions confirm their rarity: they include the Dalkon Shield class action litigation[1] and the asbestos class action litigation.[2]

Before I tell you what I believe are the principal ingredients of an expedited docket system based on my experience in the Eastern District of Virginia, let me offer some prefatory comments and disclaimers:

First, I am not here to boast about something I created; I have no pride of authorship or parenthood with respect to the so-called "Rocket Docket." I

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[1] *See* In re A.H. Robins Co., Inc., "Dalkon Shield" IUD Products Liability Litigation, 610 F. Supp. 1099 (Jud. Pan. Mult. Lit. 1985).

[2] *See* In re Asbestos Products Liability Litigation, 771 F. Supp. 415 (Jud. Pan. Mult. Lit. 1991).

did not conceive of it, design it or build it. Instead, it was well-established when I arrived in the Eastern District of Virginia almost 13 years ago. I simply became a small part of an already well-established and well-oiled machine.

And by the way, the term "Rocket Docket" is not a name chosen or adopted by the judges of the Eastern District of Virginia, nor, indeed, do we typically use it.

And most importantly, I am not here today to advertise the "Rocket Docket" to you, or to recommend that other districts or countries adopt it, or to suggest that it is the best or the only way to handle cases. Nor am I here to criticize any other docket systems. I simply am here to discuss with you what I believe to be the chief ingredients of an expedited patent litigation docket and to consider some of the effects of such a system.

Based on my experience in the Eastern District of Virginia, there are four essential ingredients of a docket system that results in expedited, 6 to 8 months, resolution of all civil cases, including patent cases. First, and absolutely vital, is the early setting of a fixed and immutable trial date. This date should be approximately 6-8 months from the date of the filing of the complaint, and I emphasize, it must be carved in stone, unchangeable except in the most exigent circumstances. Can this be done? Absolutely. Continuances in civil cases in the Eastern District of Virginia are as rare as hen's teeth. Remarkably, in more than 12 years on the bench, I cannot recall granting a motion for a continuance in a civil case. More significantly, I can only recall a very small number of such motions being made. This reflects, and is the result of, another important ingredient of an expedited docket system: a hospitable local legal culture, about which I will say more in a moment.

The effect of an early fixed, immutable trial date is dramatic. Its effect is best summed up by Sam Johnson's description of the man about to be hanged. The immediate prospect of the hanging, Johnson said, "concentrates his mind wonderfully."[3] So, too, does the prospect of a fixed, immutable and relatively immediate trial date, wonderfully concentrate the minds of the trial lawyers.

A second ingredient of an expedited docket is a corollary to the first. That is, the discovery period must be set at the outset and limited to no more than 4-5 months.[4] I'm sure many of you doubt that reasonable discovery can be

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[3] BARTLETT, FAMILIAR QUOTATIONS 317:1 (16 ed. 1992).

[4] The Federal Rules wisely prescribe no minimum or maximum time for completion of discovery in all cases. Instead, this task is sensibly left to the various district courts across the country, which are in the best position to set time limits that reasonably accommodate their dockets, their local legal cultures and the special needs of specific, unusual cases. Even so,

completed in such a short time. Your doubts are understandable; such a limited discovery period is hardly the norm. Yet, there is no doubt that reasonable discovery in a patent case can be accomplished in this period of time. Again, the proof of this is in the pudding: this is precisely what occurs in the numerous patent cases in the Eastern District of Virginia.

Now, to be sure this is not an easy task. It requires discipline, preparation and skill on the part of the lawyers involved and an institutionalized procedure designed to aid the process and ensure prompt resolution of discovery disputes. In the Eastern District of Virginia we ensure that discovery is accomplished in the allotted time by assigning a magistrate judge to monitor discovery in each patent case. Also, a standard discovery order is entered early on, requiring prompt disclosure of many essential facts and contentions, including an identification by the plaintiff of each infringing product, the precise patent claims alleged to be infringed by each product,[5] identification of damage theories and contentions, a list of the prior art references the alleged infringer relies on support of any invalidity challenge,[6] and a schedule for exchanging Rule 26(a)(2) disclosures concerning expert witnesses. This means that plaintiffs filing patent cases in the Eastern District of Virginia must be prepared at the time of filing to make prompt disclosure of all such information. When a discovery dispute arises, the parties may take

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however, it is surely implicit in the federal discovery rules that no time limit should be so brief that competent, diligent counsel is precluded from obtaining reasonable discovery. *See, e.g.*, Lawrence v. First Kansas Bank & Trust Co., 169 F.R.D. 657, 662 (D. Kan. 1996) (recognizing that "[t]he Federal Rules of Civil Procedure contemplate a reasonable period of time for reasonable discovery").

