

A Look at the New Proposed Local Patent Rules for the Northern District of Illinois

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On March 23, 2009, the Northern District of Illinois posted for comment proposed local rules for patent cases (“LPR”). These rules impose a general schedule, including a requirement that parties disclose their contentions in an orderly manner and address claim construction proceedings. They are similar in many respects to local rules of other jurisdictions, including the Western District of Pennsylvania, Northern District of California, and Eastern District of Texas.

The proposed rules would require more activity earlier. They would require parties involved in patent cases here within a few months to (1) locate, gather, and produce a number of categories of documents; (2) formulate preliminary positions regarding patent claim terms; (3) search even more aggressively for prior art; and (4) get significant discovery handled. They may be applied, at the judge’s discretion, to existing cases.

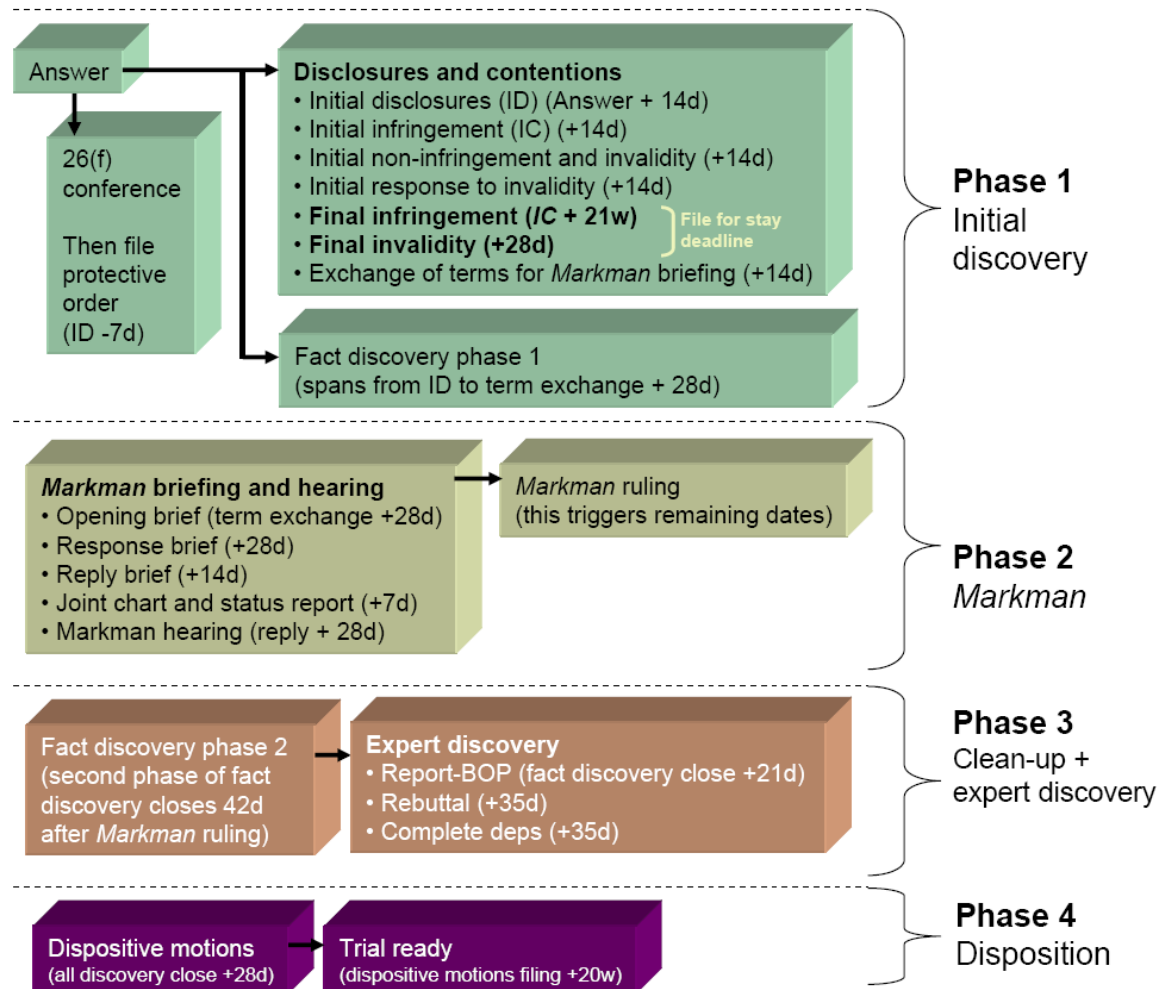
A committee of judges—Judge Matthew Kennelly (chair), Judge Amy St. Eve, Judge James Zagel, and Chief Judge James Holderman—along with members of the local bar drafted the proposed rules. They are available online (and a copy is attached to the end of this alert):

http://www.ilnd.uscourts.gov/home/_assets/_documents/Rules/Patent.pdf

The proposed rules were posted for public comment. Comments are due by the close of business, Friday, May 22, 2009. According to the announcement (available on the Northern District’s web site), anyone may submit written comments either (1) by email (ilnd_localrules_comments@ilnd.uscourts.gov) or (2) on paper to: Michael W. Dobbins, Clerk of Court, 219 South Dearborn Street, Room 2050, Chicago, IL 60604.

