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PATENTS

The author cites risks for litigants presented by local rules for resolving patent infringement disputes and provides practice tips to help avoid the inherent pitfalls.

Litigating Under Patent Local Rules: Avoiding the Pitfalls



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Fourteen years ago, the Northern District of California began using a special set of local rules to govern pretrial proceedings in patent cases.¹ Out of the 94 U.S. districts courts, 31 have now adopted some

¹ The Northern District of California adopted its Patent Local Rules on Dec. 1, 2000, and they became effective on Jan. 1, 2001. J. Ware & B. Davy, *The History, Content, Application and Influence of the Northern District of California's Patent*

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form of patent local rules, most based on the Northern District's rules.² Many judges in the districts that have not adopted patent local rules have issued standing orders implementing the rules' requirements for their courtrooms.³ In other cases, the requirements of the rules are incorporated into Rule 16 scheduling orders.⁴

Litigating under these rules can be challenging, with courts adopting a strict approach to the requirements of

Local Rules, 25 SANTA CLARA COMPUTER & HIGH TECH. L.J. 965, 966 (2009).

² Thirty-one districts have adopted some form of patent local rules on a district-wide basis: N.D. Cal., S.D. Cal., D. Del., N.D. Ga., D. Idaho, N.D. Ill., N.D. Ind., S.D. Ind., D. Md., D. Mass., D. Minn., E.D. Mo., D. Nev., D.N.H., D.N.J., E.D.N.Y., N.D.N.Y., S.D.N.Y., E.D.N.C., M.D.N.C., W.D.N.C., N.D. Ohio, S.D. Ohio, W.D. Pa., W.D. Tenn., E.D. Tex., N.D. Tex. (Dallas Div.), S.D. Tex., D. Utah, E.D. Wash., and W.D. Wash. See *Adoption Dates, LOC. PAT. RULES*, <http://www.localpatentrules.com> (last updated Nov. 2014). In some districts, the requirements of patent local rules have been adopted by a general order or other mechanism, rather than in the local rules.

³ See, e.g., the Standing Patent Rules adopted by Judge Guiford in the Central District of California and the Patent Standing Order and Patent Discovery Order adopted by Judge Wright, also in the Central District of California, both available at <http://court.cacd.uscourts.gov/CACD/JudgeReq.nsf/FAQs+about+Judges'+Procedures+and+Schedules?OpenView>

⁴ See, e.g., Civil Minutes re Scheduling Conference in *Altair Instruments, Inc. v. Rodan & Fields, LLC*, No. CV 13-7488-GW(SHX) (C.D. Cal. Feb. 10, 2014) (Dkt. No. 18) (Wu, J) (available via PACER); Civil Minutes in *Reflex Packaging, Inc. v. Audio Video Color Corp.*, No. CV13-07615 JAK (MANx) (C.D. Cal. Nov. 4, 2013) (Dkt. No. 40) (Kronstadt, J.) (available via PACER).

early pretrial disclosures of contentions, an approach that differs from how other civil disputes are handled under the Federal Rules of Civil Procedure. This article will explore the requirements of the patent local rules, as interpreted by the courts,⁵ the potential pitfalls of practicing under them, and the major variations among the rules adopted by different districts.

There are three major components of most patent local rules.⁶ The first two components—rules governing disclosure of the plaintiff’s infringement theory and rules governing disclosure of the defendant’s invalidity theory—provide for disclosure of the parties contentions regarding the major issue in patent cases. The third component, rules governing the claim construction process, set out a timetable for resolving claim construction issues.

Infringement Contentions

All versions of patent local rules that have been adopted require the plaintiff to serve infringement contentions that disclose (1) the claims of the patent it believes are infringed, (2) the defendant’s allegedly infringing products (or processes) and (3) how those products allegedly infringe the asserted claims.

Purpose of Infringement Contentions

Infringement contentions, and patent local rules in general, are designed to require parties to crystallize their theories of the case early in the litigation and to adhere to those theories once they have been disclosed.⁷ The requirement of early crystallization of theories is reinforced by limits found in the rules on the ability of plaintiffs to change their infringement contentions, as discussed below. The Northern District of California has stated that “[u]nlike the liberal policy for amending pleadings,” the philosophy adopted by the

patent local rules restricting the plaintiff’s ability to amend its infringement contention, “is decidedly conservative [T]he intent behind the patent local rules [is] to ensure that litigants put all their cards on the table up front”⁸

One of the potential pitfalls of practicing under patent local rules is failing to recognize how the philosophy behind these rules, requiring early disclosure of infringement theories through infringement contentions, differs from the liberal policy of allowing amendments to complaints under the Federal Rules of Civil Procedure.

The second purpose of the infringement contentions is to “take[] the place of ‘a series of interrogatories that defendants would likely have propounded had the patent local rules not provided for streamlined discovery.’”⁹ The Federal Circuit has recognized that patent local rules remedy one of the deficiencies of the discovery rules set forth in the Federal Rules of Civil Procedure. In the Federal Circuit’s view, the discovery rules were “designed to allow the defendant to pin down the plaintiff’s theories of liability . . . thus confining discovery and trial preparation to information that is pertinent to the theories of the case.”¹⁰ In practice, this objective “has been difficult to achieve Answers to [contention] interrogatories are often postponed until the close of discovery, or are amended as a matter of course during the discovery period.”¹¹ The Federal Circuit observed that local patent rules, such as those adopted by the Northern District of California, were designed to address these deficiencies “by requiring . . . the plaintiff . . . in patent cases to provide early notice of [its] infringement . . . contentions”¹²

