



AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION
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February 2, 2007

Richard Braman
Executive Director
The Sedona Conference

Dear Mr. Braman:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to offer substantive comments to The Sedona Conference® *Report On The Markman Process*, June 2006 Public Comment Version ("draft *Report*").

AIPLA is a national bar association whose more than 17,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright and unfair competition law. Because our members represent both patent owners and users of intellectual property -- both small and large clients and both plaintiffs and defendants -- AIPLA is uniquely positioned to offer a balanced perspective on *Markman* hearings and claim construction issues.

AIPLA appreciates the efforts of the Sedona Working Group on *Markman* Hearings and Claim Construction (WG5) in formulating the draft *Report*. The *Report* contains helpful recommendations and guidance that can serve to advance the handling of patent cases in a fashion calculated to achieve balance and fair disposition with improved judicial efficiency. However, we note that not every recommendation included in the draft *Report* is ideally suited for every patent case. A risk exists that judges will unadvisedly attempt to "squeeze" some patent cases into the processes outlined by the draft *Report*. We recommend additional commentary be added to the *Report* to make this clearer. We believe the *Report's* principles must ensure enough flexibility so that judges can do a fair and balanced job of scheduling and handling *Markman* hearings and can adapt their scheduling orders to the circumstances of a specific case. Courts should remain able to work with counsel to create a schedule and a hearing process that provide the court with the appropriate tools with which to "properly" construe claim terms, and that allow the parties some flexibility of coordinating discovery and other pre-hearing matters.

Accordingly, we offer the following specific comments, within the structure and context of the draft *Report*, on items that may benefit from further discussion.

Introduction

The overall concept of the draft *Report* -- streamlining the *Markman* process -- is a laudable goal and the draft *Report* includes helpful recommendations and guidelines. It is worth noting, however, that the draft *Report* encompasses more than the *Markman* process and is directed further to scheduling orders in patent cases, generally. In some respects, scheduling orders in patent cases affect the *Markman* process. At other times they do not. For aspects of scheduling orders that do not relate to the *Markman* process, we recommend deleting specifics such as notice of reliance on opinions of counsel, expert disclosures, times, dates, quantities, etc. This will achieve the *Report's* objective to provide courts with practical guidance while encouraging appropriate flexibility and

avoiding an overly-prescriptive result from courts applying requirements that may not be appropriate in specific cases.

While the draft *Report* contains helpful guidelines and acknowledges that “one size does not fit all,” it also may be useful to discuss alternative practices with their advantages and disadvantages. For example, the Federal Circuit Bar Association has issued guidelines for patent claim construction (**Guidelines for Patent Claim Construction: Post-Phillips—the Basics of a *Markman* Hearing** by Federal Circuit Bar Association Patent Litigation Committee, <http://www.law.gmu.edu/fcbj/>) that include such a discussion. Identifying alternative practices could improve the process and avoid potential confusion by courts that are less experienced in patent litigation.

Principle 1: The Parties Should Work Together Prior to the Initial Case Management Conference to Facilitate the *Markman* Process

We agree with this principle in general. Under this principle, the *Report* suggests two scheduling orders with specific actions and dates. With respect to the meeting 15 days prior to the case management conference, in some cases, that meeting may occur too early for a meaningful discussion of many of the proposed topics because they deal with the substance of the case before the accused infringer may understand the infringement contentions and before the patent holder may understand the invalidity contentions. This is especially true where the filing of suit is the accused infringer’s first notice of the infringement allegations. We suggest that this section call for the 15-day meeting as a means for the parties to discuss applicable issues to the extent possible, but it should also emphasize the need for flexibility. The section should acknowledge that 15 days before the case management conference may be too early to arrive at a conclusive set of *Markman* procedures and that an additional and later case management conference may be needed to finalize the procedures.

The need for a technical tutorial or a technical advisor is within the discretion of the court, and this suggestion should be framed that way.

Principle 2: The Parties Should Be Required to Disclose and Exchange Preliminary Infringement and Invalidity Contentions

Preliminary infringement and invalidity contentions are good ideas that help focus the *Markman* process. However, depending on the complexity of the case, the proposed time frames for them may need to be modified and the parties should have an opportunity to suggest such timeframes as part of their Rule 26(f) report. For instance, it may be desirable to have some discovery before providing these contentions. Setting the disclosures too early may deprive a party of the opportunity to discover information necessary for the contentions. An example may be the infringement of a process patent where the precise process used by the alleged infringer cannot be determined without discovery.

