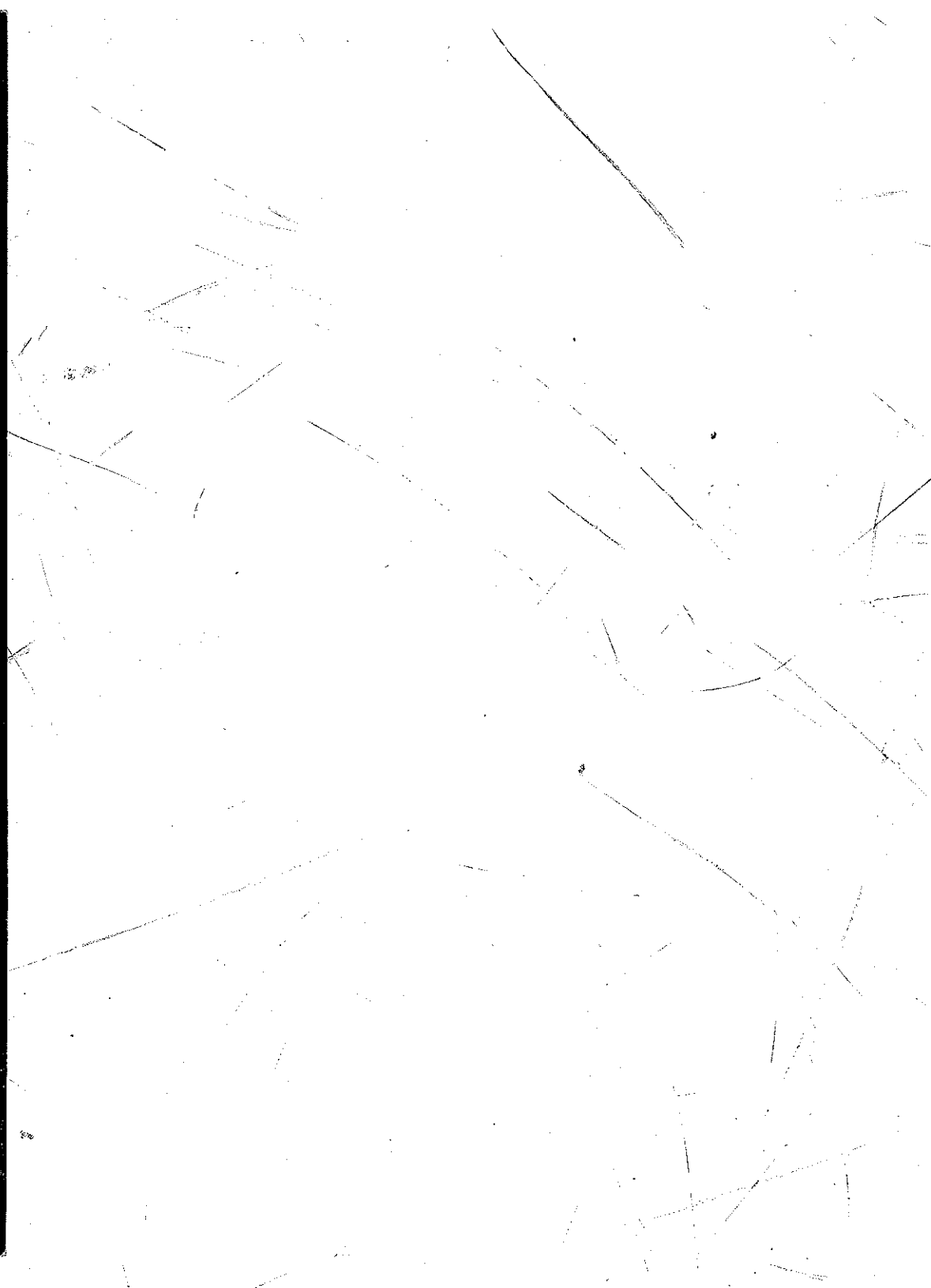
A GUIDE TO UNITED STATES PATENT LITIGATION

MERCHANT & GOULD
Merchant, Gould, Smith, Edell, Welter & Schmidt
Professional Association



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INTRODUCTION

United States patent litigation is complex, lengthy and expensive. Even for large United States corporations experienced in filing and defending lawsuits, United States patent litigation can be confusing. For foreign litigants, the rules and procedures of the United States judicial system make patent litigation even more daunting.

This guide should give foreign patent litigants a better perspective on the United States judicial process, particularly as it applies to patent law. After studying this guide, a foreign litigant should have a better understanding of the United States court system, its rules and procedures. The foreign litigant also should have a better understanding of the time and cost involved in United States patent litigation. Armed with this new appreciation of the United States court system, the foreign patent litigant will understand better what his or her United States attorney is doing and why. He or she also will understand the costs involved and better be able to factor them into rational business decisions related to the litigation.

The State Court System

The United States has fifty states. Each of these states is sovereign and, under the United States Constitution, has its own court system.[1] These courts generally handle disputes between residents of that state, control land transactions within the state or handle the prosecution of criminal matters which constitute violations of that state's laws.

Each state has courts in which trials are conducted. These are the courts in which witnesses are called and where a decision is rendered by either a judge or a jury. Most states also have an appellate court which handles appeals from the trial courts. Some states have an additional level, a court of final appeal, which handles appeals from the appellate courts. If a state is not heavily populated, the ***intermediate*** appellate court may not exist and an appeal from a trial court is taken directly to the court of final appeal without passing through an intermediate appellate court.

Each state has jurisdiction over who can practice law within that state. Each state also establishes rules regarding how law will be practiced within that state. An attorney usually is registered to practice within his or her state of residence. He or she will be registered to practice law in his or her state of residence after passing a two- or three-day test called a ***bar examination***. An attorney occasionally also will be registered to practice in a few states other than his or her state of residence. This is usually because the attorney has changed residences while practicing law. It is very unusual to find an attorney who is registered to practice in more than a few states.

An attorney who is registered to practice in a particular state is allowed to practice in that state's courts, including its trial courts, its intermediate appellate court (if that state has one) and its court of final appeal. He or she also may practice in the federal courts located within that state. Registration to practice law in at least one state is a prerequisite to practicing law in the federal court system.

1 The United States also has the ***"District of Columbia"*** (Washington, D.C.) which, although it is not a state, does have its own court system.

THE UNITED STATES COURT SYSTEM

Any discussion of litigation in the United States must begin with a description of how the United States court system is structured.

The United States actually has two separate court systems superimposed on each other. The first court system is the ***state court system***. The second court system is the ***federal court system***. The state courts have exclusive jurisdiction to decide some matters while the federal courts have exclusive jurisdiction to decide others. Sometimes both the state courts and the federal courts have jurisdiction over the same matter. When this occurs, the courts have ***concurrent jurisdiction***. When the federal and state courts have concurrent jurisdiction, special rules determine which court will decide the case.

Concurrent jurisdiction rarely applies to United States patent litigation. This is because the federal courts have ***exclusive jurisdiction*** over patent infringement disputes and the state courts may not decide them. Any dispute regarding the infringement or validity of a United States patent will be handled in the federal court system.

In order to fully understand the federal court system, it is necessary also to understand the state court system.

The Federal Court System

The federal court system is superimposed on the state court system. Each state has at least one federal district court within its boundaries. A heavily populated state often will have more than one federal district court within its boundaries. The State of New York, for instance, has four federal district courts: the Eastern, the Western, the Southern and the Northern districts.

A federal district court has jurisdiction within the state in which it is located. If a state has more than one federal district court, then each district court has jurisdiction only over that part of the state defined by its district boundaries.