[5] One version of the standard order requires prompt production by the plaintiff of a claim chart specifying where and how each element of a claim in issue can be found in each alleged infringing product. This requirement typically plays an important role in early identification of *Markman* issues. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 38 U.S.P.Q.2d 1461 (1996).

[6] Under the standard order, this disclosure occurs long before the minimum period prior to trial required by statute. *See* 35 U.S.C. § 282 (requiring written notice at least thirty days before trial of the prior art references a party asserting invalidity or noninfringement intends to rely on at trial). *See also* Eaton Corp. v. Appliance Valves Corp., 790 F.2d 874, 878-79, 29 U.S.P.Q. 668, 672 (Fed. Cir. 1986) (recognizing that "[t]he objective of section 282's provision for advance notice is to prevent unfair and prejudicial surprise by the production of unexpected and unprepared-for prior art references at trial") (citations omitted).

it forthwith to a magistrate judge who must promptly decide the dispute.[7] Appeals of these decisions may be taken to a district judge and those too are heard and resolved promptly.[8] In the Eastern District of Virginia, dispositive and non-dispositive civil motions are heard every Friday and when necessary, arguments on discovery motions or appeals can be specially scheduled.

The third and perhaps most important ingredient, indeed the *sine qua non* of an expedited docket system for all civil cases, including patent cases, is a hospitable local legal culture. By this, I mean a local legal culture that (i) is capable of operating in the expedited docket regime and (ii) accepts the process as fair and practical. Of course, not all legal cultures fit this description. Nor is there any doubt that markedly different local legal cultures exist across the 93 federal judicial districts. Let me briefly illustrate this point. Many of you know that civil procedure across the United States is governed by the Federal Rules of Civil Procedure. Yet, many of you are also aware that patent cases are processed at varying rates among the 93 districts across this country. Some districts, like the Eastern District of Virginia, move cases briskly and others take much longer, sometimes as long as 2-4 years. You may reasonably wonder why the disposition rates vary so widely. There are, to be sure, a number of reasons for these varying rates of case disposition, but in my view the most important contributing factor is the variety of markedly different local legal cultures that exist across this country. Any experienced trial lawyer will tell you that there is a world of difference between trying a case in the Southern District of New York and trying the same case in the District of Delaware. Without doubt, the vital importance of a local legal culture in implementing an expedited docket system for patent cases cannot be underestimated.

A fourth ingredient of an expedited docket system for patent cases is simply that judges must promptly engage and resolve the often difficult and daunting technical issues that arise in patent cases. This is especially true in the wake of *Markman v. Westview Instruments, Inc.*,[9] which was a watershed

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[7] *See* Fed. R. Civ. P. 72(a) ("A magistrate judge to whom a pretrial matter not dispositive of a claim or defense of a party is referred to hear and determine shall promptly conduct such proceedings as are required and when appropriate enter into the record a written order setting forth the disposition of the matter.")

[8] *See* Fed. R. Civ. P. 72(a) ("within 10 days after being served with a copy of the magistrate judge's order, a party may serve and file objections to the order" and "[t]he district judge to whom the case is assigned shall consider such objections and shall modify or set aside any portion of the magistrate judge's order found to be clearly erroneous or contrary to law.").

[9] 517 U.S. 370, 38 U.S.P.Q.2d 1461 (1996).

event in patent litigation. *Markman* compels judges to engage the technical details of the patents presented so that they can rule on the meaning of disputed claim terms and thereby define the boundaries of the patent.[10] In an expedited docket system, judges must be prepared to hold early *Markman* hearings and to decide these matters promptly.

Apart from these four essential ingredients for an expedited docket system, there are various other ingredients which, while not essential, certainly play important facilitating roles. One of these is the use of a master docket for the judges rather than individual dockets. In the Eastern District of Virginia, a master docket guarantees that any time a case comes up for trial some judge will always be available to try it.

A critically important facilitating feature of an expedited docket system is to provide for mediation or settlement conferences to occur in parallel with discovery. In the Eastern District of Virginia, a magistrate judge, who is not assigned to monitor the discovery in a patent case, is assigned the task of conducting the settlement and mediation conferences. The success of the magistrate judges in the Eastern District of Virginia, in this regard, has been quite remarkable.

Time does not permit discussion of other tools or means that might be used to facilitate the expedited resolution of patent cases. Still, I think it is useful to list some of these here as they can play an important role in the prompt disposition of patent cases:

(1) Bifurcation of damages and liability in appropriate cases;[11]

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[10] For the methodology district courts must follow in performing claim interpretation, *see* Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 39 U.S.P.Q.2d 1573 (Fed. Cir. 1996). For examples of claim interpretation by district courts, see Surety Tech., Inc. v. Entrust Tech., Inc., 74 F.Supp.2d 632 (E.D. Va. 1999); Surety Tech., Inc. v. Entrust Tech., Inc., 71 F.Supp.2d 520 (E.D. Va. 1999); NEC Corp. v. Hyundai Elec. Indus. Co., 30 F.Supp.2d 561 (E.D. Va. 1998); NEC Corp. v. Hyundai Elec. Indus. Co., 30 F.Supp.2d 546 (E.D. Va. 1998); Schering Corp. v. Amgen Inc., 18 F.Supp.2d 372 (D. Del. 1998).