Depending on the circumstances of a particular case, it may be useful to employ an approach that encourages flexible timeframes for making preliminary contentions or for amending and supplementing preliminary contentions. In its discussion of the 15/55 day rule, the *Report* should stress the need for sensitivity to situations where such rigid, compressed dates may exact an unwarranted penalty, and should permit relaxation as applicable. In some courts, the “preliminary” infringement and validity contentions are considered to be “final” subject only to modification based on a *Markman* ruling or evidence that was otherwise not reasonably accessible at the time the contentions were made. Because of the potential “finality” of these contentions, any scheduling order controlling the *Markman* process should take these issues into consideration.

Also, requiring the patentee to research and disclose early in a litigation the absolute conception and reduction to practice dates for each asserted claim may in some instances prove beneficial and increase the efficiency of discovery. In other cases, however, the constructive priority dates may be sufficient and delving into the facts regarding earlier priority activities would be unproductive. Again, we suggest allowing for a more flexible approach in this regard.

Principle 3: The Parties Should Be Required to Develop and Exchange Specific Lists of Disputed Claim Terms

This principle is a good idea. It also may be helpful to analyze how various courts have implemented this principle and suggest a procedure for implementing it. The local patent rules for the Eastern District of Texas offer some procedures. See E.D. Tex. Patent Rules 4-1 through 4-5. In addition, some courts require the parties to cooperate in assembling the intrinsic evidence into a joint submission to the court, allowing the parties and the court to use a common set of Bates numbers to make citations in briefs uniform and to limit the papers needed to be filed with the court.

Principle 4: Neutral Technology Tutorials for the Court put Together By All the Parties are Often Helpful and Sometimes Necessary

This is a laudable principle. Having a tutorial may increase the efficiency of the *Markman* process and the court's understanding of the relevant technical principles. We suggest, however, that this principle both emphasize flexibility and advise that conducting a tutorial is in the court's discretion. In some cases, there is no need for a tutorial, and the time and expense associated with it should be a factor in determining whether one should be held. We also suggest the report mention that in some cases it may be advantageous to conduct the tutorial days or weeks in advance of the *Markman* hearing to provide the judge with a more complete technical background and help focus the issues for the *Markman* hearing.

Principle 5: Less Complex Cases Should Be Governed By a Simplified Order

The procedure outlined in this principle for less complex cases is a viable alternative to the procedure outlined for complex cases. In some instances, this simplified procedure also may be appropriate for complex cases. Once again, we prefer a flexible approach that outlines for the court the advantages and disadvantages of certain procedures over others.

Regardless of the complexity of a scheduling order, in general, requiring expert reports covering liability issues prior to a claim construction ruling is not helpful in general. Experts may be forced to opine in the alternative based on each side's claim construction positions or to supplement their expert reports (to the extent a court will permit them) after receiving a claim construction ruling.

Conduct of the Hearing Itself

This section indicates that a *Markman* hearing is always necessary. In some cases, no hearing may be needed and the court may be able to address claim construction disputes based on written submissions. In others, such as cases involving patents to a chemical compound, even briefing may be extraneous. The draft *Report* should include a discussion of the advantages and disadvantages of the various ways in which a court can conduct a *Markman* "hearing." Courts should have flexibility in how they fashion the "hearing," including whether to hold a hearing at all.

Principle 6: As a General Rule the Court Should Hear from the Parties Term-by-Term Rather than Hearing from the Patentee Plaintiff on all Terms Followed by the Accused Infringer Defendant on all Terms

The heading for this principle should refer to "patentee" and "accused infringer," rather than "plaintiff" and "defendant" to take into account counterclaims and declaratory judgment actions.

The declaration/deposition proposal for the claim construction hearing may distract a court from the importance of the intrinsic evidence. This proposal should note the law as espoused in *Phillips*, and should provide for the use of extrinsic evidence only to the extent that (1) it is needed in a case, (2) would not contradict the intrinsic record, and (3) the court would find it helpful.

Principle 7: The Hearing Should Be Like a Closing Argument with the Lawyers Pointing to Testimony from Depositions and Exhibits Rather Than Proceeding More Like a Trial

This principle should emphasize more that a hearing and the structure of that hearing is within the sound discretion of the court. It would be helpful to address *Phillips* and the need, if any, for extrinsic evidence. As worded, this principle suggests/assumes that extrinsic evidence will always be needed.

