



November 19, 2008

Honorable William T. Walsh, Clerk
United States District Court for the District of New Jersey
Martin Luther King, Jr. Federal Building and Courthouse
P.O. Box 419
Newark, NJ 07101

**Re: Comments on the Proposed Amendments to the Local Civil Rules –
Proposed Local Patent Rules**

Dear Mr. Walsh:

I am writing on behalf of the Intellectual Property Owners Association (IPO) to comment on the United States District Court for the District of New Jersey's Proposed Amendments to the Local Civil Rules, specifically the Proposed Local Patent Rules published on October 6, 2008.

IPO is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and more than 10,000 individuals who are involved in the association either through their companies or as IPO inventor, author, executive, law firm, or attorney members. IPO's corporate members file about 30 percent of all patent applications filed annually in the United States Patent and Trademark Office by U.S. nationals.

The Explanatory Notes to the Proposed Local Patent Rules state that a standard protocol for patent cases will be helpful to the Court and to the parties. IPO's members are frequently parties to patent litigation as both patent holders and defendants and, thus, IPO has a particular interest in the rules governing patent infringement actions. IPO supports the United States District Court for the District of New Jersey's adoption of Local Patent Rules to foster the efficient resolution of patent litigation.

IPO has identified the following six principles that should be reflected in local patent rules to streamline case administration, encourage efficient use of limited judicial resources, reduce the costs to litigants, and encourage early resolutions of cases: (1) early identification and mutual mandatory disclosure of essential infringement and validity-related discovery and consideration of staying non-essential discovery until after a claim construction decision is issued in a case; (2) early disclosure and appropriate staging of detailed infringement and invalidity contentions; (3) early supplementation of detailed infringement and invalidity contentions supported by identification of specific evidence produced in the early mandatory disclosures; (4) scheduling any claim construction procedure early in the case but after detailed contentions have been exchanged; (5) identification of

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claim limitations most important to the outcome of the case; and (6) consideration of dispositive motions as early as appropriate to narrow issues or resolve cases without non-essential discovery. As explained in the attached comments, IPO respectfully suggests that the Proposed Local Patent Rules should be reviewed and amended with a focus on each of these principles.

We thank you for the opportunity to provide comments. Please feel free to contact me or IPO Executive Director Herbert Wamsley if you would like to discuss the Proposed Local Patent Rules in more detail.

Sincerely,

A handwritten signature in cursive script that reads "Steven W. Miller". The signature is written in black ink and is positioned above the typed name.

Steven W. Miller
President

Enclosure

**IPO's Detailed Comments on Proposed Local Patent Rules
(United States District Court for the District of New Jersey)**

IPO respectfully suggests that the Proposed Local Patent Rules should be reviewed and amended with a focus on six principles:

Principle No. 1: Early identification and mutual mandatory disclosure of essential infringement and validity related discovery and consideration of staying non-essential discovery until after a claim construction decision is issued in a case

The mandatory production of certain categories of documents by each party, as set forth in Proposed Local Patent Rules 3.2 and 3.4, promotes efficiency because it requires the early collection and preparation of essential categories of production for infringement and invalidity analyses before conventional discovery requests could be served.

There are also instances where it is appropriate to expand the categories of information for mandatory disclosure. IPO believes that Proposed Local Patent Rule 2.1(a) should be amended to require the parties to identify and define any additional categories of essential disclosure and document production that the parties believe should be mandatory in the Discovery Plan submitted to the Court. This allows the Court to consider at the Initial Scheduling Conference the propriety of additional essential categories for mandatory disclosure without waiting for conventional discovery responses and motion practice that could cause unnecessary delay and increased costs.

Additionally, IPO believes that Proposed Local Patent Rule 2.1(a) should be amended to require that the parties discuss and address in the Discovery Plan whether they support an order staying all other discovery (outside of mandatory disclosures) until after the Court enters a claim construction decision. Claim construction often results in an effective narrowing of a case and potentially results in settlement. Therefore, a stay of discovery (particularly of broad electronic discovery) that is not essential to infringement and invalidity issues would save the parties considerable resources in many cases, permitting them to streamline efforts prior to claim construction. After receiving input from the parties and deciding whether additional categories of mandatory disclosures are appropriate, the Court should consider in each case whether a stay is appropriate.