[11] Bifurcation of liability (i.e., validity and infringement) and damages is not uncommon in patent infringement cases. *See, e.g.*, Purdue Pharma, L.P. v. F.H. Faulding and Co., 48 F.Supp.2d 420 (D. Del. 1999); NEC Corp. v. Hyundai Elec. Indus. Co., 30 F.Supp.2d 561 (E.D. Va. 1998); NEC Corp. v. Hyundai Elec. Indus. Co., 30 F.Supp.2d 546 (E.D. Va. 1998); Novopharm Limited v. Torpharm, Inc., 181 F.R.D. 308, 48 U.S.P.Q.2d 1471 (E.D. N.C. 1998). Less common are instances of other types of bifurcations. *See, e.g.*, Allen Organ Co. v. Kimball Int'l, Inc., 839 F.2d 1556, 5 U.S.P.Q.2d 1769 (Fed. Cir. 1988) (recognizing that district court bifurcated issues of patent validity and enforceability from issue of infringement based on agreement of the parties); General Patent Corp v. Microcomputer, 1997 WL 1051899 (C.D. Cal. Oct. 20, 1997) (district court bifurcated issues of patent

(2) Appointment of independent experts pursuant to Rule 706 in appropriate cases; [12]

(3) The use of summary judgment to dispose of mediate as well as ultimate issues; [13]

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validity and enforceability from issues of infringement and damages). In my experience, more often than not, bifurcating the liability and damages issues in the typical patent case does not result in the speedy and efficient resolution of the entire case. The same generalization does not hold for cases in which multiple patents are in issue. In such cases, bifurcation can lead to a more expeditious and efficient resolution of the case, especially where there are substantial validity and infringement issues and damage proof may vary depending on which, and how many, of a group of patents are held valid and infringed. *See NEC*, 30 F.Supp.2d at 561; *NEC*, 30 F.Supp.2d at 546 (liability and damage issues bifurcated where 20 patents were in issue; the validity and infringement issues germane to each patent were tried to the court without a jury, one patent at a time, with the court issuing findings of fact and conclusions of law pertaining to a specific patent immediately after hearing the evidence pertaining to that patent; the trial time for each patent averaged 3-4 days and the parties settled the entire dispute, all 20 patents, following the decision on the 4th patent).

[12] Debate continues concerning the merits of using Rule 706 appointed experts for purposes of testifying or advising the trial judge. *See, e.g.*, Justin T. Beck & Thomas E. Rossmeissl, *Patent Litigation: A New Approach to Claims Construction*, 5 No. 3 INTELL. PROP. STRATEGIST 5 (December 1998) (advocating the use of specially appointed technical advisors over the use of special masters or Rule 706 independent testifying experts in patent cases); Constance S. Huttner et al., *Markman Practice, Procedures and Tactics*, 531 PLI/PAT 535 (1998) (discussing the use of Rule 706 independent experts and technical advisors in patent cases). For my own part, I have a long-standing objection to the appointment of independent experts, based on my skepticism that truly independent experts exist and my concern that once an independent expert is appointed to serve as a witness, the fact finder, whether judge or jury, invariably reaches a conclusion in accordance with that witness's opinion. In other words, fact finders, in my experience, tend to abdicate their decision-making responsibility in favor of an appointed expert. This, it has always seemed to me, is inappropriate. It is also my view (confirmed by experience) that an additional expert is unnecessary; the parties' experts are sufficient to ventilate and illuminate the issues, especially if the trial judge plays an active role in questioning the experts to clarify the technology involved and the issues raised. Still, it is undeniable that some courts have found Rule 706 experts quite helpful. *See, e.g.*, Rohm and Haas Co. v. Lonza, Inc., 997 F. Supp 63 5 (E.D. Pa. 1998); Genentech, Inc. v. Boehringer Mannheim GmbH, 989 F.Supp. 359 (D. Mass. 1997). I have used Rule 706 experts in three instances with results that confirmed the bases of my objection. *See, e.g., NEC*, 30 F.Supp.2d at 546.