Required Disclosures

All patent local rules require that the plaintiff disclose what claims of its patent or patents are being asserted and what products or processes of the defendant are being accused of infringement (the “accused instrumentalities”).¹³ Most rules require that the plaintiff also provide a chart identifying specifically where each limitation of each asserted claim is found within each accused instrumentality.¹⁴ In *InterTrust Technologies v. Microsoft*, the court said that rules of this type “require[] that ‘a plaintiff compare an accused product to its patents on a claim by claim element by element basis.’”¹⁵ The level of detail demanded is high, requir-

⁵ The majority of reported cases interpreting patent local rules have been decided by the Northern District of California and the Eastern District of Texas, interpreting their particular versions of these rules. These decisions are regularly cited in other districts as persuasive authority for interpreting analogous rules. See, e.g., *Ameranth, Inc. v. Pizza Hut, Inc.*, No. 3:11-cv-01810-JLS, slip op. at 36-39 (S.D. Cal. July 26, 2013); *Ferring B.V. v. Watson Labs., Inc.*, No. 3:11-cv-00481-RJ-VPC, 2012 BL 174001, 3 (D. Nev. July 11, 2012); *TFH Publ’ns, Inc. v. Doskocil Mfg. Co.*, 705 F. Supp. 2d 361, 367 n.3, 2010 BL 75410, 6 (D.N.J. 2010); *Tyco Healthcare Grp. LP v. Applied Med. Res. Corp.*, No. 9:06-CV-151, slip op. at 4 (E.D. Tex. Mar. 9, 2009). See also *Tokai Corp. v. Easton Enterprises Inc.*, No. EDCV 07-00883-VAP (FMOx), slip op. at 5-9 (C.D. Cal. July 8, 2009).

⁶ In the Northern District of California and several other districts, these rules are referred to as the “Patent Local Rules”; in the District of New Jersey and other districts, similar rules are referred to as the “Local Patent Rules.” “Patent Local Rules” is used herein.

⁷ *Howmedica Osteonics Corp. v. Depuy Orthopaedics, Inc.*, No. 11-6498 (SDW), 2014 BL 331806, 5 (D.N.J. Nov. 24, 2014) (“the Local Patent Rules force the adversaries to disclose, solidify, and adhere to their legal theories of infringement and invalidity in the early stages of the litigation.”); *Nautilus Neurosciences, Inc. v. Wockhardt USA LLC*, No. 11-1997, slip op. at 6-7 (D.N.J. Jan. 23, 2013); *Best Med. Int’l, Inc. v. Accuray, Inc.*, No. 2:10-cv-1043, 2013 BL 175202, 3 (W.D. Pa. July 1, 2013); *Ameranth, Inc.*, No. 3:11-cv-01810-JLS, slip op. at 28-29; *Atmel Corp. v. Info. Storage Devices, Inc.*, No. C 95-1987 FMS, slip op. at 7 (N.D. Cal. Nov. 5, 1998).

⁸ *Atmel Corp.*, No. C 95-1987 FMS, at 7-8.

⁹ *InterTrust Techs. Corp. v. Microsoft Corp.*, No. C 01-1640 SBA, slip op. at 3-4 (N.D. Cal. Dec. 1, 2003) (quoting *Network Caching Tech., LLC v. Novell, Inc.*, 67 U.S.P.Q.2d 1034, 1039 (N.D. Cal. 2002)).

¹⁰ *O2 Micro Intl. Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1365, 80 U.S.P.Q.2d 1769, 1776 (Fed. Cir. 2006) (73 PTCJ 74, 11/24/06) (citations omitted).

¹¹ *Id.*

¹² *O2 Micro Intl. Ltd.*, 467 F.3d at 1365-66, 80 U.S.P.Q.2d at 1777.

¹³ See, e.g., N.D. CAL. PATENT LOCAL RULES (PLR) 3-1(a), (b); E.D. TEX. PLR 3-1(a), (b); see also *Rambus Inc. v. NVIDIA Corp.*, No. C-08-03343 SI, slip op. at 42 (N.D. Cal. Aug. 24, 2011) (“*Rambus v. NVIDIA*”).

¹⁴ See, e.g., N.D. CAL. PLR 3-1(c); E.D. TEX. PLR 3-1(c).

¹⁵ *InterTrust Techs.*, No. C 01-1640 SBA, slip op. at 7 (quoting *Network Caching Tech.*, 67 U.S.P.Q.2d at 1036); see also *Shared Memory Graphics LLC v. Apple, Inc.*, 812 F. Supp. 2d 1022, 1025, 2010 BL 311188, 2-3 (N.D. Cal. 2010).

ing “either reverse engineering or its equivalent . . .”¹⁶ If the plaintiff does not provide infringement contentions with the required level of specificity, it can be compelled to provide a more definite infringement contentions.¹⁷

When multiple products are accused of infringement, courts have permitted representative claims charts, rather than charts for each product.¹⁸ If representative claims charts are used, the plaintiff “bears the burden of explaining why its claim chart is representative of all accused products,”¹⁹ a burden that courts have suggested can be satisfied through expert testimony.²⁰

A plaintiff can set forth alternative theories of infringement in its infringement contentions; in fact, it must do so to avoid being barred from asserting those theories.²¹ In *Apple v. Samsung*, the court stated that “parties should proffer all of the theories of infringement that they in good faith believe they can assert.”²²

When the plaintiff alleges infringement under the doctrine of equivalents, it must set forth an element-by-element identification of those limitations of each asserted claim that it contends are satisfied by an equivalent.²³ In *Rambus v. Hynix*, the plaintiff’s infringement contentions stated that “[t]o the extent that any limitation is found to be not literally present, Rambus asserts that such limitation is present under the doctrine of equivalents.”²⁴ The court held that these disclosures “fall far short” of the requirements of patent local rules,²⁵ which courts in numerous districts have held require a limitation-by-limitation analysis, and not a boilerplate reservation of the right to assert the doctrine of equivalents.²⁶

¹⁶ *InterTrust Techs.*, No. C 01-1640 SBA, slip op. at 7.