Principle No. 2: Early disclosure and appropriate staging of detailed infringement and invalidity contentions

The early disclosure of infringement and invalidity contentions is critical to the parties and the Court because the contentions identify and define the disputed issues in the case. In particular, the early disclosure of infringement contentions may be necessary for an alleged infringer to understand what is accused in a case and identify the appropriate scope of essential document production. Proposed Local Patent Rule 3.1 provides that the infringement contentions are due within 14 calendar days after the initial Scheduling Conference. IPO believes that Proposed Local Patent Rule 3.1 should be amended to require an earlier disclosure of initial infringement contentions, preferably before the

parties' Rule 26(f) conference. A patent holder who initiates a case should be able to provide its initial infringement contentions shortly after the filing. To adjust for the intended timing of the invalidity contentions provided in Proposed Local Patent Rule 3.3, Rule 3.3 could be amended to provide a longer time, *e.g.*, 60 days after the Initial Scheduling Conference.¹

Principle No. 3: Early supplementation of detailed infringement and invalidity contentions supported by identification of specific evidence produced in the early mandatory disclosures

To serve their purpose in defining and shaping a patent case, it is important that the contentions be detailed and incorporate citations to specific evidence. Initial infringement contentions take place before the patent holder has received an accused infringer's mandatory disclosures and, therefore, the patent holder's initial infringement contentions may not cite to the most complete and specific evidence. Patent holders should, however, not be able to use the supplementation process to skirt the requirements of providing early detailed infringement contentions.

Principle No. 4: Scheduling any claim construction procedure early in the case but after detailed contentions have been exchanged

In addition to the requirements for early mandatory disclosures and contentions, early claim construction hearings and decisions promote the efficient and early resolution of patent cases. Therefore, Proposed Local Patent Rule 4.6 should be amended to provide for a claim construction hearing or other procedure early in the case. To avoid delay, IPO further advises scheduling any claim construction hearing at the Initial Scheduling Conference and confirming it after the parties' submission of the Joint Claim Construction and Prehearing Statement. Further, it may be efficient to have early claim construction with early summary judgment and other dispositive motions practice.

Principle No. 5: Identification of claim limitations most important to outcome of the case

Parties often have a difficult time limiting the number of claim terms in dispute, which

¹ In addition, Proposed Local Patent Rule 3.5(a) should be amended to clarify that the disclosure requirements in a declaratory judgment action are based on whether the issues in the case include validity and infringement. More specifically, in the event that a declaratory judgment action includes both issues, whether raised in the complaint or answer, then both parties should be required to make all of the disclosures set forth in Rules 3.1-3.4, with potential adjustments to the timing for the disclosures and contentions. In the event that neither the complaint nor the answer in a declaratory judgment action includes infringement issues, then Rule 3.5(a) should require, again with potential adjustments to the timing, the disclosures and contentions set forth in Rule 3.1(f), 3.1(g), 3.2(a)-(e), as well as the disclosures and contentions required by 3.3(a)-(d) and 3.4(b).

may vary greatly depending on the number of asserted patents, claims, and complexity of the subject matter. However, the parties and the Court benefit from identifying the most important and potentially dispositive claim construction disputes, which often naturally results in a reduction of the number of terms needing interpretation. Therefore, IPO supports the absence of a limitation on the number of terms to be construed and the identification of most significant terms in Proposed Local Patent Rule 4.3(c). However, Proposed Local Patent Rule 4.3(c) should be amended to require the parties to set forth the reasons for their identification of the most significant terms and the terms that may be case or claim dispositive or substantially conducive to promoting settlement.

Principle No. 6: Consideration of dispositive motions as early as appropriate to narrow issues or resolve cases without non-essential discovery

In some instances, consideration of early summary judgment motions may lead to the most efficient resolution of a case, particularly where there is a case dispositive motion that requires little or no discovery or depends on a claim construction dispute that would be case dispositive. Due to the wide range of complexity of patent cases, the parties and the Court would benefit from consideration in each case of whether early dispositive motions should be accommodated and decided. For example, in some cases, the Court may deem it appropriate to alter the Local Patent Rules to accommodate an early motion, to consider a motion at the same time as claim construction, or to extend a stay of non-essential discovery until it rules on a dispositive motion immediately following claim construction.

IPO supports Proposed Local Patent Rule 1.3, which expressly provides that the Court may, at any time, modify application of the Rules for a particular case. Additionally, Proposed Local Patent Rule 2.1(a) should be amended to provide that the parties shall discuss and address in the Discovery Plan the potential for and appropriate timing of early dispositive motions. Broad discovery efforts are expensive to all litigants, and when appropriate, a decision on a critical summary judgment motion could save the parties very large expenditures and/or promote settlement.