The rules and schedule are discussed below.

Proposed N.D. Illinois Local Patent Rules



Overview

By way of overview, the proposed rules:

- set a schedule for providing detailed infringement and validity contention exchanges, *Markman* briefing and hearing, fact and expert discovery, dispositive motions, and a trial-ready date;
- require parties to produce certain kinds of documents and information at the outset of the case;
- require parties to take final positions on infringement and validity (including prior art) roughly nine months (32/36 weeks) from the service of the complaint;

- prohibit filing a motion to stay pending reexamination after that 32/36-week point;
- limit the parties from proposing more than ten terms for construction and require parties to “certify” whether or not each term is “outcome determinative”;
- set page limits for claim construction briefs (25 pages for opening and response, 15 for reply) and adopt a joint appendix procedure and citation to the appendix similar to the Rule 56.1 statement of facts for summary judgment motions;
- anticipate a *Markman* hearing and set out a process for the parties and Court to decide the format of the hearing;
- include a form Rule 26(f) report; and
- include a form joint protective order, which appears to be self-executing once filed.

Intent and Scope

The preamble to the proposed rules states that they are intended to “eliminate the need for litigants and judges to address separately in each case procedural issues that tend to recur in the vast majority of patent cases.” The preamble adds that “confidentiality issues abound” in patent cases, explaining the addition of a standardized form protective order.

The proposed rules are limited to patent cases involving utility patents. The proposed rules allow a judge to “apply all or part” of them to existing cases, implicitly requiring judicial action before they apply. The rules do not address whether or not a judge may opt out, but state that a judge “may modify the obligations and deadlines of the LPR based on the circumstances of any particular case.” (LPR 1.1.)

Scheduling

The proposed rules set forth a schedule that results, generally, in four phases for the case: (1) initial discovery—26(f) report, initial disclosures, exchange of contentions including an exchange of terms for *Markman* briefing, and a first phase of fact discovery that ends 28 days after the term exchange; (2)

Markman briefing and hearing; (3) expert discovery and a short (42-day) second phase of fact discovery; and (4) dispositive motions and trial.

Initial report and status conference

The proposed rules require action by both parties shortly after the case is filed. They require the parties to address a form scheduling order (attached as Appendix A) and file a jointly prepared version of it. For the most part, it simply tracks the proposed schedule, outlined below. A few items, however, are added and worth noting.

First, the form allows a party to take discovery over claims and defenses not asserted in a pleading, including willful infringement, invalidity, and unenforceability, where the evidence needed to plead is wholly within the hands of the other party.

Second, the form allows the parties to propose an alternative discovery plan.

Third, the form requires the parties to select a date by which a party wishing to assert an advice-of-counsel defense to willful infringement may do so and thus waive privilege.

Fourth, the form addresses expert notes and drafts, giving the parties the ability to select discovery of them or not, and the form provides that things shown to an expert are discoverable.

Fifth, the form provides for a broad definition of “prior art,” “best mode,” and “on sale” that requires production “relating to the issue” and not confined to a particular definition. It prohibits use of a narrow definition in a discovery response.

Sixth, the form asks the parties to take a position on whether or not the Federal Judicial Center’s “Introduction to the Patent System” may be shown to jurors at the outset of the trial.

Confidentiality

LPR 1.4 (“Confidentiality”) requires the parties to file an agreed protective order using a form included as Appendix B. That form allows for optional dual categories (confidential and highly confidential) and a provision for filing under seal (public and non-public versions). Given that it is a rare motion that fails to

include either confidential or highly-confidential material, this rule presents a reminder that even with e-filing someone must provide to the court paper filings under seal.

Initial disclosures and start of fact discovery

LPR 1.3 provides that the first phase of fact discovery begins on the date for initial disclosures and ends 28 days after the exchange of terms for the *Markman* briefing process.

The proposed rules supplement the initial disclosures required by the Federal Rules, adding specific categories of documents a party must produce at the outset of the case. The initial disclosures required are extensive, and the deadlines for making them may be ambitious.

The proposed rules require each party to produce with the initial disclosures certain categories of documents commonly sought in patent cases. They require the party asserting infringement to produce items listed in LPR 2.1, generally documents regarding (1) on-sale bar, (2) conception and reduction to practice, (3) communications with the PTO, and (4) right to assert the patent.

The proposed rules require the party opposing infringement to disclose a series of items, including documents detailing the accused instrumentality and prior art. (LPR 2.2.)

LPR 1.7 provides that a party may not object to mandatory disclosures or a discovery request on the ground that they conflict with or are premature under the LPR *except* a request for a party's claim construction position, a comparison of claims to the accused instrumentality or prior art, non-infringement contentions, or position regarding the presence of claim elements in the prior art. Implicitly, then, the proposed rules would seem to allow such an objection to these items.

