

DRAFT OF PROPOSED PATENT RULES (August 29, 2006)

1. SCOPE OF RULES

1-1. Title.

These are the Rules of Practice for Patent Cases before the Northern District of Texas. They should be cited as “P. R. ___.”

1-2. Scope and Construction.

These rules apply to all civil actions filed in or transferred to this Court which allege infringement of a utility patent in a complaint, counterclaim, cross-claim or third party claim, or which seek a declaratory judgment that a utility patent is not infringed, is invalid or is unenforceable. The Court may accelerate, extend, eliminate, or modify the obligations or deadlines set forth in these Patent Rules based on the circumstances of any particular case, including, without limitation, the complexity of the case or the number of patents, claims, products, or parties involved. If any motion filed prior to the Claim Construction Hearing provided for in P. R. 4-6 raises claim construction issues, the Court may, for good cause shown, defer the motion until after completion of the disclosures, filings, or ruling following the Claim Construction Hearing. The Civil Local Rules of this Court shall also apply to these actions, except to the extent that they are inconsistent with these Patent Rules. The deadlines set forth in these rules may be modified by Docket Control Order issued in specific cases.

1-3. Effective Date.

These Patent Rules shall take effect on February 22, 2005 and shall apply to any case filed thereafter and to any pending case in which more than 9 days remain before the Initial Disclosure of Asserted Claims is made. The parties to any other pending civil action shall meet and confer promptly after February 22, 2005, for the purpose of determining whether any provision in these Patent Rules should be made applicable to that case. No later than 7 days after the parties meet and confer, the parties shall file a stipulation setting forth a proposed order that relates to the

application of these Patent Rules. Unless and until an order is entered applying these Patent Local Rules to any pending case, the Rules previously applicable to pending patent cases shall govern.

2. GENERAL PROVISIONS

2-1. Governing Procedure.

(a) Initial Case Management Conference. Parties conferring with each other pursuant to Fed. R. Civ. P. 26(f) shall attend either in person or by telephone. During such conference, in addition to the matters covered by Fed.R.Civ.P. 26, the parties must discuss and address in the Case Management Statement filed pursuant to Fed.R.Civ.P. 26(f), the following topics:

- (1)** Proposed modification of the deadlines provided for in the Patent Rules, and the effect of any such modification on the date and time of the Claim Construction Hearing, if any;
- (2)** Electronic Discovery Plan;
- (3)** The need for technical tutorials presented to the Court and the mode for presenting same;
- (4)** Deviations from and additions to the Model Protective Order;
- (5)** Whether the Court will hear live testimony at the Claim Construction Hearing;
- (6)** The need for and any specific limits on discovery relating to claim construction, including depositions of witnesses, including expert witnesses;
- (7)** The order of presentation at the Claim Construction Hearing;
- (8)** The scheduling of a Claim Construction Prehearing Conference to be held after the Joint Claim Construction and Prehearing Statement provided for in P. R. 4-3 has been filed;

(9) Whether the court should authorize the filing under seal of any documents containing confidential information; and

(10) The need for deviation from the ordinary practice of early and late mediations and the potential dates for early and late mediations.

(b) Further Case Management Conferences. To the extent that some or all of the matters provided for in P. R. 2-1 (a)(1)-(5) are not resolved or decided at the Initial Case Management Conference, the parties shall propose dates for further Case Management Conferences at which such matters shall be decided.

Comment: The Task Force recommends the above additional discussion topics for the Rule 26(f) meeting. The Task Force also discussed discovery phases for claim construction, liability, damages, and inequitable conduct, but decided that this was best left to the purview of the district judge and should not be included in the required topics for discussion.

2-2. Confidentiality.

All documents or information produced under these Local Patent Rules shall be governed by the terms and conditions of the Protective Order in Appendix "A". Such Protective Order shall be deemed automatically entered upon the filing or transfer of any civil action to which these Local Patent Rules apply pursuant to Patent Rule 1.3, unless otherwise modified by agreement of the parties or Order of Court.