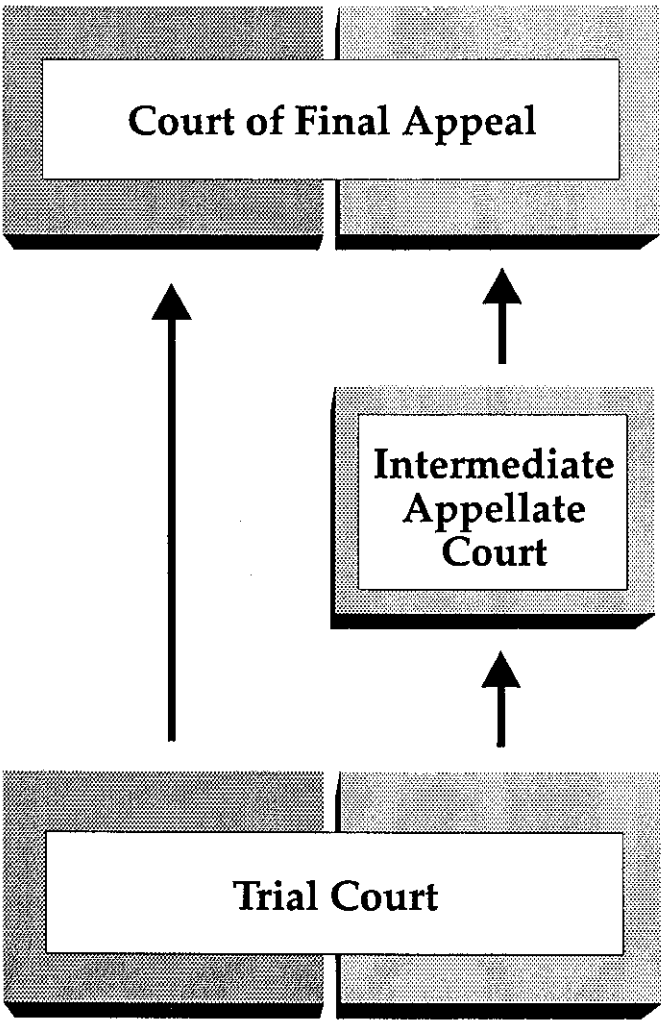
Appeals from the federal district courts are taken to one of several federal courts of appeal. These courts of appeal usually are regional — a number of district courts from adjoining states are grouped together and appeals from them are taken to one appellate court in the region. A group of district courts for purposes of appeal is called a ***circuit***. The United States has twelve (12) regional circuits. The 8th Circuit Court of Appeals, for instance, has jurisdiction over appeals from the district courts located in the states of Minnesota, Iowa, Missouri, Arkansas, North Dakota, South Dakota and Nebraska.

Aside from the regional circuit courts of appeal, there are also special courts of appeal that handle only cases related to specific subjects. One of these, the Court of Appeals for the Federal Circuit, handles all of the appeals related to patent law. No matter where a patent lawsuit is tried, its appeal will go to one court, the Court of Appeals for the Federal Circuit.

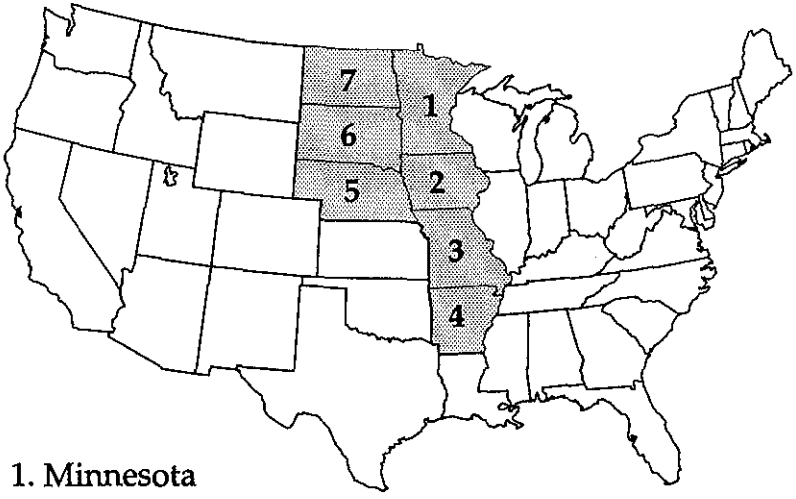
Appeals from decisions of the federal courts of appeal are taken to the United States Supreme Court. An appeal to the Supreme Court is discretionary and not a matter of right. If an appeal is lost at the Federal Circuit (or any other federal court of appeal), there is no guarantee that a further appeal will be heard by the Supreme Court. Whether the Supreme Court will hear the appeal is a matter of its own discretion.[2]

2 Certain decisions of the federal courts of appeal are appealable to the United States Supreme Court as a matter of right, but they are rare.

A TYPICAL STATE COURT STRUCTURE

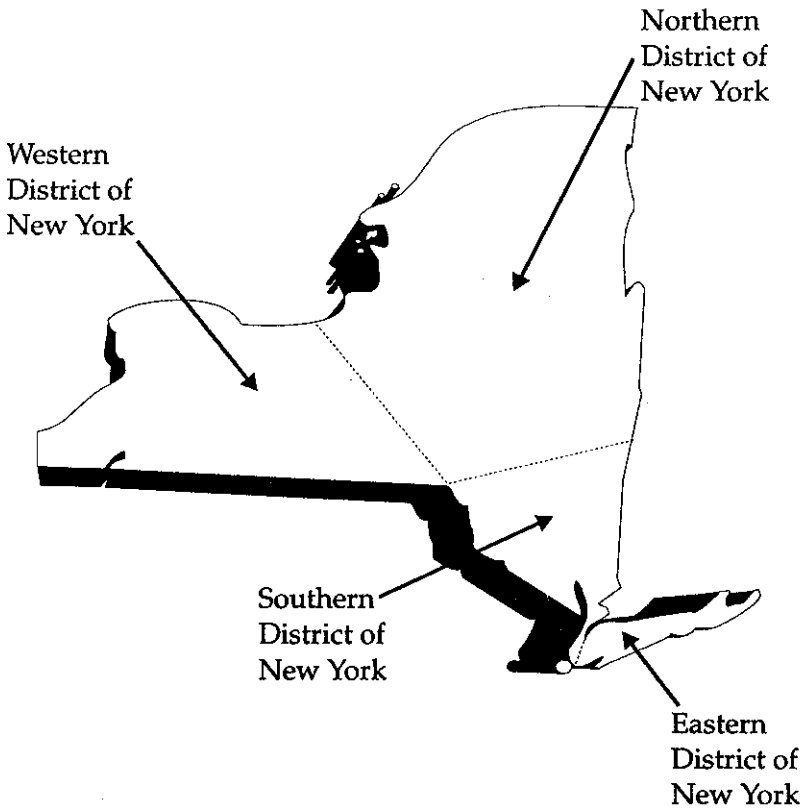


BOUNDARIES FOR THE COURT OF APPEALS FOR THE EIGHTH CIRCUIT



1. Minnesota
2. Iowa
3. Missouri
4. Arkansas
5. Nebraska
6. South Dakota
7. North Dakota

BOUNDARIES FOR THE FEDERAL COURTS LOCATED WITHIN THE STATE OF NEW YORK



Since 1982, only twenty-one appeals relating to patents were heard by the Supreme Court. The chance of having a patent decision reviewed by the Supreme Court is very low.

The Court of Appeals for the Federal Circuit

Whenever a decision is rendered in a federal district court regarding a matter of United States patent law, the decision is appealable to the ***Court of Appeals for the Federal Circuit***, commonly called the ***CAFC*** or the ***Federal Circuit***. The Federal Circuit is located in Washington, D.C.