Contentions

The proposed rules require parties to make an orderly disclosure of contentions. Highlights are below (see LPR 2.2 – 3.4 for a complete list of requirements):

First, within 14 days after the initial disclosures, the party asserting infringement must disclose a claim chart identifying for each asserted claim and

element where that element is found in the accused instrumentality. The party must also identify for indirect infringement an infringer and the infringing acts, the basis for willfulness allegations, and whether it practices the patented invention and, if so, whether or not its instrumentalities are marked — failing to meet this requirement could result in a waiver.

Second, 14 days later the accused infringer must respond with a chart essentially admitting an element is present or explaining why not. The accused infringer must also provide an invalidity contentions chart similar to the infringement contentions chart for each prior art reference, disclosing a number of specified details. Specific kinds of art require specific disclosures, including 102(b) art (what, when, who), 102(f) art (who and what happened), and 102(g) art (who and what happened). For obviousness, the chart must identify each combination and the motivation to combine. The party must also disclose the basis/acts for any indefiniteness, enablement, written description, and unenforceability assertions. The proposed rules require supplementation of initial disclosures at this stage with additional prior art (not in the file history).

Third, 14 days later the party asserting infringement must respond to the invalidity contentions with a chart similar to the non-infringement chart — in effect admitting elements are present in the prior art or explaining why not.

Final infringement contentions are due 21 *weeks* after service of initial *infringement* contentions. Final non-infringement, invalidity, unenforceability contentions are due 28 days later. Final invalidity contentions require production of supplemental disclosure of prior art (not in the file history) and a translation of foreign references.

Significantly, per LPR 3.4, a party may amend its final contentions only upon a “showing of good cause and absence of unfair prejudice, made in timely fashion following discovery of the basis for the amendment.” Similar rules have been upheld. *See O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.2d 1355 (Fed. Cir. 2006).

A party’s final-contentions date is also the last day on which the party may file a motion to stay pending reexamination. (LPR 3.5.)

Notably, proposed LPR 1.6 provides that disclosures under certain parts of the rules (it is possible to read this to include the documents, though this clearly cannot be the intention) are inadmissible as evidence. The Comment

explains that the purpose of initial disclosures is “to identify the likely issues in the case, to enable the parties to focus and narrow their discovery requests.”

Claim construction

The proposed rules contemplate an orderly claim construction briefing and a *Markman* hearing. Two weeks (14 days) from the final invalidity contentions the parties must exchange a list of claim terms and proposed definitions, and one week (7 days) later they must agree on a maximum of ten terms for the judge to construe. The rules require leave of court for good cause (e.g., multiple patents) if the parties wish the court to construe more. If the parties cannot agree, each side gets five terms. For each term the parties must “certify whether it is outcome determinative.” (LPR 4.1.)

Claim construction briefing works as follows: First, the party opposing infringement files an opening brief 28 days after the exchanges of terms, along with a joint (jointly filed) appendix for all intrinsic evidence (extrinsic evidence requires a separate appendix). Second, the party asserting infringement responds 28 days later, citing to the joint appendix or a separate appendix for extrinsic evidence. A party must include a declaration for any claim construction witness. The response brief must describe all objections to extrinsic evidence. Then, 14 days later the party opposing infringement files a reply, including any objections to extrinsic evidence. Finally, seven days later the parties file a joint claim chart and status report with proposals for the nature and form of a proposed *Markman* hearing.

The proposed rules contemplate a *Markman* hearing at least 28 days after the reply. LPR 4.3 provides that the judge will issue an order describing the schedule and procedures.

The proposed rules do not expressly dictate a ruling date, but a table schedule accompanying them suggests “Six weeks (?)” That ruling date triggers the remaining dates in the case. Following that ruling, an additional 42-day clean-up discovery period is provided.

Experts

As noted above, the proposed rules schedule expert disclosures and a deposition deadline for non-claim construction experts. (See LPR 5.1 – 5.3.) Initial expert disclosures for the party with the burden of proof on any issue are due 21 days after the close of the second discovery period. Rebuttal reports are

due 35 days later, and depositions must be completed 35 days later. Supplementation of reports or amendments are treated as “presumptively prejudicial” and require leave of court upon a showing of good cause that the amendment/supplementation could not have been made earlier and that the opposing party is not unfairly prejudiced.

Dispositive motions and pretrial order

The proposed rules require dispositive motions to be filed by 28 days after the close of expert discovery. The rules do not appear to replace the form pretrial orders.

Implementation timeline

As noted above, any comments to the proposed local rules are due by the close of business on Friday, May 22, 2009. The web site announcement gives no anticipated timeline for adoption of these rules.

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For more information, contact Todd H. Flaming at Schopf & Weiss LLP. Schopf & Weiss LLP prepared this alert to provide information on a recent legal development. It is not intended to provide legal advice or to create an attorney-client relationship.