Comment:

The panel is in favor of a default protective order. The attached order is based on the default order used by the United States District Court for the Western District of Pennsylvania, with the modification that in house counsel are not permitted access to documents and information marked Confidential Attorney's Eyes Only. While there are divergent views, the Task Force believes that the attached default order will result in less withholding of discovery by parties possessing sensitive information and, consequently, less need for Court intervention.

2-3. Certification of Initial Disclosures.

All statements, disclosures, or charts filed or served in accordance with these Patent Rules must be dated and signed by counsel of record. Counsel's signature shall constitute a certification that to the best of his or her knowledge, information, and belief, formed after an inquiry that is reasonable under the circumstances, the information contained in the statement, disclosure, or chart is complete and correct at the time it is made

2-4. Admissibility of Disclosures.

Statements, disclosures, or charts governed by these Patent Rules are admissible to the extent permitted by the Federal Rules of Evidence or Procedure. However, the statements or disclosures provided for in P. R. 4-1 and 4-2 are not admissible for any purpose other than in connection with motions seeking an extension or modification of the time periods within which actions contemplated by these Patent Rules must be taken.

2-5. Relationship to Federal Rules of Civil Procedure.

Absent a Court Order to the contrary, the scope of discovery is not limited to the preliminary infringement contentions or preliminary invalidity contentions but is governed by the Federal Rules of Civil Procedure. Except as provided in this paragraph or as otherwise ordered, it shall not be a legitimate ground for objecting to an opposing party's discovery request (e.g., interrogatory, document request, request for admission, deposition question) or declining to provide information otherwise required to be disclosed pursuant to Fed.R.Civ.P. 26(a)(1) that the discovery request or disclosure requirement is premature in light of, or otherwise conflicts with, these Patent Rules. A party may object, however, to responding to the following categories of discovery requests (or decline to provide information in its initial disclosures under Fed.R.Civ.P. 26(a)(1)) on the ground that they are premature in light of the timetable provided in the Patent Rules:

- (a) Requests seeking to elicit a party's claim construction position;
- (b) Requests seeking to elicit from the patent claimant a comparison of the asserted claims and the accused apparatus, product, device, process, method, act, or other instrumentality;

(c) Requests seeking to elicit from an accused infringer a comparison of the asserted claims and the prior art; and

(d) Requests seeking to elicit from an accused infringer the identification of any opinions of counsel, and related documents, that it intends to rely upon as a defense to an allegation of willful infringement.

Where a party properly objects to a discovery request (or declines to provide information in its initial disclosures under Fed.R.Civ.P. 26(a)(1)) as set forth above, that party shall provide the requested information on the date on which it is required to provide the requested information to an opposing party under these Patent Rules, unless there exists another legitimate ground for objection.

Comment: The Task Force debated the breadth of discovery and especially how the preliminary infringement contention should limit discovery if at all. On the one hand, discovery could be limited to only what is specifically accused in the preliminary infringement contentions. On the other hand, discovery could be allowed on any topic which is related to the causes of action pled in the complaint.

The view was expressed that alleged infringement is a cause of action based in tort. Fundamentally, a tort plaintiff has knowledge of his own injury but has limited information about the nature of the defendant and its actions. As such history and case law recognizes that victims of torts need substantial discovery. This discovery, of course, is balanced by an equal right on the part of the accused infringer to determine the basis of the plaintiff's claims and to discover facts supporting its defense.

In order to promote judicial economy, the overwhelming trend in the Federal Rules of Civil Procedure and the case law interpreting such rules has been to allow discovery relevant to the claim or defense of any party. The theory is that permitting full discovery between two parties will drive settlement of all disputes between those parties and will prevent piecemeal litigation. There have been limited circumstances where courts have recognized that discovery needs to be limited to specifically pled causes of action. In addition, courts are free to fashion discovery limits in particular cases to avoid unfair "fishing expeditions" that drive up costs. For the most part the

trend in the federal courts has been to allow broad discovery to ferret out all possible causes of action, while at the same time considering specific limitations proposed by an aggrieved party.