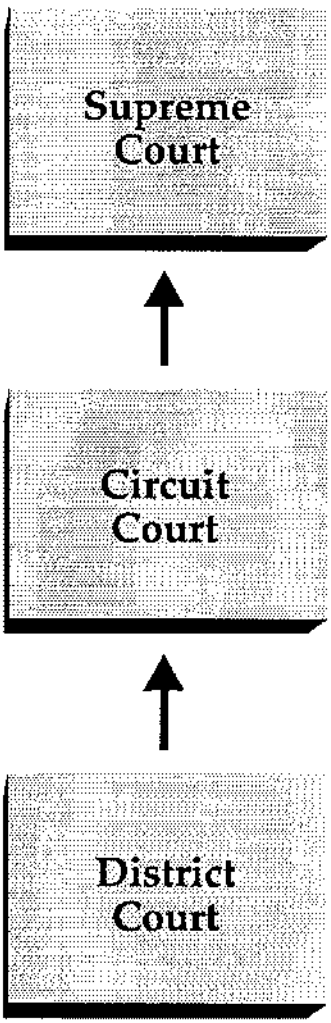
The Federal Circuit was established in 1982 because the interpretation of the patent laws had become inconsistent between the regional federal courts of appeal. The United States congress felt that a uniform interpretation of the patent laws was necessary in order to strengthen the United States patent system. Congress, therefore, created one court to handle all patent appeals. Since the creation of the Federal Circuit in 1982, most of the major conflicts created by the regional federal courts of appeal regarding the interpretation of the United States patent laws have been eliminated. As a result there is now a more predictable interpretation of the law and, many argue, a strengthened United States patent system.

Where Attorneys May Practice

Attorneys are registered to practice by the states. Once an attorney is registered to practice in a state, however, he or she also may practice in the federal courts located within that state. An attorney who is registered to practice law in the State of Minnesota, therefore, also is allowed to practice in the federal courts located in Minnesota. More importantly, however, he or she also is entitled to practice in the federal courts of *any* other state.

Federal district courts allow attorneys from outside their state to practice before them. When a district court allows an attorney from outside its state to practice in the state, the court admits that attorney ***pro hac vice***. This means that the attorney may practice in that federal district court for the particular pending litigation.

FEDERAL COURT STRUCTURE



Magistrate judges handle the day-to-day affairs of the cases in the federal district courts. Magistrate judges handle discovery matters, routine motions and scheduling. District court judges usually will handle only ***dispositive motions*** and the actual trial. Dispositive motions are those motions that are important enough that, if decided, they will end the case.

An attorney who is admitted to practice *pro hac vice* in a federal district court is required to retain the services of an attorney within the state to act as an official contact within the state. The attorney chosen from within the district is called ***local counsel.***

If an attorney who is licensed to practice in the State of Minnesota wishes to bring a lawsuit in the State of California, he or she will choose local counsel in California, initiate the lawsuit, and ask the district court in California for permission to practice *pro hac vice.* When the district court grants permission to the attorney from Minnesota to practice *pro hac vice,* the attorney can handle the case as though he or she were living in the State of California.

It is important for foreign patent litigants to understand that when they choose an attorney to handle their United States patent litigation, they are not required to choose an attorney located in the state where the lawsuit is pending. They can retain an attorney from any law firm within the United States and that attorney will be able to represent them in the lawsuit. A foreign patent litigant, therefore, should seek to find the best patent attorney in the United States who can handle the case.

Judges and Magistrate Judges

The federal district courts, the federal courts of appeal, and the United States Supreme Court all are staffed by judges appointed under the Constitution of the United States. Federal judges are appointed for their lifetime. They can be removed from their position only as the result of severe improprieties. Even then, it is difficult to remove them.

Because of their job security, federal judges theoretically are very impartial. Without outside influences affecting their job security, federal judges can decide cases based on what they believe is right, not what will be popular and secure their continued employment.

Most federal judges have the assistance of a magistrate judge. Magistrate judges are not appointed for life; they are appointed by statute and not by the United States Constitution.

States patent laws. In the past this defense was used with some success, but today there is very little that is not considered a new and useful machine, manufacture or composition of matter.

Section 102 (Novelty)

A patent must be *novel* under Section 102 of the United States patent laws to be valid. Section 102 sets out seven instances in which a patent is not novel, and therefore is invalid. Validity defenses based on Section 102 are common in United States patent litigation.

Section 102 says that a patent is invalid if:

1. the invention was known or used by others in the United States or if it was described in a printed publication (including a patent) any where in the world before the invention date of the patent;
2. the invention was described in a printed publication (including a patent) anywhere in the world more than one year before the filing date of the patent;
3. the inventor abandoned his or her invention after making it. Usually, the abandonment must be intentional to invalidate the patent;
4. a foreign patent was filed more than twelve (12) months before the filing date of the United States patent and the foreign patent issued before the filing date of the United States patent;
5. before the invention by a first patent applicant, the same invention was described in a patent application filed by a second patent applicant and the second patent applicant filed his or her application in the United States before the invention date of the first patent applicant;

UNITED STATES PATENT LAW

This guide is not meant to be a comprehensive guide to United States patent law. Rather, it is meant to be a guide to the United States court system for foreign patent litigants. The major emphasis of this guide, therefore, is on the United States judicial system and its procedures. For completeness, however, this guide will provide a brief description of United States patent law.

Validity

A patent that issues from the United States Patent Office is presumed valid under the United States patent laws. If an infringer seeks to defend against a charge of infringement by asserting that the patent is invalid, the infringer must prove that the patent is invalid by *clear and convincing evidence.* The clear and convincing burden is a heavy one. It means that the evidence must demonstrate clearly that the patent is invalid.

A patent can be invalidated on a number of grounds. They are enumerated below.

Section 101 (Utility)

A patent will be granted only for a new and useful machine, manufacture or composition of matter under Section 101 of the United

3. the differences between what was known in the area of invention and the invention.

A court will examine these three factors and determine whether the patent would have been obvious or would not have been obvious. If a court finds that the invention would have been obvious, the patent is invalid.

Section 112

Section 112 of the United States patent laws sets out certain technical requirements that must be met by United States patents. If these requirements are not met, the patent is invalid.

A United States patent must have clear language. It must enable a person who normally works in the area of the invention to make and use the invention without undue experimentation. In other words, the patent must completely describe the invention so that it can be utilized by those who work in the area of the invention. If it does not do this, the patent is invalid.

Second, an inventor may not withhold the best way of practicing his or her invention. If an inventor withholds the best way of practicing his or her invention, the patent is invalid.

Infringement

A United States patent gives its owner the exclusive right to practice the invention claimed in the patent. When someone uses a patented invention without permission from the patent owner, the patent owner may sue the unauthorized user for patent infringement. In the United States, a patent owner must prove infringement by a ***preponderance of the evidence.*** A preponderance of the evidence means that the greater weight of the evidence shows that the patent is infringed.

In determining infringement, a court will first determine whether there is ***literal infringement.*** There is literal infringement if there is a literal correspondence between the words in the patent claims and the infringing device.

6. an inventor did not invent the invention found in the patent. This provision usually applies when an individual ***"derives"*** his or her invention from another person and then seeks to patent it as his or her own;

7. someone has made the invention described in the patent before the applicant's invention date. This provision, known as the ***interference provision,*** is the basis for United States interference practice. Interference practice is outside the scope of this guide. It is sufficient, however, to understand that interference practice seeks to determine who was the first inventor of a patent. United States practice differs from the practice in many countries where only the application date for a patent is relevant in determining who is entitled to ownership of the patent. In the United States, the application date does not determine who is entitled to ownership of the patent. Rather, the person who invented it first usually is entitled to it.

Section 103 (Obviousness)

Even if a patent is novel (Section 102), it still may be invalid under Section 103 for ***obviousness.*** If the invention is merely an obvious variation of what is already known, it is invalid under Section 103.

In determining whether a patent is obvious or not, courts generally look at three factors:

1. the level of knowledge and skill of those people working in the area of the invention;
2. the scope of the knowledge of those people working in the area of the invention; and

Willful Infringement

A party who has been found liable for infringement of a United States patent must then face judgment on whether that infringement was willful. ***Willful infringement*** of a patent occurs when someone intentionally disregards the patent rights of another. Willful infringement is most likely to occur when the patent infringer actually has copied a product or patent of another. An infringer, however, may also be a willful infringer if, after notice of the patent, he or she continued to infringe the patent knowing that there was infringement of the patent.

It is the duty of an infringer to seek and obtain an opinion from competent counsel that there is no infringement. If such an opinion is obtained, it is evidence that the infringement was not willful.

The penalty for willful infringement is ***treble damages***. Treble damages means that a court will triple the actual damages in the case.

A party who is guilty of willful infringement also may be ordered to pay the attorney fees of the patent owner.[3] These fees can be significant in patent litigation.