¹⁷ *Rambus v. NVIDIA*, No. C-08-03343 SI, slip op. at 42; *Shared Memory Graphics*, 812 F. Supp. 2d at 1025, 2010 BL at 3.

¹⁸ *Bluestone Innovations LLC v. LG Elecs. Inc.*, No. C-13-01770 SI (EDL), slip op. at 5 (N.D. Cal. Jan. 16, 2014); *Bender v. Maxim Integrated Prods., Inc.*, No. C 09-01152 SI, 2010 BL 61956, 3 (N.D. Cal. Mar. 22, 2010).

¹⁹ *Digital Reg of Tex., LLC v. Adobe Sys., Inc.*, No. CV 12-01971-CW (KAW), slip op. at 16 (N.D. Cal. Feb. 20, 2013).

²⁰ See *Bluestone Innovations*, No. C-13-01770 SI (EDL), slip op. at 5-7 & n. 1 (holding that the plaintiff had not met its burden because of inadequacy of its expert’s declaration, but citing (in footnote 1) an earlier more detailed expert declaration which had supported the use of representative claims charts).

²¹ *Apple Inc. v. Samsung Elecs. Co.*, No. 12-cv-0630-LHK (PSG), 2013 BL 172108, 3-4 (N.D. Cal. June 26, 2013).

²² *Id.* at 3.

²³ See, e.g., N.D. Cal. PLR 3-1(e); E.D. Tex. PLR 3-1(d); *Altair Instruments, Inc. v. Rodan & Fields*, No. CV 13-7488-GW(SHx), Civil Minutes (Dkt. No. 29) at 7 (C.D. Cal. 2014) (available via PACER) (“Infringement contentions must explain the equivalents theory on an element-by-element basis.”); *Rambus Inc. v. Hynix Semiconductor Inc.*, No. C-05-00334 RMW, 2008 BL 286283, 3 (N.D. Cal. Dec. 29, 2008) (“*Rambus v. Hynix*”); *MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, No. C 01-4925 SBA, slip op. at 14 (N.D. Cal. Mar. 1, 2004) (finding inadequate infringement contentions which did not “point out each element of each asserted claim that [plaintiff] claims is present under the doctrine of equivalents.”).

²⁴ *Rambus v. Hynix*, 2008 BL 286283, 3 (N.D. Cal. Dec. 29, 2008).

²⁵ *Id.*

²⁶ *Id.*; *Howmedica Osteonics Corp.*, 2014 BL 331806, 6; *Best Med. Int’l, Inc.*, 2013 BL 175202, 3; *Realtime Data, LLC v. Stanley*, No. 11 Civ. 6696 (KBF), slip op. at 32-34 (S.D.N.Y. Aug. 2,

Most versions of the rules also require that the plaintiff explain in what way the defendant’s products infringe under the doctrine of equivalents.²⁷ Thus, for example, courts have held that the plaintiff must specify why the difference between the claimed and equivalent structure is insubstantial,²⁸ and the patent local rules in the Western District of Pennsylvania require the plaintiff to “explain each function, way, and result that it contends are equivalent, and why it contends that any differences are not substantial.”²⁹

When the plaintiff contends that defendant is liable for indirect infringement, patent local rules of many districts require (1) identification of any direct infringement, (2) a description of the acts of the defendant that contribute to or are inducing that direct infringement, and (3) when the alleged direct infringement is based on joint acts of multiple parties, a description of the role of each such party in the direct infringement.³⁰

The first requirement—that the direct infringement be identified—has been interpreted by courts in the Northern District of California to require that the plaintiff identify the third party direct infringer, i.e., the party who is being induced to infringe or to whose infringement a contribution is being made, and to describe the acts of that party that constitute direct infringement.³¹ Additionally, in *Rambus v. NVIDIA*,³² the Northern District of California held that infringement contentions alleging indirect infringement must also describe how the defendant acted with willful blindness to the plaintiff’s patent, in order to satisfy the Supreme Court’s *Global Tech* decision.³³ Courts in other districts that require disclosures about indirect infringement may interpret

2012); *CreAgri, Inc. v. Pinnaclife Inc.*, No. 11-cv-06635-LHK-PSG, 2012 BL 288643, 4 (N.D. Cal. Nov. 2, 2012); *OptimumPath, LLC v. Belkin Int’l, Inc.*, No. C 09-01398 CW, slip op. at 23-28 (N.D. Cal. Apr. 12, 2011); *Schutz Container Sys., Inc. v. Mauser Corp.*, No. 1:09-CV-3609-RWS, slip op. at 3-7 (June 11, 2010); *MEMC Elec. Materials, Inc.*, slip op., at 14-15.

²⁷ *Angioscore, Inc. v. Trireme Med., Inc.*, No. 12-CV-3393 YGR, slip op. at 73-74 (N.D. Cal. June 25, 2014); *Ameranth, Inc.*, slip op. at 36-39; *CreAgri*, 2012 BL 288643, 4.

²⁸ *Angioscore, Inc.*, slip op. at 73-74. See also *Apple v. Samsung*, 2013 BL 172108, 4.

²⁹ W.D. PA. PLR 3.2.

³⁰ See, e.g., N.D. Cal. PLR 3-1(d); N.D. Ill. PLR 2.2(e); D. Nev. PLR 16.1-6; D.N.J. PLR 3-1 (d). The requirement of additional disclosures for cases of indirect infringement are absent from the rules of some districts, such as the Eastern District of Texas, the Southern District of New York and the Western District of Pennsylvania. See E.D. Tex. PLR 3-1; S.D.N.Y. PLR 6; W.D. Pa. PLR 3.2.