Various Judges have taken a two pronged approach to running their patent cases efficiently. First, a plaintiff is expected to name all of its accused products in the preliminary infringement contentions. Other than as affected by the Court's claim construction ruling, these PICs can be amended only upon a showing of "good cause." Second, the parties are limited in their discovery requests only to systems and products that are specifically identified in the PICs. (The supplementation of PICs is addressed in PR3-7 below) While the Task Force agrees that discovery should be reasonable and waste avoided, the Task Force believes that a rule automatically limiting parties to discovery on only products identified in the PICs can cause difficulties later in the case as it encourages the patentee to give overly broad contentions. (See discussion under PR3-1 below). Also, automatically limiting discovery to only accused products may result in difficulty for the Judge in fashioning an injunction to cover products for which discovery has not been taken in the case.

The Task Force discussed whether or not the Northern District of Texas Local rules needed to address this topic. The Task Force felt that it was important for any set of local patent rules for the Northern District of Texas rules to specifically address the issue one way or the other. The committee discussed various places in the local rules where language related to the scope of discovery may be added and decided that Local Rule 2-5 would be an appropriate place. The Task Force believed that reference to following the discovery scope provided in the Federal Rules of Civil Procedure was appropriate.

3. PATENT INITIAL DISCLOSURES

3-1. Disclosure of Asserted Claims and Preliminary Infringement Contentions.

Not later than 10 days after the Initial Case Management Conference, a party claiming patent infringement must serve on all parties a "Disclosure of Asserted Claims and Preliminary Infringement Contentions." Separately for each opposing party, the "Disclosure of Asserted Claims and Preliminary Infringement Contentions" shall contain the following information:

(a) Each claim of each patent in suit that is allegedly infringed by each opposing party;

(b) Separately for each asserted claim, each accused apparatus, product, device, process, method, act, or other instrumentality (“Accused Instrumentality”) of each opposing party of which the party is aware. This identification shall be as specific as possible. Each product, device, and apparatus must be identified by name or model number, if known. Each method or process must be identified by name, if known, or by any product, device, or apparatus which, when used, allegedly results in the practice of the claimed method or process;

(c) A chart identifying specifically and in detail where each element of each asserted claim is found within each Accused Instrumentality, including for each element that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in the Accused Instrumentality that performs the claimed function;

(d) Whether each element of each asserted claim is claimed to be literally present or present under the doctrine of equivalents in the Accused Instrumentality;

(e) For any patent that claims priority to an earlier application, the priority date to which each asserted claim allegedly is entitled;

(f) If a party claiming patent infringement wishes to preserve the right to rely, for any purpose, on the assertion that its own apparatus, product, device, process, method, act, or other instrumentality practices the claimed invention, the party must identify, separately for each asserted claim, each such apparatus, product, device, process, method, act, or other instrumentality that incorporates or reflects that particular claim; and

(g) Failure to comply with the requirements of Patent Rule 3-1, including the requirement of specificity and detail in contending infringement, may result in appropriate sanctions, including dismissal.

Comment: The Task Force discussed at length the practice of some patentee-plaintiffs of drafting broad, generalized infringement contentions as opposed to particularized allegations. It was agreed that such contentions do not provide a defendant with sufficient information, although it was recognized that many patentees are reluctant to give substantial detail of their infringement claims since such detail may act to limit the scope of available discovery in the Eastern District. The Task Force believes that the solution to this problem is (1) to permit discovery beyond the products specifically included in the PICs (see PR 2-5), (2) to permit the amendment of PICs to include new accused products or infringement bases revealed during discovery (see PR 3-7), and (3) to require the plaintiff-patentee to disclose specifically and in detail its infringement contentions. Thus the Task Force recommends the addition of subsection (g) to ensure that the plaintiff-patentee is motivated to provide the infringement details available to it. A similar requirement is imposed on the defendant with respect to its invalidity contentions (see PR 3-3).

3-2. Document Production Accompanying Disclosure.