[13] *See, e.g.* Hester Indus., Inc. v. Stein, Inc., 963 F. Supp. 1403, 43 U.S.P.Q.2d 1236 (E.D. Va. 1997) (district court in patent case granted defendant's motion for summary judgment on question of validity), *affd*, 142 F.3d 1472, 46 U.S.P.Q.2d 1641 (Fed. Cir.), *cert. denied*, 525 U.S. 947 (1998); Black & Decker Inc. v. Universal Sec. Instruments, Inc., 931 F. Supp.

(4) Imposition of time limits on trial time or on the time for questioning certain witnesses;[14] and
(5) Elimination of jury.[15]

We now come to the second question prompted by my topic today, namely, is the so-called "Rocket Docket" or an expedited docket system a good way to process patent litigation? Implicit in this question is the further question: what is the justification for doing so? These are difficult questions

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427 (E.D. Va. 1996) (district court in multi-defendant patent case granted one defendant's motion for summary judgment on issue of infringement).

[14] *See* Fed. R. Evid. 611 (a) (" [t]he court shall exercise reasonable control over the mode and order of interrogating witnesses and presenting evidence so as to (1) make the interrogation and presentation effective for the ascertainment of truth, [and] (2) avoid needless consumption of time). *See also* Amarel v. Connell, 102 F.3d 1494, 1513 (9th Cir. 1997) (noting that "a district court is generally free to impose reasonable time limits on a trial" to prevent undue delay, waste of time, or needless presentation of cumulative evidence, but "rigid and inflexible hour limits on trials" are generally disfavored) (citations omitted); Duquesne Light Co. v. Westinghouse Elec. Corp., 66 F.3d 604, 610 (3d Cir. 1995) (recognizing that a district court should impose time limits on trial presentation only when necessary, after making informed analysis based on review of parties' proposed witness lists and proffered testimony, as well as their estimates of trial time).

[15] In general, jury trials consume more pretrial and trial time than bench trials, especially where, as frequently occurs in this district, a judge in a bench trial renders a decision at the close of all the evidence. This generalization, in my experience, holds true for patent infringement cases, as well. Quite apart from the issue of time consumption, the suitability of jury trials in patent infringement cases continues to be a hotly-debated topic among the bench and bar. The principal bone of contention is a healthy skepticism concerning whether juries can and do come to grips with the technology inherent in patent litigation. In my experience, juries in this division appear to have no difficulty comprehending the technology involved in product and method patents involving mechanical devices. Jury comprehension is also not a problem, in my experience, in patent cases involving business methods, computer applications, design patents and some manufacturing methods or processes. At the same time, however, there is clearly a jury comprehension problem in patent cases involving such highly complex matters as transistor circuitry, microchip fabrication, and chemical compounds and formulae. *See, e.g., NEC*, 30 F.Supp.2d at 546. Interestingly, it is my experience that trial lawyers recognize this comprehension problem, but persist in requesting juries in such cases and then typically strike from the panel any individuals who, by education or experience, might have the ability to comprehend the subject matter. Also interesting is that the incidence of juries in patent cases has grown dramatically since the late 1960's and early 1970's, when few if any patent cases were tried to a jury, to the point that now 90% of patent infringement cases include a request for a jury. *See* HERBERT F. SCHWARTZ, PATENT LAW & PRACTICE 127-131 (2d ed. 1995).

and, in fact, may be seen to raise the following component questions:

(1) On some objective basis, does the expedited resolution of patent cases, as in the "Rocket Docket," allow sufficient time for a full and fair hearing of all the issues?

(2) Do the parties in such an expedited process feel that they have been fully and fairly heard? and

(3) Is it less expensive for the litigants?

The first question is an empirical question and a competent lawyer/social scientist might well be able to devise a study to reach a confident conclusion on this point. Intuitively, I have no doubt that the answer is yes; six to eight months, in my experience, is sufficient time for a full and fair hearing of all of the issues in most patent cases.

The second question also calls for an empirical answer. It is perhaps amenable to being answered by polling parties and lawyers who have participated in an expedited docket system. The same is true for the third question. And, here again, my own view is that most parties, at the end of the process, will acknowledge that they have been fully and fairly heard and that an expedited docket results in less expense to the parties. This is so in part because an expedited docket system avoids protracted discovery proceedings, which are widely acknowledged to be the "black hole" of litigation expense.[16] In my experience, the law of diminishing returns in discovery takes effect after 6-8 months, after which litigants get very little "bang for their discovery buck" in terms of illuminating the merits of a case.

Finally, is an expedited docket system for patent cases justified? Here I think the answer is unequivocally yes, given that judicial resources are a relatively scarce public commodity and that fairness to all litigants requires that they be allocated reasonably and not wastefully. And, importantly, this is so even if the answers to the three previous questions are less clear than I suppose.

[16] Like its namesake, the black hole of discovery sucks in and consumes vast amounts of matter, i.e., lawyer time and effort, while permitting no light to escape.