Damages

An infringer must pay damages to the patent owner for his or her infringement. Damages usually are determined in one of two ways. An infringer may be liable for actual damages in the form of lost profits or he may be liable to pay a reasonable royalty for the use of the patented invention.

If an accused infringer is found to have willfully infringed a patent, he or she may have to pay treble damages and, possibly, attorney fees.

A prevailing party is also entitled to ***costs***. Costs include items such as court filing fees and photocopy costs. Costs are usually a minor portion of the damage award. It usually costs more money to recover costs than the actual amount of costs that are recovered.

3 In the United States the prevailing party usually is not entitled to collect attorney fees from the losing party. The patent laws are an exception.

Even if a device does not literally infringe the patent claims, it may still infringe under the ***doctrine of equivalents***. A device can infringe under the doctrine of equivalents if it performs substantially the same function in substantially the same way to achieve substantially the same result. If a court finds that a device performs substantially the same function in substantially the same way to achieve substantially the same result as the patent invention, then the device will be found to infringe under the doctrine of equivalents.

The United States patent laws protect both products and processes. If someone manufactures a product covered by a product patent or utilizes a process covered by a process patent, he will be guilty of direct infringement. Indirect forms of infringement, however, also exist.

One form of indirect infringement is called ***contributory infringement***. A party can be guilty of contributory infringement if he supplies a part to an infringer and the part has no substantial non-infringing use. The sale of the part to a direct infringer will subject the seller to liability as a contributory infringer.

Another from of indirect infringement is called ***inducement***. Inducement occurs when someone encourages another to or aids another in infringing a patent. Even if someone does not directly infringe the patent, or supply parts for the infringement of the patent, that person still will be liable for infringement if he or she encouraged someone to infringe the patent.

Aside from direct and indirect infringement, a party also may be a patent infringer as a result of activities that occur outside the United States. When an invention is made wholly outside of the United States, the United States patent laws cannot cover the product. If, however, a company from outside of the United States imports a product into the United States which was made by a process patented in the United States, that company will be liable as an infringer. Furthermore, if a United States company makes *portions* of an infringing product which will be assembled outside of the United States into a completed infringing product, the United States company will be liable for infringement even though the actual infringement occurs outside of the United States.

7. the utility and advantages of the patent over old technology used for obtaining similar purposes;
8. the nature of the patented invention, the character of the commercial product produced by the patent owner and the benefits to those who use the invention;
9. the extent to which the infringer has made use of the patented invention;
10. the portion of the profit or the selling price that is customarily paid for the use of the invention or analogous inventions;
11. the portion of the profit that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer;
12. the opinions and testimony of qualified experts;
13. the amount that a hypothetical licensor and a hypothetical licensee would have agreed upon if both had been reasonably and voluntarily trying to reach an agreement; that is, the amount that a prudent licensee, who desired as a business proposition to obtain a license to manufacture and sell the patented invention, would have been willing to pay as a royalty and yet still be able to make a reasonable profit in doing so.

Reasonable royalty awards in patent cases tend to be much lower than lost profit awards.

Injunctions

In addition to collecting damages for infringement of a patent, a patent owner also may enjoin the infringer from producing future products that infringe. This is called a ***permanent injunction.*** A court usually will enter a permanent injunction at the end of the trial after the infringer has been found liable for infringement. Occasionally, however, a patent owner will seek to enjoin an infringer at the beginning of a lawsuit. An injunction entered at the beginning of a lawsuit is called a ***preliminary injunction.***

Lost Profits

A patent owner is entitled to recover the amount of money he or she would have made *but for* the infringement. Courts have interpreted this to mean that a patent owner is entitled to recover his or her ***incremental profit.***

Incremental profit is the profit that the patent owner would make if he or she produced just one more patented product. Incremental profit is calculated by subtracting variable expenses from the gross selling price of the patented product. The incremental profit on a product usually is many times higher than the actual profit realized on the patented product. Patent infringement damages, therefore, may actually exceed the amount of profit actually made by the patent infringer!

Reasonable Royalty

As a minimum, a patent owner is entitled to recover a ***reasonable royalty*** for the use of his or her invention by the infringer. Courts generally look at the following factors to determine what a reasonable royalty should be:

1. the rates paid by the patent owner and the infringer for the use of other patents comparable to the patent-in-suit;
2. the patent owner's established policy of licensing or not licensing others to use his or her invention;
3. any commercial relationship between the patent owner and the infringer, i.e., whether they are competitors in the same territory or in the same line of business;
4. whether the sale of the patented product promotes the sale of other products that are not patented;
5. the amount of time left until the patent expires;
6. the established profitability of any products made under the patent, the patent's commercial success, and its current popularity;

A permanent injunction ordinarily will be entered by a court as a matter of course. A preliminary injunction, however, will be entered only in extraordinary circumstances. A patent owner must show that he or she has a strong likelihood of success against the infringer, that the balance of hardship between the patent owner and the infringer tips in favor of the patent owner, and that the preliminary injunction would not be contrary to the public interest. These are normally difficult to meet unless the patent previously has been litigated and found valid.

If a patent holder is successful in gaining a preliminary injunction, the case usually will settle and will not reach trial. The case usually will settle out of court because a court has decided that the patent owner has a strong likelihood of success even before the case has gone to trial; it is not likely that the court will change its opinion during trial.

compared with the infringing device and an opinion of infringement is rendered by the attorney. At that point, the suit can be filed.

Occasionally, however, the structure of the accused product cannot be ascertained from an examination of the product, or it is not possible to determine what process was used to manufacture a particular product. In these situations, there may not be any publicly available information that can be used to determine whether the product or process infringes. In this situation, an attorney must make a decision whether to proceed with the suit based on the information that is available or to try to obtain the necessary information from the infringer.

The Complaint

A suit is commenced by the filing and service of a ***complaint.*** A complaint is a document which sets out the grievances of the party seeking damages. Usually, it identifies the plaintiff and the defendant and states why the defendant is liable to the plaintiff. A complaint will conclude with a ***prayer for relief,*** which is a statement of what the plaintiff seeks from the defendant.

The complaint is filed with the clerk of the district court. After it is filed, a copy of the complaint is served on the opposing party or the opposing party's attorney. The lawsuit commences with the filing of the complaint.

The Answer

After the defendant has been served with the complaint, he has twenty (20) days in which to ***answer*** the complaint. In answering the complaint, the defendant either admits or denies the allegations in the complaint. The defendant also may bring his or her own complaint against the plaintiff. The defendant's complaint may be based on the original complaint or it may be based on any other dispute between the two parties. If the defendant makes a complaint against the plaintiff, it is called a ***counterclaim.***

If the defendant files a counterclaim against the plaintiff, the plaintiff then has twenty (20) days to file his or her answer to the

FEDERAL COURT LITIGATION

An Overview

The following portion of the guide will detail some of the common procedures followed in the federal district courts, the federal courts of appeal, and the United States Supreme Court. The procedures described below apply to *any* case brought in the federal court system; they are not unique to patent lawsuits. An attempt has been made, however, to discuss how patent lawsuits can be affected by the procedures.

District Court Litigation

Pre-Filing Requirements

Before a plaintiff can file a lawsuit in a federal district court, the plaintiff's attorney must investigate the facts and law to determine that there is a good faith basis for the lawsuit. The Federal Rules of Civil Procedure, Rule 11, specifically states that if an attorney signs a court document, the attorney is certifying that he has read it, has determined that there is sufficient factual basis for it and that it is supported by the law or a good faith extension of the law.

In a patent case, it is typical to obtain an infringing device and analyze it before filing a suit. One or more claims of the patent are

They have the right to take verbal testimony of each other and of third parties in the form of depositions.

All of these procedures are expensive and time-consuming. They also intrude on the regular business activities of both parties. Nonetheless, they are permissible under the Federal Rules of Civil Procedure. The following sections will describe these discovery procedures briefly.

Document Requests

Each party to a suit can request documents relevant to the suit from the other party. Each party in the suit also can request relevant documents from parties not in the suit. These requests are called ***document requests***.