With the “Disclosure of Asserted Claims and Preliminary Infringement Contentions,” the party claiming patent infringement must produce to each opposing party or make available for inspection and copying:

- (a) Documents (e.g., contracts, purchase orders, invoices, advertisements, marketing materials, offer letters, beta site testing agreements, and third party or joint development agreements) sufficient to evidence each discussion with, disclosure to, or other manner of providing to a third party, or sale of or offer to sell, the claimed invention prior to the date of application for the patent in suit. A party’s production of a document as required herein shall not constitute an admission that such document evidences or is prior art under 35 U.S.C. § 102;
- (b) All documents evidencing the conception, reduction to practice, design, and development of each claimed invention, which were created on or before the date of application for the patent in suit or the priority date identified pursuant to P. R. 3-1(e), whichever is earlier; and
- (c) A copy of the file history for each patent in suit.

The producing party shall separately identify by production number which documents correspond to each category.

3-3. Preliminary Invalidity Contentions.

Not later than 45 days after service upon it of the “Disclosure of Asserted Claims and Preliminary Infringement Contentions,” each party opposing a claim of patent infringement, shall serve on all parties its “Preliminary Invalidity Contentions” which must contain the following information:

(a) The identity of each item of prior art that allegedly anticipates each asserted claim or renders it obvious. Each prior art patent shall be identified by its number, country of origin, and date of issue. Each prior art publication must be identified by its title, date of publication, and where feasible, author and publisher. Prior art under 35 U.S.C. § 102(b) shall be identified by specifying the item offered for sale or publicly used or known, the date the offer or use took place or the information became known, and the identity of the person or entity which made the use or which made and received the offer, or the person or entity which made the information known or to whom it was made known. Prior art under 35 U.S.C. § 102(f) shall be identified by providing the name of the person(s) from whom and the circumstances under which the invention or any part of it was derived. Prior art under 35 U.S.C. § 102(g) shall be identified by providing the identities of the person(s) or entities involved in and the circumstances surrounding the making of the invention before the patent applicant(s);

(b) Whether each item of prior art anticipates each asserted claim or renders it obvious. If a combination of items of prior art makes a claim obvious, each such combination, and the motivation to combine such items, must be identified;

(c) A chart identifying where specifically and in detail in each alleged item of prior art each element of each asserted claim is found, including for each element that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in each item of prior art that performs the claimed function;

(d) Any grounds of invalidity based on indefiniteness under 35 U.S.C. § 112(2) or enablement or written description under 35 U.S.C. § 112(1) of any of the asserted claims; and

(e) Failure to comply with the requirements of Patent Rule 3-3, including the requirement of specificity and detail, may result in appropriate sanctions.

Comment: The amendments to this section are analogous to those imposed upon the plaintiff-patentee in PR 3-1, and are suggested for the same reasons. Thus, a defendant is required to provide specificity and detail in its invalidity contentions and is subject to sanctions for failing to do so.

3-4. Document Production Accompanying Preliminary Invalidity Contentions.

With the “Preliminary Invalidity Contentions,” the party opposing a claim of patent infringement must produce or make available for inspection and copying:

(a) Source code, specifications, schematics, flow charts, artwork, formulas, or other documentation sufficient to show the operation of any aspects or elements of an Accused Instrumentality identified by the patent claimant in its P. R. 3-1(c) chart; and

(b) A copy of each item of prior art identified pursuant to P. R. 3-3(a) which does not appear in the file history of the patent(s) at issue. To the extent any such item is not in English, an English translation of the portion(s) relied upon must be produced.

3-5. Disclosure Requirement in Patent Cases for Declaratory Judgment.

(a) **Invalidity Contentions If No Claim of Infringement.** In all cases in which a party files a complaint or other pleading seeking a declaratory judgment that a patent is not infringed, is invalid, or is unenforceable, P. R. 3-1 and 3-2 shall not apply unless and until a claim for patent infringement is made by a party. If the defendant does not assert a claim for patent infringement in its answer to the complaint, no later than 10 days after the defendant serves its answer, or 10 days after the Initial Case Management Conference, whichever is later, the party seeking a declaratory judgment must serve upon each opposing party its Preliminary Invalidity Contentions that conform to P. R. 3-3 and produce or make available for inspection and copying the documents described in P. R. 3-4. The parties shall meet and confer within 10 days of the service of the Preliminary Invalidity Contentions for the purpose of determining the date on which the plaintiff will file its Final Invalidity Contentions which shall be no later than 50 days after service by the Court of its Claim Construction Ruling.