³¹ *Fujitsu Ltd. v. Belkin Int’l, Inc.*, No. 10-CV-03972-LHK, slip op. at 26 (N.D. Cal. Sept. 28, 2012) (“Under the Patent Local Rules of this District, a patentee’s Infringement Contentions must identify the alleged third-party direct infringers in order to allege indirect infringement.”) *Bender v. Maxim Integrated Prods., Inc.*, 2010 BL 61956, 3. *Accord Rambus v. NVIDIA*, slip op. at 34. Query whether these cases require identification of specific entities or individuals or entities or can be satisfied by categorical reference to a class of entities or individuals (such as “customers”); the latter having been found sufficient by the Federal Circuit for the purposes of pleading indirect infringement. *In re Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 1336, 2012 BL 142302, 10 (Fed. Cir. 2012) (84 PTCJ 263, 6/15/12).

³² *Rambus v. NVIDIA*, slip op. at 39-40.

³³ *Global-Tech Appliances Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2011 BL 142067, 98 U.S.P.Q.2d 1665 (2011) (82 PTCJ 137, 6/3/11)

their rules differently, but many courts have held that Northern District decisions on the meaning of similarly worded patent local rules are persuasive authority.³⁴

Timing of Disclosures

Although the timing for the plaintiff to provide infringement contentions differs by district, all versions of the patent local rules require the plaintiff to disclose its theory of infringement very early in the case. Patent local rules generally require that infringement contentions be served either 14 or 30 days after the initial case management conference.³⁵ The practical effect in the Northern District of California is that infringement contentions are due about five months after the filing of a complaint. In the Eastern District of Texas, the plaintiff must serve its infringement contentions 10 days before the initial case management conference.³⁶ In the Northern District of Ohio, the plaintiff must serve its infringement contentions 15 days after the answer,³⁷ meaning they could be due as early as 35 days after the plaintiff files the complaint.

Because of these deadlines, the plaintiff needs to have formulated its infringement theory before filing the complaint. Courts in those districts that have adopted patent local rules expect this level of pre-filing preparation.³⁸

Amending Infringement Contentions

Although the philosophy behind patent local rules is that the plaintiff must formulate its infringement theories early in the case, in many cases the plaintiff will want to change its infringement contentions as the case progresses. Whether the plaintiff can do so, and how easily, depends on the version of the patent local rules adopted in the jurisdiction where the plaintiff filed its complaint.

The different approaches to amendments of infringement contentions fall into three groups. First, there is the “original approach” that the Northern District of California originally adopted, but no longer follows. This approach provides for preliminary infringement contentions at the beginning of the case and then allows the plaintiff to serve revised final infringement contentions. This approach is still followed in 11 of the 31 districts that have Patent Local Rules.³⁹ Under those rules, the plaintiffs can file final infringement contentions within some set period of time (usually 30 days) after the claim construction ruling if the party asserting infringement believes in good faith that amendment is necessitated by a claim construction that differs from that proposed by such party.⁴⁰ Otherwise, the plaintiff can only amend its infringement contentions with a court order, on a showing of good cause.⁴¹

³⁴ See note 5, *supra*.

³⁵ See, e.g., N.D. CAL. PLR 3-1.

³⁶ E.D. TEX. PLR 3-1.

³⁷ N.D. OHIO PLR 3.1.

³⁸ See, e.g., *Integrated Circuit Sys., Inc. v. Realtek Semiconductor Co.*, 308 F. Supp. 2d 1106, 1107 (N.D. Cal. 2004).

³⁹ Eleven districts follow the original approach. See S.D. CAL. PLR 3.6(a)(1); N.D. IND. PLR 5-1; E.D. MO. PLR 3-1; D.N.H. PLR 7.1; E.D.N.C. PLR 303.6; M.D.N.C. PLR 103.6; W.D.N.C. PLR 3.6; W.D. TENN. PLR 3.8; E.D. TEX. PLR 3-6; N.D. TEX. (DALLAS DIV.) PLR 3-6; S.D. TEX. PLR 3-6.

⁴⁰ See, e.g., S.D. CAL. PLR 3.6(a)(1); E.D. TEX. PLR 3-6(a)(1).

⁴¹ See, e.g., S.D. CAL. PLR 3.6(a)(2); E.D. TEX. PLR 3-6(b).

A “revised approach,” which is now followed in the Northern District of California and 10 other districts, eliminates preliminary and final infringement contentions.⁴² The authors of the revised approach believed that giving litigants the right to reformulate their positions after claim construction did “not t[ie] litigants sufficiently to their positions.”⁴³ Under the revised approach, the plaintiff can change its infringement contentions only on a court order, after a timely showing of good cause.⁴⁴ The rules adopting the revised approach typically identify circumstances that are generally considered to constitute good cause, such as a claim construction ruling that is different from that proposed by the plaintiff.

More liberal approaches to amendments are followed by other districts.⁴⁵ For example, the Western District of Pennsylvania allows the plaintiff to amend its infringement contentions for good cause, but without requiring leave of court.⁴⁶ The Southern Districts of New York follows Rule 26(e) of the Federal Rules of Civil Procedure, imposing a duty on the plaintiff to supplement its contentions throughout the course of the case.⁴⁷

Both the original and the revised approaches to amending infringement contentions allow amendments upon a timely showing of “good cause.” Showing good cause turns on the plaintiff’s diligence in seeking to amend after new information is discovered, diligence in discovering the new information, and the potential for prejudice to the defendant.