A document request is a list of categories of documents that a party must produce. They are served on the party from whom documents are sought. The party receiving the document requests must agree to produce the requested documents or must object to the production of those documents within thirty (30) days.

A party agreeing to produce documents has the option of 1) producing those documents for inspection as those documents are kept in the ordinary course of business or 2) producing the documents labeled and categorized to correspond to each of the categories in the document request.

Document requests usually are one of the first discovery tools used after a lawsuit commences. After receiving documents, the attorney will review them to determine whether further document requests are necessary. The attorney also will use them as the basis for other forms of discovery.

Interrogatories

The parties may serve written questions on each other after a lawsuit is started. These written questions are called ***interrogatories***. Interrogatories may not be sent to parties who are not in the suit.

counterclaim. Following the answer or the answer to the counterclaim (if necessary), the pleadings in the suit are complete. The pleadings frame the issues for the lawsuit and generally can only be modified by an order of the court.

Motions Brought Before the Answer

The Federal Rules of Civil Procedure say that certain motions can be brought in response to a complaint. These are:

1. Lack of jurisdiction over the subject matter;
2. Lack of jurisdiction over the person;
3. Improper venue;
4. Insufficiency of process;
5. Insufficiency of service of process;
6. Failure to state a claim upon which relief can be granted; and
7. Failure to join an indispensable party.

These objections are concerned with whether a defendant is subject to the jurisdiction of the court, whether the court has jurisdiction to hear the particular issues raised by the complaint, whether the location of the lawsuit is appropriate, whether the defendant was properly hailed into court and whether the appropriate parties are present in the lawsuit. Each of these issues should be examined carefully by an attorney prior to filing an answer. Some of these defenses must be raised prior to filing an answer or they are waived and cannot be raised at a later time. Others can be raised at any time.

Discovery

One of the most time-consuming and expensive portions of any lawsuit is the ***discovery*** period. During discovery, each party has the right to inspect documents of the other party or ***third parties*** related to the issues in the suit.[4] They also have the right to ask written questions of each other regarding contentions and facts related to the suit.

4 Third parties are those parties that are not actually in the lawsuit.

Requests for admission are a trap for the unwary. Unlike other discovery tools, requests for admission are self-executing. If the requests for admission are not answered within thirty (30) days from the day they are served, the requests are *automatically admitted*! If a party intends to deny requests for admission, he must make sure that the denials are timely filed.

Depositions

Depositions are the most flexible way of obtaining information in discovery. They are, however, also the most expensive. Depositions usually are held in an informal setting. They might be held in a conference room in a law office or a hotel. The attorneys for each side, the witness, and a court reporter will attend the deposition. The attorney requesting the deposition will ask questions of the witness. The witness must answer the questions under oath and have his or her answers recorded by the court reporter. After the deposition is completed, the court reporter will transcribe it and send it to the witness for any corrections. The witness must make any corrections and sign the deposition.

The parties in the suit may take the deposition of each other, or of a party who is not in the suit. A person may be deposed in his or her individual capacity or as representative of a corporation. When the deposition is of a representative of a corporation, the party requesting the deposition will ask the corporation to produce a person who will testify regarding specific facts known to the corporation. In a patent case, for instance, a party may ask a corporation to produce a witness who will testify regarding the research and development leading to the patented invention. When asked, a corporation must produce a witness who will testify on behalf of the corporation and who will bind the corporation with his or her answers.

When a person's deposition is taken in his or her individual capacity, he or she only will be asked questions about facts within his or her personal knowledge. A deposition of a person in his or her individual capacity cannot bind a corporation.

Some courts limit the number of interrogatories that the parties may ask. Many courts limit the number of interrogatories to fifty (50) interrogatories. In practice, however, both parties may agree to serve more interrogatories on each other, and often they do. In patent cases, for instance, it is not unusual for the parties to serve hundreds of interrogatories on each other.

Interrogatories must be answered or objected to within thirty (30) days of their service. In answering interrogatories, a party may either answer the interrogatory directly or, in certain circumstances, may produce business records in lieu of answering the interrogatory. A party may only produce business records if the answer to the interrogatory may be derived from business records and the burden of abstracting or summarizing the information in the business records is substantially the same for either party.

Requests for Admission

The parties may serve ***requests for admission*** on each other after the commencement of a suit. Requests for admission may not be served on parties who are not in the suit. Requests for admission ask a party to admit or deny the truth of factual statements or legal contentions. The purpose of requests for admission is to limit the issues that will be decided at trial or to facilitate the introduction of evidence at trial. For example, a party may admit the authenticity of certain documents so that they will not have to be authenticated at trial.

In patent cases, a defendant often asks a plaintiff to admit that it does not infringe some of the claims of the patent. If the plaintiff admits that the defendant does not infringe some of the claims, the issues are substantially narrowed for trial.

If a party refuses to admit a request for admission, and that fact is later proved, the party proving the fact is entitled to recover its costs in proving the fact. In practice this provision is rarely enforced.

Any matter that is admitted in a request for admission is *conclusively established* for purposes of the suit unless the court permits the withdrawal or amendment of it. It is extremely important, therefore, to answer all requests for admission carefully.

volved in making decisions on the part of the corporation with respect to the suit. Many corporations have lost their attorney/client privilege through the common practice of sending copies of correspondence between the attorney and the corporation to unnecessary individuals in the corporation.

It is best to limit the people who receive correspondence from an attorney. Only those people who need the information for a decision regarding the corporation's actions should receive attorney correspondence.

Attorney Work Product

A party cannot usually receive an attorney's ***work product*** through discovery. An attorney's work product is all of his or her notes and work that he or she does in preparing for trial. The reason that an attorney's work product is not discoverable is that it would be unfair for one attorney to reap the benefit of the work of another attorney. Furthermore, it would be unfair to allow one attorney to intrude upon another attorney's preparation of the case. The concept of attorney work product, therefore, is based on a belief that an attorney should be able to prepare his or her case without the other side viewing his or her strategy.

In certain circumstances, however, a court may order one attorney to turn over his or her work product to another attorney. These circumstances are rare and usually occur when one attorney has been able to obtain information from witnesses who are no longer available for questioning. In these unusual circumstances, a court may order one attorney's observations to be turned over to the other.

Confidential Information

There is no prohibition against the discovery of a company's confidential information. All information, whether confidential or not, is discoverable. The courts, however, have implemented a safeguard against harmful disclosure of confidential information. The safeguard is called a ***protective order***.

If a witness is not available to testify at trial, his or her deposition may be read directly into the record. Usually, one person will read the questions and another person will read the answers in open court.

A deposition also may be used at trial even if the witness attends the trial. If the witness provides answers that are contrary to the answers he or she provided in the deposition, the attorney can use the deposition to show the inconsistency. Depositions used in this way can be effective tools for establishing that a witness is not credible.

Limitations on Discovery

Discovery in the United States is very liberal. There is not much that cannot be sought and obtained through discovery. There are, however, three important limitations on the information that may be obtained through discovery. The first relates to attorney/client privileged communications. The second relates to attorney work product and the third relates to confidential information of a party.

Attorney/Client Privilege

Conversations between an attorney and his or her client are ***privileged*** and not discoverable by the opposing party. In order to qualify for the privilege, the conversation must be between only an attorney and a client. No one else can be present. Furthermore, the conversation must be conducted under circumstances of confidentiality. If a conversation is conducted in a situation where other people reasonably may hear the conversation, there is no privilege. Last, the discussion must center on the giving or receiving of legal advice. General discussions with an attorney are not privileged. Only those conversations in which legal advice is sought or given are privileged.

A determination of who is the "client" can be problematic when a corporation is a party. The safest way to ensure that a privilege exists is to make sure that those people in the corporation who discuss issues with the attorney are part of the corporation's ***control group***. A control group of a corporation is that group of people who are actively in-

Even though courts have broad powers to compel discovery, they often use them only when other measures have failed. Obtaining discovery from a reluctant party, therefore, can be an expensive and time-consuming process.