(b) **Applications of Rules When No Specified Triggering Event.** If the filings or actions in a case do not trigger the application of these Patent Rules under the terms set forth herein, the parties shall, as soon as such circumstances become known, meet and confer for the purpose of agreeing on the application of these Patent Rules to the case.

(c) **Inapplicability of Rule.** This P. R. 3-5 shall not apply to cases in which a request for a declaratory judgment that a patent is not infringed, is invalid, or is unenforceable is filed in response to a complaint for infringement of the same patent.

3-6. Final Contentions.

Each party's "Preliminary Infringement Contentions" and "Preliminary Invalidity Contentions" shall be deemed to be that party's final contentions, except as set forth below.

(a) If a party claiming patent infringement believes in good faith that the Court's Claim Construction Ruling so requires, not later than 30 days after service by the Court of its Claim Construction Ruling, that party may serve "Final Infringement Contentions" without leave of court that amend its "Preliminary Infringement Contentions" with respect to the information required by Patent R. 3-1(c) and (d).

(b) Not later than 50 days after service by the Court of its Claim Construction Ruling, each party opposing a claim of patent infringement may serve “Final Invalidation Contentions” without leave of court that amend its “Preliminary Invalidation Contentions” with respect to the information required by P. R. 3-3 if:

(1) a party claiming patent infringement has served “Final Infringement Contentions” pursuant to P. R. 3-6(a), or

(2) the party opposing a claim of patent infringement believes in good faith that the Court’s Claim Construction Ruling so requires.

3-7. Amendment to Contentions.

Amendment or modification of the Preliminary or Final Infringement Contentions or the Preliminary or Final Invalidation Contentions, other than as expressly permitted in P. R. 3-6, may be made only by order of the Court, which shall be entered only upon a showing of good cause, which may include newly discovered Accused Instrumentalities, newly discovered bases for claiming infringement, and newly discovered prior art references.

Comment: See comments to PR 2-5 and PR 3-1 above.

3-8. Willfulness.

By the date set forth in the Docket Control Order, each party opposing a claim of patent infringement that will rely on an opinion of counsel as part of a defense to a claim of willful infringement shall:

(a) Produce or make available for inspection and copying the opinion(s) and any other documents relating to the opinion(s) as to which that party agrees the attorney-client or work product protection has been waived; and

(b) Serve a privilege log identifying any other documents, except those authored by counsel acting solely as trial counsel, relating to the subject matter of the opinion(s) which the party is withholding on the grounds of attorney-client privilege or work product protection.

A party opposing a claim of patent infringement who does not comply with the requirements of this P. R. 3-8 shall not be permitted to rely on an opinion of counsel as part of a defense to willful infringement absent a stipulation of all parties or by order of the Court, which shall be entered only upon a showing of good cause.

4. CLAIM CONSTRUCTION PROCEEDINGS

4-1. Exchange of Proposed Terms and Claim Elements for Construction.

(a) Not later than 10 days after service of the “Preliminary Invalidity Contentions” pursuant to P. R. 3-3, each party shall simultaneously exchange a list of claim terms, phrases, or clauses which that party contends should be construed by the Court, and identify any claim element which that party contends should be governed by 35 U.S.C. § 112(6).

(b) The parties shall thereafter meet and confer for the purposes of finalizing this list, narrowing or resolving differences, and facilitating the ultimate preparation of a Joint Claim Construction and Prehearing Statement.

4-2. Exchange of Preliminary Claim Constructions and Extrinsic Evidence.

(a) Not later than 20 days after the exchange of “Proposed Terms and Claim Elements for Construction” pursuant to P. R. 4-1, the parties shall simultaneously exchange a preliminary proposed construction of each claim term, phrase, or clause which the parties collectively have identified for claim construction purposes. Each such “Preliminary Claim Construction” shall also, for each element which any party contends is governed by 35 U.S.C. § 112(6), identify the structure(s), act(s), or material(s) corresponding to that element.