In *O2 Micro v. Monolithic Power Systems*,⁴⁸ the plaintiff took the deposition of the defendant’s engineer and learned that the accused product worked differently than the plaintiff had believed. The difference required the plaintiff to change its infringement theory, and the plaintiff therefore moved to amend its infringement contentions. The motion to amend was denied, however, because the plaintiff had waited nearly three months after the deposition before moving to amend. The Federal Circuit affirmed, observing that the plaintiff must “proceed with diligence in amending [its infringement] contentions when new information comes to light in the course of discovery.”⁴⁹

The *O2 Micro* decision illustrates another of the pitfalls of practicing under patent local rules: If the plaintiff wants to change its infringement contentions based

⁴² Eleven districts follow the revised approach. See N.D. CAL. PLR 3-6; D. IDAHO PLR 3.7; N.D. ILL. PLR 3.4; D. MD. PLR 6; D. MINN. MANDATORY FORM 4 RULE 26(F) REPORT AND PROPOSED SCHEDULING ORDER (PATENT CASES) [hereinafter D. MINN. FORM 4], at (e)(1); D.N.J. PLR 3.7; N.D.N.Y. PLR 3.6; S.D. OHIO PLR 103.7; D. UTAH PLR 3.4; E.D. WASH. PLR 124; W.D. WASH. PLR 124.

⁴³ N.D. CAL. PATENT LOCAL RULES ADVISORY SUBCOMMITTEE REPORT 2 (2008) [hereinafter N.D. CAL. PLR REPORT].

⁴⁴ See, e.g., N.D. CAL. PLR 3-6.

⁴⁵ Districts following a more liberal approach to allowing amendments to infringement and invalidity contentions include D. Del., N.D. Ga., D. Mass., D. Nev., E.D.N.Y., S.D.N.Y., N.D. Ohio, and W.D. Pa. See, e.g., N.D.GA PLR 4.5; N.D.OHIO PLR 3.10; S.D.N.Y. PLR 9; W.D. PA. PLR 3.7.

⁴⁶ W.D. PA. PLR 3.7.

⁴⁷ S.D.N.Y. PLR 9.

⁴⁸ *O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 80 U.S.P.Q.2d 1769 (Fed. Cir. 2006).

⁴⁹ *Id.* at 1366, 1777.

on newly discovered information, it must act promptly when it receives that information.

Courts also examine the plaintiff's diligence in discovering the new information.⁵⁰ As one court has observed, "[i]n considering the [moving] party's diligence, the critical question is whether the party 'could have discovered' the new information 'earlier had it acted with the requisite diligence.'" ⁵¹ Thus, for example, courts typically grant leave to amend infringement contentions after a patentee has been given the opportunity to inspect relevant source code and has discovered additional information about the accused products.⁵²

Finally, in assessing good cause, courts look at whether an amendment of the plaintiff's infringement contentions would prejudice the defendant.⁵³ Prejudice often turns on whether the defendant would have adequate time to conduct discovery about the plaintiff's new theory.⁵⁴

Noninfringement Contentions

When patent local rules were originally adopted in the Northern District of California, there was no requirement for the defendant to explain why its products did not infringe. But about half of the districts that have now adopted patent local rules have included a requirement that the defendant serve noninfringement contentions.⁵⁵ For example, the Western District of Pennsylvania's rule requires that the defendant state "as to each identified element in each asserted claim, whether such element is present literally or under the doctrine of equivalents in each Accused Instrumentality, and, if not, the reason for such denial and the relevant distinctions."⁵⁶

Consequences of Noncompliance

The consequences of failing to comply with patent local rules regarding infringement and noninfringement contentions can be severe. When a plaintiff fails to disclose its infringement theory in its infringement contentions, the Federal Circuit has endorsed sanctioning that conduct by precluding assertion of a claim. In *O2 Micro*,⁵⁷ the Federal Circuit affirmed summary judgment of noninfringement, which the district court had granted after finding that plaintiff had not established good cause for amending its infringement contentions to include a new theory of infringement. Likewise, in

MEMC Electronic Materials,⁵⁸ the court barred the plaintiff from asserting infringement under the doctrine of equivalents when it had failed to include such a theory in its infringement contentions.

Alternatively, courts have often ordered the plaintiff to supplement its infringement contentions when it failed to comply with patent local rules.⁵⁹ Courts have also stayed all discovery or suspended the defendant's obligations to comply with patent local rules until adequate infringement contentions have been provided.⁶⁰

Invalidity Contentions

The second major component of patent local rules is the set of rules governing invalidity contentions.

Required Disclosures

In its invalidity contentions, the defendant must disclose all prior art that it intends to rely on as the basis for claiming that the patent-in-suit is invalid based on anticipation or obviousness. Typically, the defendant must also provide "[a] chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found."⁶¹

A defendant alleging obviousness is also generally required to point out the specific combinations of prior art on which it relies.⁶² In *LML v. JPMorgan Chase*,⁶³ the defendant's invalidity contentions identified a number of combinations of prior art references that it contended rendered the patent obvious. When the defendant submitted an expert report, the expert relied on a different combination of the previously disclosed art. The court struck that portion of the expert's report, saying that the defendant had violated patent local rules because it had not previously disclosed the specific combination art about which the expert wished to testify.⁶⁴

Eight districts with patent local rules impose an additional requirement on the disclosure of obviousness theories: a requirement that the defendant disclose a motivation to combine the prior art references.⁶⁵ The Northern District of California's original version of patent local rules included this requirement, but it has since been dropped in the Northern District and most other districts. The requirement was dropped because of the Supreme Court's 2007 decision in *KSR v. Tele-*

⁵⁰ *West v. Jewelry Innovations, Inc.*, No. C 07-1812 JF (HRL), 2008 BL 305388, 3-4 (N.D. Cal. Oct. 8, 2008)

⁵¹ *GPNE Corp. v. Apple Inc.*, No. 5:12-cv-02885-LHK-PSG, 2013 BL 327112, 2 (N.D. Cal. Nov. 22, 2013) (quoting *Google, Inc. v. Netlist, Inc.*, No. C 08-4144 SBA, slip op. at 4 (N.D. Cal. May 5, 2010)).