Pretrial Preparation and Motions

The parties will begin to prepare for trial after discovery is completed. They will engage experts to testify on their behalf, will make arrangements to have fact witnesses testify on their behalf and will examine the contentions being raised by the other party. They also will take the depositions of their opponent's expert witnesses.

The discovery rules do not automatically allow the parties to take the depositions of expert witnesses, but most courts allow these depositions at the end of discovery. The deposition of the opposing expert witnesses is extremely important because a party can determine quickly what the positions of his or her opponent will be at trial.

It is not unusual for one or both of the parties to bring a motion for ***summary judgment*** after the close of discovery. Summary judgment is a procedure that allows a court to decide the case without going to trial. A person is entitled to summary judgment if there are no material facts in dispute and one party is entitled to judgment as a matter of law.

The burden for obtaining summary judgment is extremely difficult to meet. Nonetheless, summary judgment motions are common. They are common because a successful summary judgment motion will end the case. A good trial attorney always will consider whether one or more motions for summary judgment can be brought.

District courts generally order the parties to submit documents called pretrial submissions after the close of discovery. Courts usually require each party to provide a ***statement of the case***. A statement of the case describes the nature of the controversy between the parties and describes the evidence and legal contentions that the parties believe support their positions. The statement of the case gives the court a very succinct overview of the case before trial begins. Courts also require each party to prepare ***witness statements***. Witness

Protective orders generally describe how confidential information will be handled in the lawsuit. In a simple protective order, confidential documents are marked "Confidential" before they are produced to the other party. Thereafter, only attorneys and key personnel for the party will be able to examine the confidential documents. In more complicated protective orders, multiple levels of protection can be established so that very sensitive documents can only be viewed by outside trial counsel, and documents of lesser sensitivity can be reviewed on less restrictive terms. The parties usually agree to the form of the protective order and then send it to the court for its approval.

Protective orders carry the full force of a district court's power. A violation of a protective order can result in a ***contempt order*** by the court. A contempt order may impose sanctions which include fines and imprisonment.

Discovery Motions

A party receiving discovery requests such as interrogatories, requests for admission, or document requests often will object to the requests. If the party asking for the discovery feels that the objections are unwarranted or unjustified, the party may bring a motion to the district court to compel discovery. If the party seeking to compel discovery is successful, the court may award attorney fees to the party bringing the motion.

If a court grants a motion to compel discovery, it will enter an order to that effect. The party must then produce the information. If the party does not produce the information, the court then may impose sanctions against the disobedient party. The sanctions may include:

1. ordering that certain facts in the case will be considered true or false because the information was not produced;
2. ordering that the disobedient party may not oppose certain positions at trial or prohibiting that party from introducing the evidence which was withheld; and
3. ordering that judgment be entered against the disobedient party.

On page 26, the following paragraphs should replace the first full paragraph:

All of these procedures are expensive and time-consuming. They also intrude on the regular business activities of both parties. Nonetheless, they are permissible under the Federal Rules of Civil Procedure.

In order to minimize expense, the parties to any lawsuit are expected to meet in good faith early in the lawsuit in order to discuss possible settlement, exchange of discovery information and to formulate a discovery schedule.

The following sections will describe these discovery procedures briefly.

Initial Discovery Disclosures

At the outset of a lawsuit, a party is required to locate and produce to the opposing party information that typically would be requested during the course of a lawsuit of the type that has been filed. This information will include the names and addresses of individuals that are likely to have relevant information regarding the dispute, a copy or a description of all documents and tangible items that are relevant to the dispute and a computation of damages along with supporting evidence.

After these materials have been gathered, each party is required to turn this information over to their opponent. Following this, additional discovery procedures can be used to obtain more information or follow-up information. These discovery procedures are:

1. Document requests;
2. Interrogatories;
3. Requests for Admission; and
4. Depositions.

A GUIDE TO UNITED STATES PATENT LITIGATION

SUPPLEMENT

This supplement is necessary because the Federal Rules of Civil Procedure changed on December 1, 1993. The following revisions will be incorporated into the second edition of this guide.

On page 23, the following paragraph should replace the first full paragraph under the heading **Pre-Filing Requirements:**

> Before a plaintiff can file a lawsuit in a federal district court, the plaintiff's attorney must investigate the facts and law to determine that there is a non-frivolous basis for the lawsuit. The Federal Rules of Civil Procedure, Rule 11, specifically states that if an attorney signs a court document, the attorney is certifying that he or she has determined that there is sufficient factual basis for it and that it is supported by the law or a non-frivolous extension of the law.

On page 24, the following paragraph should replace the first full paragraph under the heading **The Answer:**

> After the defendant has been served with the complaint, he or she has twenty (20) days in which to ***answer*** the complaint.[1] In answering the complaint, the defendant either admits or denies the allegations in the complaint. The defendant also may bring his or her own complaint against the plaintiff. The defendant's complaint may be based on the original complaint or it may be based on any other dispute between the two parties. If a defendant makes a complaint against the plaintiff, it is called a ***counterclaim.***

[1]In certain circumstances, the twenty (20) day limit is expanded to sixty (60) or ninety (90) days.

On page 29, the following paragraph should replace the first full paragraph:

> If a witness is not available to testify at trial, his or her deposition may be read directly into the record. Usually, one person will read the questions and another person will read the answers in open court. The testimony may also be presented by audio or video tape.

On page 29, the following paragraph should be inserted after the second full paragraph:

> The parties on each side of a lawsuit are entitled to ten (10) depositions unless the court orders otherwise.

On page 32, the following two paragraphs should replace the first two full paragraphs under the heading **Pre-Trial Preparation and Motions**:

> The parties will begin to prepare for trial after discovery is completed. They will engage experts to testify on their behalf, will make arrangments to have fact witnesses testify on their behalf and will examine the contentions being raised by the other party. They also may take the depositions of their opponent's expert witnesses.
>
> The discovery rules allow the parties to take the depositions of expert witnesses. Most courts schedule these depositions at the end of discovery. The depositions of the opposing expert witnesses are extremely important because a party can determine quickly what the positions of his or her opponent will be at trial.

On page 33, the following paragraph should replace the first full paragraph:

> Courts also require the parties to exchange exhibits prior to trial. After the exhibits are exchanged, each party may object to those exhibits he or she feels are inappropriate. The objections must be based on the Federal Rules of Evidence. The court usually will rule on the admissability of the disputed exhibits before trial.

On page 26, the following paragraph should replace the fourth paragraph under the heading **Document Requests**:

> Document requests usually are one of the first tools to be used in discovery. After receiving documents, the receiving attorney will review them to determine whether further document requests are necessary. The attorney also will use them as the basis for other forms of discovery.

On page 27, the following paragraph should replace the first full paragraph:

> Each party is limited to twenty-five (25) interrogatories unless the parties agree to expand the number or the court orders that more interrogatories may be served. In practice, both parties usually agree to serve more interrogatories on each other. In patent cases, for instance, it is not unusual for the parties to serve hundreds of interrogatories on each other.

On page 28, the following paragraph should replace the first paragraph under the heading **Depositions**:

> ***Depositions*** are the most flexible way of obtaining information in discovery. They are, however, also the most expensive. Depositions usually are held in an informal setting. They might be held in a conference room, in a law office, or in a hotel. The attorneys for each side, the witness and a court reporter will attend the deposition. The attorney requesting the deposition will ask questions of the witness. The witness must answer the questions under oath and have his or her answers recorded by the court reporter. After the deposition is completed, the court reporter will notify the witness when the record of the testimony is available for review. The witness may then make corrections to the record of the deposition.

civil case. When a civil case is delayed by a criminal case, the civil case usually is reset for trial months later. Getting to trial can be a very long process in the United States.

Jury Versus Non-Jury Trials

Civil trials in the United States may be handled in one of two ways. They may be tried to a jury or they may be tried to a judge. When they are tried to a judge they are called ***bench trials.***

Civil cases are tried as bench trials unless one of the parties requests a jury trial. Then, under the United States Constitution, the case must be tried by a jury.