Alternative Principle 7: In Some Cases the Hearing Should Be an Evidentiary Hearing with Live Testimony from Persons Having Ordinary Skill in the Relevant Art

In addition to having the same problems as Principle 7, this alternative principle invites testimony that is not typically present in current *Markman* hearings -- testimony of percipient witnesses, i.e., persons of ordinary skill in the art (POSITA). The determination of who is a POSITA and what is the relevant art often are disputed and may themselves be the subject of expert testimony. Moreover, inviting testimony of a hypothetical POSITA does not appear to be a preferred "best practice" and there may be unintended consequences that result from this procedure.

This alternative also seems to invite prior art inventors to testify about claim terms, which also may not be helpful to the court and may have a tendency to introduce testimony that contradicts intrinsic evidence. Although *Daubert* may not be strictly applicable to *Markman* proceedings, the court may adopt some gate keeping function or standard to guard against testimony that is not helpful or appropriate to the issues before the court.

Principle 8: The Markman Hearing Should Take Place Toward the Middle of the Case

We suggest the inclusion of language indicating that regardless of when the *Markman* hearing takes place, expert reports are likely to be most efficiently handled if they are due after the court's *Markman* ruling.

Principle 9: It Is Not Wise to Couple the Markman Hearing with Motions for Summary Judgment as a Routine Practice

We agree with this general principle. However, where there is no barrier, summary judgment motions can be taken up at *Markman* hearings.

Principle 10: While It Is Proper for the Trial Judge to Be Aware of the Nature of the Accused Items, It is Generally Not Advisable to Require Submission of Contingent Summary Judgment Motions With the Markman Submissions

This principle purports to describe the case law regarding the use of the infringing product in deciding claim interpretation issues. Some case law, however, seems to suggest that it is appropriate for a court to decide claim interpretation issues in the context of the accused product. See, e.g., *Mass. Inst. of Tech. v. Abacus Software*, Nos. 05-1142, -1161, -1162, -1163 (Fed. Cir. Sept. 15, 2006). We again suggest allowing for flexibility here. Depending on the circumstances of a case, it may be proper to decide certain claim construction issues in the context of summary judgment motions.

Principle 11: Regardless of the Format of the Markman Hearing, the Federal Rules of Evidence Should Not Be Strictly Applied

This principle may invite testimony that would otherwise be inadmissible. If parties want to rely on extrinsic evidence in the *Markman* process, then the other party should have an opportunity to cross-examine or otherwise challenge the proffered evidence. We do not mean to suggest that evidence cannot be presented in the form of declarations, so long as the other side has an adequate opportunity to depose the declarant and to present that cross examination in a manner to be decided by the court.

Principle 12: ~~The Hearing Should~~ May Include Consideration of Extrinsic Evidence ~~Which May Be Considered~~ If Not Inconsistent With the Intrinsic Evidence

We suggest rewording this title as shown above.

We note that this principle implies that claim construction cannot be decided on written submissions alone, which we have discussed above. The principle also does not emphasize enough that extrinsic evidence is subsidiary and, if not carefully handled, can detract from the value of the intrinsic evidence, which is the primary evidence a court should use in claim interpretation.

Principle 13: The Parties Should be Able to Present Live Testimony in the District Court's Discretion

This principle seems duplicative of earlier principles or is a topic that is more appropriately included within another section rather than as a free standing principle.

Principle 14: Testimony from the Inventor Should Be Limited, with Little or No Weight Given to the Inventor's Statements Concerning the Meaning of Claims

We generally agree with this principle. However, in the second paragraph, we suggest changing "plaintiff" and "defendant" to "patentee" and "accused infringer."

Principle 15: Testimony from Experts or Percipient Witnesses Is Appropriate

This principle overlaps with Principles 7 and 16. We suggest combining these three principles. While we generally agree with this principle, our comments regarding Principle 7 and Alternative Principle 7 are largely applicable to this principle as well.

Principle 16: Testimony from Patent Law Experts Should Be Received Only in Rare Cases

This principle overlaps with Principles 7 and 15. We suggest combining these three principles. While we generally agree with this principle, our comments regarding Principle 7 and Alternative Principle 7 are largely applicable to this principle as well. We would like to emphasize that the court should exercise some gate keeping function with regard to every expert proffered in the *Markman* process, including patent law experts.