(b) At the same time the parties exchange their respective “Preliminary Claim Constructions,” they shall each also provide a preliminary identification of extrinsic evidence, including without limitation, dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses they contend support their respective claim constructions. The parties shall identify each such item of extrinsic evidence by production number or produce a copy of any such item not previously produced. With respect to any such witness, percipient or expert, the parties shall also provide a brief description of the substance of that witness’ proposed testimony.

(c) The parties shall thereafter meet and confer for the purposes of narrowing the issues and finalizing preparation of a Joint Claim Construction and Prehearing Statement.

4-3. Joint Claim Construction and Prehearing Statement.

Not later than 60 days after service of the “Preliminary Invalidity Contentions,” the parties shall complete and file a Joint Claim Construction and Prehearing Statement, which shall contain the following information:

(a) The construction of those claim terms, phrases, or clauses on which the parties agree;

(b) Each party’s proposed construction of each disputed claim term, phrase, or clause, together with an identification of all references from the specification or prosecution history that support that construction, and an identification of any extrinsic evidence known to the party on which it intends to rely either to support its proposed construction of the claim or to oppose any other party’s proposed construction of the claim, including, but not limited to, as permitted by law, dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses;

(c) The anticipated length of time necessary for the Claim Construction Hearing;

(d) Whether any party proposes to call one or more witnesses, including experts, at the Claim Construction Hearing, the identity of each such witness, and for each expert, a summary of each opinion to be offered in sufficient detail to permit a meaningful deposition of that expert; and

(e) A list of any other issues which might appropriately be taken up at a prehearing conference prior to the Claim Construction Hearing, and proposed dates, if not previously set, for any such prehearing conference.

4-4. Completion of Claim Construction Discovery.

Not later than 30 days after service and filing of the Joint Claim Construction and Prehearing Statement, the parties shall complete all discovery relating to claim construction,

including any depositions with respect to claim construction of any witnesses, including experts, identified in the Joint Claim Construction and Prehearing Statement.

4-5. Claim Construction Briefs.

(a) Not later than 45 days after serving and filing the Joint Claim Construction and Prehearing Statement, each party shall serve and file an opening brief and any evidence supporting its claim construction.

(b) Not later than 14 days after service upon it of an opening brief, each opposing party shall serve and file its responsive brief and supporting evidence. Absent Court order, no further claim construction briefing will be permitted.

(c) At least 10 days before the Claim Construction Hearing held pursuant to P.R. 4-6, the parties shall jointly submit a claim construction chart on computer disk in WordPerfect format or in such other format as the Court may direct.

(1) Said chart shall have a column listing complete language of disputed claims with disputed terms in bold type and separate columns for each party's proposed construction of each disputed term. The chart shall also include a fourth column entitled "Court's Construction" and otherwise left blank. Additionally, the chart shall also direct the Court's attention to the patent and claim number(s) where the disputed term(s) appear(s).

(2) The parties may also include constructions for claim terms to which they have agreed. If the parties choose to include agreed constructions, each party's proposed construction columns shall state "[AGREED]" and the agreed construction shall be inserted in the "Court's Construction" column.

(3) The purpose of this claim construction chart is to assist the Court and the parties in tracking and resolving disputed terms. Accordingly, aside from the requirements set forth in this rule, the parties are afforded substantial latitude in the chart's format so that they may fashion a chart that most clearly and efficiently outlines the disputed terms and proposed constructions. Appendices to the Court's

prior published and unpublished claim construction opinions may provide helpful guidelines for parties fashioning claim construction charts.

Comment: The Task Force recommends the filing of simultaneous briefing on claim construction issues. Determining the meaning of claim terms is a judicial function upon which neither party bears the burden of proof. The current scheme places an additional burden on the plaintiff of first revealing its briefing position, but then provides the advantage of reply briefing. In the experience of the Task Force this often leads to additional “sur-reply” briefing that is costly and of only arguable benefit. The proposed scheme will limit each party to two simultaneous briefs, absent leave of Court.

4-6. Claim Construction Hearing.

Subject to the convenience of the Court’s calendar, two weeks following submission of the reply brief specified in P.R. 4-5(c), the Court shall conduct a Claim Construction Hearing, to the extent the parties or the Court believe a hearing is necessary for construction of the claims at issue.