There are procedural differences between jury and bench trials. In jury trials, courts are more inclined to control how the evidence is introduced. This is because jurors are not skilled in the rules of evidence. Courts, therefore, must filter the evidence so that only the proper evidence is presented to the jury. In bench trials, however, courts usually are more lenient in allowing evidence to be introduced. This is because judges are skilled in the rules of evidence, and will properly discount evidence which is not appropriate.

In jury trials, unlike bench trials, jurors will be instructed on the law. These instructions are called ***jury instructions.*** The jury instructions are read after the case has been completed and before the jury begins its deliberations. The jury instructions are very detailed and can take an hour or more to read. Jury instructions are not used when the case is a bench trial. The judge is presumed to know the law.

There are different motions that can be made during a jury trial as opposed to a bench trial. After the close of all the evidence in a jury trial, either party may bring a motion for a ***judgment as a matter of law.*** The standard for granting a judgment as a matter of law is the same standard that is used for granting summary judgment. The party requesting a judgment as a matter of law must show that the evidence is so clear that no reasonable jury could rule in any other way.

A motion for a judgment as a matter of law usually is denied by the court. It is denied because if a reasonable jury could not rule in

statements generally describe the testimony that each witness will provide at trial. Witness statements cover both fact witnesses and expert witnesses.

Many judges require the parties to exchange exhibits prior to trial. After the exhibits are exchanged, each party may object to those exhibits he or she feels are inappropriate. The objections must be based on the Federal Rules of Evidence. The court usually will rule on the admissibility of the disputed exhibits before trial.

Courts also entertain ***motions in limine*** during the pretrial period. Motions *in limine* usually seek to exclude evidence which is either irrelevant, inflammatory, or prejudicial. If a party believes that his or her opponent will introduce this type of evidence, he or she may seek to have that evidence excluded before the trial even begins.

Courts require the parties to submit ***jury instructions*** if the case will be tried to a jury. Jury instructions are read to the jury at the end of the case and instruct the jury on the law. Each side must submit its own proposed jury instructions. The court then holds a conference to decide what the jury instructions will be. The court may choose one set of jury instructions over the other or may choose sections from each set of instructions. A party may raise an objection if his or her instructions are not chosen. That objection may form the basis for an appeal if that party loses at trial.

Courts may require the submission of ***voir dire*** questions if the case will be tried to a jury. *Voir dire* questions are questions that are asked of potential jurors when the jury is being chosen. They help determine whether potential jurors have prejudices that will affect the case. Potential jurors who have prejudices might not be selected to sit on the jury.

Trial

A court will set the case for trial after discovery is completed, the pretrial motions decided, and the pretrial papers submitted. A United States law called the Speedy Trial Act gives criminal cases precedence over civil cases, such as patent cases. Therefore, even though a court sets a trial date, the case is not likely to be tried on that day. If a criminal trial comes up on that day, it will be tried in preference to the

an oath to provide truthful testimony under penalty of perjury. Factual witnesses will testify regarding facts in their knowledge and expert witnesses will testify regarding their opinions.

In patent cases it is common to have an expert who will testify on the technology, an expert who will testify with respect to damages and an expert who will testify with respect to patent law.

The party who calls a witness will conduct the first examination of the witness. This examination is called ***direct examination***. Direct examination of a witness involves eliciting testimony from the witness through the use of open-ended questions. Open-ended questions are questions such as: who, how, what, when, where and why? Except in extraordinary circumstances, a person conducting direct examination cannot ask leading questions. Leading questions are those questions which allow only a "yes" or "no" answer.

When the attorney has completed his or her direct examination of the witness, he or she will state that he or she has no further questions for the witness. The opposing attorney then has the chance to cross-examine the witness. The rules for cross-examination are much different than those for direct examination. An attorney on cross-examination is allowed to use leading questions. Leading questions provide much more control over the witness' answers and therefore focus the answers to those specific areas which the cross-examining attorney wishes to cover. Furthermore, leading questions do not provide room for the witness to avoid answering particularly sensitive questions.

Leading questions are an important trial tool. Through cross-examination, an opposing party may show that the witness is not trustworthy, does not remember the facts, is exaggerating the facts, or does not even have any personal knowledge of the facts that were a part of his or her earlier testimony.

An attorney may only cross-examine a witness with respect to those areas which were brought out during direct examination. A skillful questioner, therefore, on direct examination, may purposely omit certain areas of testimony if the testimony in those areas might be damaging during cross-examination.

any other way, then the jury should rule correctly. If the jury somehow rules contrary to how a reasonable jury would rule, the motion for judgment as a matter of law can be renewed at that time.

A renewed motion for judgment as a matter of law is the last safeguard against a jury which has decided a case absolutely contrary to the law or the evidence. It also safeguards against jury verdicts based on emotion or prejudice. A renewed motion for judgment as a matter of law will be granted only if the decision reached by the jury is a decision that could not be reached by a reasonable jury after viewing all the evidence. Judgments as a matter of law are rarely granted.

Aside from the differences listed above, jury and bench trials follow the same procedures. These will be outlined below.

Opening Statements

The first part of a trial is the presentation of opening statements. The opening statements allow each attorney to put the case in context and to provide an overall framework for the evidence that will be presented during the trial. The evidence at trial will come from witnesses' personal knowledge. As a result, the evidence usually is not presented in a story-like fashion and can be confusing. The opening statements allow the attorneys to provide the judge or jury with an overview of what the evidence will show. Then, when the judge or jury hears the evidence they will know how the evidence fits into the case.

The plaintiff makes his or her opening statement first. The defendant then may follow with his or her opening statement or may wait to present his or her opening statement until after the plaintiff has presented all of his or her evidence. Defendants usually present their opening statements immediately after the plaintiff presents his or her opening statement.

Presentation of Evidence

The parties present their evidence after opening statements. The plaintiff presents his or her evidence first. The plaintiff will call his or her witnesses. Each witness will sit on the witness stand and will give

The plaintiff presents his or her closing argument first. The defendant concludes the trial with his or her closing argument.

A decision will be rendered after the closing arguments. If the case is a bench trial, the judge will take the case under advisement and issue a written decision later. The written opinion might take months.

If the case is a jury trial, the court will read the jury instructions to the jury after the closing arguments. After the jury instructions have been read, the court will dismiss the jury to a closed room where they will deliberate on the facts of the case and reach a decision. When they have reached a decision, the jury will return to the courtroom and announce their decision. Unlike a bench trial, the decision in a jury trial is rendered within hours of closing arguments.

Posttrial Motions

The losing party has ten (10) days in which to seek posttrial relief from the court. The two major forms of posttrial relief are **motion for a new trial** and a renewed judgment as a matter of law.

A motion for a new trial will be granted if the court feels that there were severe mistakes made during the trial that were so prejudicial to one party that, in fairness, the case should be retried.

A court may grant a renewed judgment as a matter of law if the court finds that no reasonable jury could have decided the case the way it did. Absent extreme prejudice, a judgment as a matter of law is unlikely to be granted.

Appellate Court Litigation

The losing party may appeal the decision in the case to one of the federal courts of appeal.

A notice of appeal must be filed within thirty (30) days after the case has been decided. If a party fails to file a timely notice of appeal, he will irrevocably lose the opportunity to appeal the case.

The notice of appeal is filed with the district court that decided the case. The district court then assembles the record and sends it to

When the attorney has completed his or her cross-examination of the witness, the attorney will state that he has no further questions. The direct examiner then will have an opportunity to conduct ***redirect examination.*** Redirect examination is like direct examination but is limited to only those areas which were covered in cross-examination. Redirect examination is used to clarify points raised during cross-examination. The attorney must again use open-ended questions during redirect examination.

The testimony of a witness is complete after redirect examination and the witness will be dismissed from the witness stand.

The court will admit trial exhibits into evidence during trial. Trial exhibits provide facts or demonstrate expert testimony. Trial exhibits must be marked by the court reporter who is recording the trial testimony. After the exhibit is marked, the exhibit is shown to opposing counsel. If there is no objection from opposing counsel, the witness will be asked to identify the exhibit and to describe what it is and what it says. If there is sufficient reason to allow the exhibit into evidence, the judge then will rule the exhibit into evidence. If the exhibit is not ruled into evidence, it may not be used to decide the case.