⁵² *Linex Techs., Inc. v. Hewlett-Packard Co.*, No. C 13-159 CW, 2013 BL 308328, 4 (N.D. Cal. Nov. 6, 2013).

⁵³ *Id.* at 2.

⁵⁴ *Id.*; *Apple Inc. v. Samsung Elecs. Co.*, No. CV 12-00630 LHK, 2012 BL 301969, 3, 4, 6 (N.D. Cal. Nov. 15, 2012)

⁵⁵ Fifteen districts require the defendant to serve noninfringement contentions. See N.D. GA. PLR 4.2; N.D. ILL. PLR 2.3; D. MINN. FORM 4, at (e)(2)(B); E.D. MO. PLR 3-3; D. NEV. PLR 16.1-8; D.N.J. PLR 3.2A; E.D.N.C. PLR 303.3; M.D.N.C. PLR 103.3; N.D.N.Y. PLR 3.3; N.D. OHIO PLR 3.3; W.D. PA. PLR 3.4; W.D. TENN. PLR 3.3; D. UTAH PLR 2.4; E.D. WASH. PLR 121; W.D. WASH. PLR 121.

⁵⁶ W.D. PA. PLR 3.4.

⁵⁷ *O2 Micro Intl. Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1369-70, 80 U.S.P.Q.2d 1769, 1780 (Fed. Cir. 2006).

⁵⁸ *MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, No. C 01-4925 SBA, slip op. at 10-18 (N.D. Cal. Mar. 1, 2004).

⁵⁹ See, e.g., *Rambus v. NVIDIA*, slip op. at 42; *Shared Memory Graphics LLC v. Apple, Inc.*, 812 F. Supp. 2d 1022, 1025, 2010 BL 311188, 3 (N.D. Cal. 2010).

⁶⁰ See *Tessenderlo Kerley, Inc. v. OR-Cal, Inc.*, No. C 11-04100 WHA, 2012 BL 92492, 6 (N.D. Cal. Apr. 13, 2012); *Rambus v. NVIDIA*, slip op. at 40-43.

⁶¹ See, e.g., N.D. CAL. PLR 3-3(c); E.D. TEX. PLR 3-3(c).

⁶² See, e.g., N.D. CAL. PLR 3-3(c); E.D. TEX. PLR 3-3(b).

⁶³ *LML Patent Corp. v. JPMorgan Chase & Co.*, No. 2:08-cv-448, slip op. at 20-23 (E.D. Tex. Aug. 11, 2011).

⁶⁴ *Accord Tyco Healthcare Grp. LP v. Applied Med. Res. Corp.*, No. 9:06-cv-151, slip op. at 5 (E.D. Tex. Mar. 30, 2009).

⁶⁵ Eight districts require that invalidity contentions include a motivation to combine: N.D. Ga., S.D. Ind., E.D.N.C., M.D.N.C., W.D.N.C., W.D. Pa., E.D. Tex., and N.D. Tex.

flex,⁶⁶ that obviousness does not necessarily require an express teaching of motivation to combine.⁶⁷

Timing of Disclosures

There are wide variations on when the defendant must serve invalidity contentions. In roughly a third of the districts that have patent local rules, they are due 45 days after the infringement contentions.⁶⁸ In the Northern District of California, this 45-day deadline falls about seven and a half months after the case is filed. In many districts, invalidity contentions are required much earlier.

These deadlines are a potential pitfall of practicing under patent local rules. Unlike the plaintiff, the defendant might not have any advance warning of the suit. As a result, the defendant needs to start formulating its invalidity arguments soon after being served. The defendant needs to initiate a prior art search early in the case, and probably should also retain an expert witness early on. If the defendant does not formulate all its invalidity arguments by the deadline for invalidity contentions, it may be precluded from making certain arguments.

Amending Invalidity Contentions

The approaches to amending invalidity contentions are the same as discussed above regarding infringement contentions. In the districts that provide for preliminary and final invalidity contentions,⁶⁹ the defendant is allowed to amend its invalidity contentions either after the plaintiff files its final infringement contentions or, if the plaintiff does not change its infringement contentions, within a set time after the claim construction ruling. Otherwise, amendment of invalidity contentions is only allowed on a showing of good cause.⁷⁰

Under the revised approach, followed by about a third of the districts,⁷¹ there is no automatic right to amend the invalidity contentions; the defendant can only amend with a court order, upon a timely showing of good cause. The rules set out a nonexhaustive list of examples of what would constitute good cause—generally, a claim construction that is different from that proposed by the defendant or the recent discovery of additional prior art.⁷²

Finally, as was the case with infringement contentions, there are several districts that have more liberal rules allowing amendments of the invalidity contentions.⁷³

Validity Contentions

A fairly new development is the “response to invalidity contentions” or “validity contentions,” by which the plaintiff is required to respond to the defendant’s invalidity arguments. Six districts have adopted these re-

quirements.⁷⁴ For example, the rules of the Northern District of Illinois require the plaintiff to provide “a chart . . . that states as to each identified element in each asserted claim . . . whether the party admits to the identity of elements in the prior art and, if not, the reason for such denial.”⁷⁵

Claim Construction Rules

The third component of most patent local rules is the set of rules designed to satisfy the *Markman*⁷⁶ requirement that the court construe the claims of the patent.