Principle 17: Testimony from a Court-Appointed Expert should be Used Sparingly

We suggest that the draft *Report* take no definitive position on the use of court-appointed experts. In our view, there is not enough data to reliably encourage or discourage their use. Rather, we suggest that this section describe the advantages and disadvantages of using a court-appointed expert so that a court can decide whether one would be appropriate and desirable in a given case.

It also may be appropriate to suggest the use of a technical advisor where a court believes that it would be useful. A discussion of the relative merits of these two methods of selecting a court expert would be helpful.

Principle 18: The Court May Consider Evidence Beyond the Intrinsic Record to the Extent it Does Not Contradict the Intrinsic Evidence

We suggest adding to this principle title "to the extent that it does not contradict the intrinsic evidence." As written, this principle invites extrinsic evidence that may not be relevant and may contradict the intrinsic record.

This principle also appears to be duplicative of earlier principles. It may be desirable to combine this principle with another, such as Principle 12.

Principle 19: Evidence of the Accused Device or Process Should May be Permitted

We suggest changing “Should” to “May” in the principle title as shown above.

This principle largely overlaps with Principle 10 and we suggest combining both. We also note that this principle contains a more accurate statement of the law with respect to how the accused infringing device may be used in the context of a *Markman* ruling. Our comments regarding Principle 10 are applicable to this principle as well.

Principle 20: Receipt of Prior Art ~~Should~~ May Be Permitted, but the Weight to be Given Varies

We suggest changing “Should” to “May” in the principle title as shown above.

While it is proper to consider prior art that was part of the intrinsic record, a court should be careful in considering extrinsic prior art that may be used to contradict the intrinsic evidence.

The *Markman* Ruling Itself

It may be helpful to include a principle on the timing of *Markman* rulings in this section. Preferably, a ruling would be made early enough in the case to avoid inefficiencies in expert discovery, in particular.

Principle 21: Courts Should Usually Not Issue Tentative *Markman* Rulings in Advance of the *Markman* Hearing

Again, we agree with this principle. To the extent the court feels that it is leaning toward a particular claim construction based on its interpretation of some facts, it can signal to the parties that it would like them to address those facts and potential construction in their briefs and arguments.

Principle 22: The *Markman* Construction Ruling Should Be Prepared as a Well-Reasoned Opinion that can be Expressed in Understandable Jury Instructions

We agree with this principle. However, we suggest deleting the last paragraph as it is duplicative of discussions in previous principles.

Also, it may be helpful to mention here that not every claim term needs to be rewritten or defined during claim construction. Some terms may not be disputed and some may be appropriate to assume their ordinary meaning.

Principle 23: The Significance of the Claim Construction, Coupled With a Comparatively High Appellate Reversal Rate May Warrant Consideration of a New Mechanism for Interlocutory Appeals from *Markman* Rulings

We correct the spelling of the term “principle” in titles 23 - 26.

We do not believe that a best practices report should propose changes in the law, which this principle does in the last sentence. The need for legislative reform on the interlocutory appeal of *Markman* determinations is far too radical a suggestion to be couched as a best practice. The issue of interlocutory appeals from *Markman* determinations may merit study and debate, but we believe that debate should take place in a different forum and in a more deliberate manner. AIPLA has discussed examining this issue, but has not at this point formulated any resolution regarding this type of legislative reform.

Appendix A / Appendix B

As we have noted previously, we are concerned that courts may adopt the proposed case management orders without critically examining the issues presented by a particular case. We believe

that the draft *Report* should arm a court with the knowledge necessary to fashion its own *Markman* procedure in each case and to tailor the procedure to the needs of that case, the litigants and the court. To this end, we recommend that for aspects of the scheduling orders unrelated to the *Markman* process, the Report delete specifics such as notice of reliance on opinion of counsel, expert disclosures on liability issues, times, dates, quantities, etc.

We understand that the Working Group is contemplating holding a public meeting in the Washington D.C. area in the Spring to review the draft and obtain additional input from the bar. AIPLA would be pleased to assist you in organizing and publicizing such an event. Please let us know how we can be of help in this regard.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Kirk". The signature is written in a cursive style with a large, prominent initial "M".

Michael K. Kirk
Executive Director
AIPLA