An attorney may ask the court to take ***judicial notice*** of certain facts during trial. If a court takes judicial notice of a fact, the fact is established without proof. A court may take judicial notice of any fact that is readily ascertainable from common sources. The use of judicial notice shortens the trial because the parties do not have to prove matters that are a matter of common knowledge or public record.

Closing Arguments

After all the evidence in the case has been presented, the attorneys give their closing arguments. Unlike opening statements, closing arguments are not limited to a factual presentation of the evidence. Rather, they may argue how the case should be decided. In presenting their closing arguments, the attorneys may not refer to any facts that were not ruled into evidence or which were excluded from evidence during the trial. The attorneys may, however, use any of the facts which are in evidence to argue that the case should be decided one way or the other.

The party opposing the appeal, called the ***appellee***, must file his or her opposing brief within forty (40) days after the appellant files his or her brief. The opposing brief can only argue those matters argued in the appellant's brief. The opposing brief must show that there was no legal error committed by the district court, that the factual determinations of the district court were not clearly erroneous, and that the district court did not abuse its discretion.

Fourteen (14) days after the appellee files his or her opposing brief, the appellant files his or her response. The response may only argue those items raised by the appellee's opposing brief.

The briefing on appeal is complete after the appellant files a response. Shortly thereafter the case will be set for hearing. In patent cases, the case will be heard by the Federal Circuit in Washington, D.C.

The hearings at the federal courts of appeal are called ***oral arguments***. The appellant presents his or her oral arguments first. The court, usually comprising three judges, may question the attorney regarding his or her positions. Questioning by the court during oral arguments is common in patent appeals.

The appellant has thirty (30) minutes for his or her oral argument. The appellant will normally spend less than this in his or her oral argument, however, so that he or she has some time for ***rebuttal***. Rebuttal is argument that is made after the appellee's oral argument.

The appellee presents his or her arguments second. Like the appellant, the appellee has thirty (30) minutes for his or her argument. Unlike the appellant, however, the appellee has no opportunity for rebuttal and therefore will use the entire thirty (30) minutes.

After the appellee's oral argument, the appellant will have the chance to present rebuttal with his or her remaining time. Rebuttal arguments are limited strictly to issues which were raised by the appellee in his or her oral argument.

At the conclusion of oral arguments, the case will be taken under advisement by the court. Some months later, a written decision will be rendered.

the court of appeals. Upon receipt of the record, the court of appeals dockets the appeal and sends a notice of docketing to each party.

The appealing party, called the ***appellant***, must file his or her brief within sixty (60) days after receiving the notice of docketing. The appellant's brief will explain why the decision is in error and should be reversed. Not all errors that occur during a trial are errors that will cause a reversal of the case. Only errors that are prejudicial will cause a reversal. A district court is allowed to make mistakes during the case as long as those mistakes do not substantially prejudice the rights of the parties.

The errors that are typically alleged by an appellant fall into three categories. They are:

1. factual errors;
2. legal errors; and
3. abuses of discretion by the district court.

A ***factual error*** occurs when a district court concludes that something is a fact when there is no evidence to support that conclusion. The party alleging a factual error must show that the factual conclusion of the district court was ***clearly erroneous***. A factual conclusion is clearly erroneous when there is no evidence from which a reasonable person could find that the fact was indeed true. If two plausible versions of a fact are presented at trial, it is not clearly erroneous for the judge or jury to decide that one version is correct and the other is not correct.

A ***legal error*** occurs when the judge deciding the case misinterprets the law or reads the wrong law to the jury in the jury instructions. In order to show legal error, the party only must show what the correct law is and why the judge's view of the law was incorrect.

Many decisions that a judge makes at trial are not covered by specific rules. When they are not covered by specific rules, the decision is left to the discretion of the judge. A judge abuses his or her discretion when a decision is so far outside the bounds of normal conduct that it is wholly unreasonable. It is very difficult to show an ***abuse of discretion.***

Supreme Court Litigation

An appeal to the federal circuit courts of appeal can be taken as a matter of right, but an appeal to the United States Supreme Court cannot be taken as a matter of right. The Supreme Court decides which cases it will hear and which cases it will not. The vast majority of parties who ask the Supreme Court to hear their cases never have those cases heard by the Supreme Court.

The request which asks the Supreme Court to hear a case is called a ***writ of certiorari***. Statistics show that the chance of the Supreme Court actually hearing a patent case is very low.

Assuming a *writ of certiorari* is granted, however, a Supreme Court appeal is much the same as an appeal to a circuit court of appeals. Because Supreme Court review of any particular case is rare, there will be no further discussion of Supreme Court procedures in this guide.

Property Law Association (AIPLA) surveys its members to determine the cost of patent litigation around the United States. The survey reports the costs of patent litigation by city. In 1991, the survey shows that the cost of patent litigation by New York firms through the close of discovery was about $298,000. The same case through the close of discovery tried by a Minneapolis firm ran about $244,000. The 1991 survey also indicates that the cost of patent litigation through the end of trial by New York firms was $740,000. The cost by Minneapolis firms was $410,000.

Obviously, the figures given above can only serve as estimates. The actual time and cost involved will vary with each case. Sometimes a patent case can be so important that the case takes on gigantic proportions, but these cases are rare. Take for instance a recent trial involving a treatment for AIDS, where the district court judge summarized a patent case's history as follows:

> In the twenty-five months transpiring between the filing of the initial complaint in this consolidated patent infringement action on May 14, 1991, and the commencement of the trial on June 28, 1993, approximately five hundred forty-one pleadings have been filed and dozens of hearings on motions and discovery matters have been conducted by the court. The court has entered eighty-eight written orders and numerous bench rulings. Thus, the court is intimately familiar with the facts of this case and the legal contentions of the parties.
>
> To state that the case has been hotly contested would be an understatement. The parties have amassed learned, experienced and sizable trial teams who have represented their clients zealously and competently.
>
> The administrative complexity [of] conducting a trial of this magnitude has been enormous for the court and the parties. The sixty-year-old courtroom in New Bern, North Carolina, has been

COSTS AND TIME TABLES

Patent litigation is very complex and therefore consumes large amounts of time. Patent litigation is also very expensive.

It is difficult to give estimates on the time it takes to start a lawsuit and to have it decided. It is not unusual, however, for discovery in a patent case to last between one and two years. After that, it may take an additional six to eight months to have the case tried. If the case is a jury trial, the decision will be returned instantaneously. If the case is a bench trial, a written decision may take many months or even a year.

An appeal to the Federal Circuit normally takes about eight months to one year.

If the Supreme Court decides to hear the case, a decision generally will be rendered within one year. This is because the Supreme Court sits in sessions that last one year. Except in unusual circumstances, the Supreme Court decides all the cases that it hears in a session before that session is concluded.

Costs in patent litigation vary depending upon the complexity of the case. They will also vary depending upon how expensive the attorneys are. Attorneys on the East and West coasts can be more expensive than counsel in the Midwest. The *American Intellectual*

converted into a contemporary "high tech" facility utilizing "real time" court reporting and six computer-integrated video display monitors. It is highly conceivable that the cost of this trial for the parties exceeds $100,000 per day, in addition to the time and expense associated with this court and the jury. As the case enters its fourth week of trial, the parties estimate, somewhat conservatively the court suspects, that the trial will last an additional six to eight weeks.

Surveys are not available for the cost of appealing a district court's decision to the Federal Circuit. Typically, however, an appeal will run between $50,000 and $100,000. In a complex case it may run more, while in a very simple case it might run less.

Appeals to the Supreme Court are rare and, therefore, each case dictates its own budget. Generally, however, the cost of taking an appeal to the Supreme Court will exceed the cost of taking an appeal to the Federal Circuit.

NOTES

CONCLUSION

This manual has provided the reader with some background in United States patent law and the United States judicial system. With this background, the reader should be equipped with the basic principles of patent litigation in the United States. This new understanding should help the reader better to understand United States patent litigation and to more effectively make business decisions regarding it.

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