Steps in Claim Construction

Most patent local rules break claim construction into six steps. First, the parties exchange their lists of claim terms that each believes need to be construed.⁷⁷ Next, each party provides the other with its preliminary claim constructions of all the terms on both parties’ list of terms.⁷⁸ The preliminary claim constructions must also set forth the supporting claim evidence, both intrinsic and extrinsic, on which each party intends to rely.⁷⁹

The third step in the process is for the parties to meet and confer and to prepare a joint claim construction statement, which is submitted to the court.⁸⁰ The parties must agree on the exact list of terms that the court will be construing. About a third of the districts have now adopted a fixed limit on the number of terms that the court will construe, usually 10 terms.⁸¹ The joint claim construction statement must also set forth the final list of the evidence that each party intends to rely on at the claim construction hearing.⁸²

After the parties prepare and file the joint claim construction statement, the rules provide a period for claim construction discovery,⁸³ which often largely consists of the depositions of expert witnesses that the parties intend to rely on at the *Markman* hearing.

Following discovery, the fifth step in the process is briefing. About half of the districts with Patent Local Rules require simultaneously exchanged briefs, with both sides filing an opening brief and a responsive brief.⁸⁴ The other half of the districts use consecutive briefing, where the plaintiff files an opening brief, the defendant files an opposition brief, and then the plaintiff files a reply brief.⁸⁵ The Northern District of Illinois

⁷⁴ Six districts require the plaintiff to serve a response to the defendant’s invalidity contentions. See N.D. ILL. PLR 2.5; D. MINN. FORM 4, at (f)(2)(A); D. NEV. PLR 16.1-10; D.N.J.-PLR 3.4A; N.D. OHIO PLR 3.7; W.D. TENN. PLR 3.7.

⁷⁵ N.D. ILL. PLR 2.5.

⁷⁶ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979, 34 U.S.P.Q.2d 1321, 1329 (Fed. Cir. 1995).

⁷⁷ See, e.g., N.D. CAL. PLR 4-1(a); D.N.J. PLR 4.1(a); E.D. TEX. PLR 4-1(a).

⁷⁸ See, e.g., N.D. CAL. PLR 4-2(a); D.N.J. PLR 4.2(a); E.D. TEX. PLR 4-2(a).

⁷⁹ See, e.g., N.D. CAL. PLR 4-2(b); D.N.J. PLR 4.2(b); E.D. TEX. PLR 4-2(b).

⁸⁰ See, e.g., N.D. CAL. PLR 4-3; D.N.J. PLR 4.3; E.D. TEX. PLR 4-3.

⁸¹ See, e.g., N.D. CAL. PLR 4-3(c); N.D.N.Y. PLR 4.4(b).

⁸² See, e.g., N.D. CAL. PLR 4-3(b)&(e); D.N.J. PLR 4.3(b)&(e); E.D. TEX. PLR 4-3(b)&(d).

⁸³ See, e.g., N.D. CAL. PLR 4-4; D.N.J. PLR 4.4; E.D. TEX. PLR 4-5.

⁸⁴ See, e.g., D.N.J. PLR 4.5; S.D. CAL. PLR 4-4.

⁸⁵ See, e.g., N.D. CAL. PLR 4-5; E.D. TEX. PLR 4-4.

⁶⁶ *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 418-422, 2007 BL 12375, 15-16, 82 U.S.P.Q.2d 1385, 1397-98 (2007) (74 PTCJ 5, 5/4/07) *KSR Intl. Co. v. Teleflex Inc.*

⁶⁷ N.D. CAL. PLR REPORT, *supra* note 43, at 3.

⁶⁸ See, e.g., N.D. CAL. PLR 3-3.

⁶⁹ See districts identified in note 39, *supra*.

⁷⁰ See, e.g., S.D. CAL. PLR 3.6(b).

⁷¹ See districts identified in note 42, *supra*.

⁷² See, e.g., N.D. CAL. PLR 3-6.

⁷³ See districts identified in note 45, *supra*.

has a third approach, using consecutive briefing, but with the defendant filing the opening and reply briefs.⁸⁶ The district's rules committee believes this approach is "more likely to promote a meaningful exchange regarding the contested points," because plaintiffs "are more likely to argue for a 'plain meaning' construction or for non-construction of disputed terms."⁸⁷

Finally, there is a *Markman* hearing, either scheduled by the court after the briefing is completed or on a date that was set as part of the original scheduling order.

Changing Proposed Claim Constructions

Inherent in the idea of *preliminary* claim constructions, a party is allowed to change its claim construction positions between serving its preliminary claim constructions and the joint claim construction statement,⁸⁸ but a party generally cannot change its claim construction positions after the joint claim construction statement is filed. In *Rambus v. Hynix*, the court held that although the rules did not explicitly prohibit a party from changing its claim construction set forth in the joint claim construction statement, allowing a party to do so violated the spirit of the rules.⁸⁹ Despite the holding in *Hynix*, case law is clear that the district court's task is *not* to pick between the parties' contrasting views, but to examine the evidence and exercise its independent judgment to construe the claims.⁹⁰ As a result, there may be leeway for a party to adjust its claim construction position after the joint statement by arguing that doing so is necessary to assist the court in determining what the claim terms mean to one skilled in the art.

Disclosure of Claim Construction Experts

Another potential pitfall in patent local rules arises from the requirements that a party disclose its experts' opinions about claim construction. The rules of the Northern District of California, the District of New Jersey and the Eastern District of Texas are typical of the requirements found in most of the patent local rules. These rules provide that in the preliminary claim constructions, each party is to identify testimony of expert witnesses that supports the party's proposed claim construction and to provide a description of the substance of that witness' proposed testimony.⁹¹ When the parties prepare the joint claim construction statement, they are to include an identification of the expert witnesses on which they rely.⁹² Additionally, the parties are to disclose in the joint statement whether either party proposes to call witnesses at the claim construction hearing and for any expert, each opinion to be offered.⁹³ This final provision has been interpreted to require

such disclosure both when a party intends to present the expert witness by live testimony and when it intends to do so by declaration.⁹⁴

A few districts take slightly different approaches to claim construction expert disclosure in their patent local rules. For example, the Northern District of Illinois requires the parties to provide declarations setting forth their experts' proposed testimony at the time they file their claim construction briefs.⁹⁵

When the patent local rules require a party to identify expert witness in the joint claim construction hearing, the party can be barred from using an undisclosed expert witness at the *Markman* hearing.⁹⁶ However, in *Sigma-Aldrich v. Open Biosystems*,⁹⁷ the court held that the provision requiring a party to identify experts and their opinions as part of the preliminary claim constructions does not preclude the party from adding a previously undisclosed expert witness in the joint claim construction statement.⁹⁸

Although patent local rules typically require that a party disclose the substance of the expert witness's proposed testimony, cases interpreting those rules have not required that the disclosures be very specific. In *Reflex Packaging v. Lenovo*, the plaintiff stated, in the joint claim construction statement, that it intended to rely on "[t]he opinion of Herbert Schueneman that, to one of ordinary skill in the art in the field of the [patent-in-suit], the [terms at issue] would have the meaning attributed to it by [Plaintiff]."⁹⁹ Judge Ware of the Northern District of California found that "Plaintiff adequately disclosed the expert testimony it intended to use."¹⁰⁰ A similar result was reached in *HTC v. Tech Properties*.¹⁰¹

Given these cases from the Northern District of California, and the widespread adoption of similarly worded rules regarding the disclosure of experts in other districts,¹⁰² a litigant probably does not need to disclose anything more than that the expert will support its claim construction. For example, the District of Nevada has concluded that it should follow *Reflex Packaging* regarding the interpretation of its similarly worded expert disclosure rules.¹⁰³ Given the actual language of the rules both in the Northern District of California and elsewhere—requiring the disclosure of each expert opinion to be offered¹⁰⁴—it is possible that judges in other districts might conclude that the parties must specifically describe what the expert is going to say.

⁹⁴ *Friskit, Inc. v. RealNetworks, Inc.*, No. C 03-5085 FMS, slip op. at 1 (N.D. Cal. Mar. 22, 2005).

⁹⁵ N.D. ILL. PLR 4.2(a)&(b).

⁹⁶ *Nordic Naturals, Inc. v. J.R. Carlson Labs., Inc.*, No. C 07-2385 PJH, slip op. at 29–30 (N.D. Cal. June 6, 2008).

⁹⁷ *Sigma-Aldrich, Inc. v. Open Biosystems, Inc.*, 243 F.R.D. 354, 356-57, 2007 BL 151587, 3 (E.D. Mo. 2007).

⁹⁸ *Ferring B.V.*, 2012 BL 174001, 3-4.

⁹⁹ *Reflex Packaging, Inc. v. Lenovo (U.S.), Inc.*, No. C 10-01002 JW, slip op. at 6–7 (N.D. Cal. Apr. 7, 2011) (first, third, and fourth alterations in original).

¹⁰⁰ *Id.* at 7.

¹⁰¹ *HTC Corp. v. Tech. Props. Ltd.*, No. 5:08-cv-00882 JF/HRL, 2010 BL 283882 (N.D. Cal. Dec. 1, 2010).

¹⁰² See *supra* notes 91-93.

¹⁰³ *Ferring B.V.*, 2012 BL 174001, 3.

¹⁰⁴ See, e.g., N.D. CAL. PLR 4-3(e); D.N.J. PLR 4.3(e); E.D. TEX. PLR 4-3(d).

⁸⁶ See N.D. ILL. PLR 4.2.

⁸⁷ N.D. ILL. PLR 4.2 cmt.

⁸⁸ See *Sigma-Aldrich, Inc. v. Open Biosystems, Inc.*, 243 F.R.D. 354, 356-57, 2007 BL 151587, 3-4 (E.D. Mo. 2007).

⁸⁹ *Rambus Inc. v. Hynix Semiconductor Inc.*, 569 F. Supp. 2d 946, 980, 2008 BL 247392, 31 (N.D. Cal. 2008).

⁹⁰ See *Exxon Chem. Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553, 1555, 35 U.S.P.Q.2d 1801, 1802 (Fed. Cir. 1995).

⁹¹ N.D. CAL. PLR 4-2(b); D.N.J. PLR 4.2(b); E.D. TEX. PLR 4-2(b).

⁹² N.D. CAL. PLR 4-3(b); D.N.J. PLR 4.3(b); E.D. TEX. PLR 4-3(b).

⁹³ N.D. CAL. PLR 4-3(e); D.N.J. PLR 4.3(e); E.D. TEX. PLR 4-3(d).

Conclusion

The Patent Local Rules provide a streamlined approach for resolving patent infringement disputes, but this streamlining creates risks for litigants. Unlike most other federal court litigation, litigants are required to formulate their positions early in the case and are often precluded from changing those positions as the case progresses.

To avoid the pitfalls inherent in the rules, plaintiffs must formulate their infringement theories before they file suit, and defendants must start evaluating the valid-

ity of the patents-in-suit when the complaint is served. Both parties are well advised to retain experts early, to pursue helpful information with diligence, and most importantly, to move quickly to seek the court's permission to alter positions when new information is discovered. In addition, because of subtle differences among the versions of patent local rules adopted by various districts, it is always important to carefully analyze the specific requirements of the district in which the case is filed.