

First *Markman*, Now *Festo*: A Simplified Approach to Patent Litigation Trials*

Steven M. Bauer and Jeremy P. Occek**
Proskauer Rose LLP
Boston, MA

Introduction

The debate continues unabated: how much of a patent case should go to the district court judge before the trial, and how much should go to the jury? In this paper, we propose that in many circumstances patent claim construction and equivalents issues might best be resolved in a single hearing combined with summary judgment motions relating to infringement (which we call a "summary judgment trial") *before* significant fact discovery on other issues (damages, willfulness, inequitable conduct and validity) is conducted. It is important to note that we do *not* suggest that claim construction be done *before* discovery, or that it be done in a vacuum. We suggest that bifurcation of infringement issues only, within a process that ends with a combined *Markman*/*Festo* hearing and summary judgment hearing, might be an efficient way to parse a patent litigation.

When a claim construction hearing is combined with summary judgment motions of non-infringement, the result may be dispositive. Indeed, our sense is that many cases are in fact now being resolved on summary judgment. Because district courts are listening to live witnesses in *Markman* hearings, and presumably making credibility determinations in the process, and because when these proceedings are accompanied by summary judgment motions they may become dispositive, we refer to them as "summary judgment trials." We know there is no *actual* trial — but given that there is an opening statement, a closing argument, live testimony with cross-examination, and often a *dispositive* result after summary judgment motions have been argued, we believe the moniker is appropriate.¹

Recently, we have had four such summary judgment "trials," with hearings of one, two, three, and four days in length, and all with extensive testimony of experts. These hearings all took place after the close of fact and

expert discovery. Although we have been fortunate to have obtained uniformly successful results (and therefore, we are not merely griping here), one thing has remained nagging — our firm belief that we *could* have (and indeed, would have) achieved precisely the same results if we had had our *Markman* hearing before *most* of the discovery had occurred. In short, we question whether the system is working when a party needs to spend \$1 to 3 million in litigation costs (or more), before having a court decide whether the case should ever have been brought in the first place.

Part I of this paper reviews the relevant case law, including the *Markman* and *Festo* decisions as they relate to the issues of claim construction and scope, as well as the Federal Circuit's most recent case in *Texas Digital Systems, Inc. v. Telegenix, Inc.*, No. 02-1032 (Fed. Cir. Oct. 16, 2002). In Part II, we discuss some of the recent summary judgment "trials" in which we participated last year.

In Part III of this paper, we set forth a proposal regarding what might be a "best practice" acceptable to the patent litigation bar. We ask, if the construction of the claim turns on the patent and its file history (and now, according to *Texas Digital*, also dictionary definitions), then how much discovery is really necessary to construe the claim? We know we want to avoid the concern of construing claims in a vacuum. But, if the inventor's post-litigation "spin" and the testimony of experts are truly of little importance, what real *evidence* is there that *should* matter for claim interpretation issues, when they are construed in the real context of the infringement allegations?

Again, importantly, we do *not* suggest that there should be no discovery, or that claim construction should be conducted in a factual vacuum, before the infringement case is ripe. Indeed, quite to the contrary, our proposal is that the parties *should* be permitted to obtain discovery into the patent and its prosecution (perhaps a deposition of the inventors relating to the patent and its prosecution, and the production of documents that discuss the patent, its scope, or that use the specifically-

* This article first appeared in *The Sedona Conference Journal*, Volume 4, Fall 2003.

** Mr. Bauer is a partner and Mr. Occek is an associate in the Patent Law Group of Proskauer Rose LLP. The views expressed in this article are solely those of the authors and do not reflect the views or positions of their Firm or their Firm's clients.

¹ Evidentiary hearings are routinely held by district courts to resolve issues before a jury hears the case. For example, *Daubert* hearings are often held to determine the admissibility of scientific evidence. Yet, there remains a difference of note between *Daubert* and *Markman* hearings. In a *Daubert* hearing, the district court makes fact findings. Moreover, although a *Daubert* hearing may result in a decision, it is typically not dispositive in its own right.

challenged words found in the claims). We also think it appropriate to permit discovery into the operation of the accused product (manufacturing or product specifications, users manuals, and a Rule 30(b)(6) deposition into the operation of the product).

When one considers how much discovery in the typical patent infringement case is devoted to proving (or disproving) willful infringement, validity, damages, and inequitable conduct,² it seems to us that if patent claim scope and the infringement issue could be decided early in the litigation process, significant discovery could be avoided and costs reduced.

I. Brief Overview of Relevant Case Law

A. Literal Claim Construction

In *Markman v. Westview Instruments, Inc.*, the Supreme Court took the issue of claim construction away from the jury, and placed it squarely in the district judge's hands.³ In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, the Supreme Court held that the scope of the claim for equivalents purposes depends on the prosecution file history, and particularly on statements and amendments made during prosecution.⁴ The issue of whether the scope of equivalents to which a patent claim is entitled is one of law for the district court, or is one of fact for the jury, will soon be decided by the Federal Circuit.⁵ We assume for this paper that the Federal Circuit will conclude that at least some *Festo* issues will be "legal" in nature, requiring the district court to determine the range of equivalents in the same way it construes the literal meaning of claim terms, as part of a *Markman* hearing-induced jury instruction.

We expect our audience to know *Markman* and *Festo* well, and so we only touch on them here. Of course, in *Markman*, the

Supreme Court held that patent claim construction is a matter of law to be decided by district court judges.⁶ The Court determined that judges, with their legal training and judicial experience, are better suited than juries to interpret patent claims.⁷ The Court further held that there is no Seventh Amendment right to a jury trial for patent claim construction.⁸

Patent claims are interpreted by district courts as they would be understood by "one of ordinary skill in the art" to which the patent pertains.⁹ To define the scope of the patent claims, courts first look at the words of the claims, and these words are to be generally given their ordinary and customary meaning.¹⁰ However, "a patentee may choose to be his own lexicographer" and assign a special definition to a word in the claim, as long as that definition is clearly stated in the patent specification or file history.¹¹ Therefore, "it is always necessary to review the specification to determine whether the inventor has used any terms in a manner inconsistent with their ordinary meaning."¹² Because the specification must contain a description sufficient to enable those of ordinary skill in the art to make and use the invention, the specification "is the single best guide to the meaning of a disputed claim term."¹³

The Federal Circuit has stated that district courts should first look to intrinsic evidence when construing claims because intrinsic evidence "is the most significant source of the legally operative meaning of disputed claim language."¹⁴ Intrinsic evidence includes the claims and the specification of the patent, and the prosecution history.¹⁵ Intrinsic evidence also now appears to include dictionary definitions.¹⁶ The intrinsic evidence is the public record on which the public is entitled to rely.¹⁷ The court has further stated that if the intrinsic evidence is sufficient to resolve the meaning of a disputed claim term, it is improper to consider extrinsic evidence.¹⁸ Extrinsic evidence

² In patent infringement cases, it is typical for clients to incur millions of dollars in legal fees, simply to get to the claim construction and summary judgment stage after significant fact discovery. For example, a 2001 survey by the American Intellectual Property Law Association ("AIPLA") indicated that for patent infringement matters with between \$1 million and \$25 million at risk, total litigation costs through the close of discovery range from \$1,497,000 (median) to \$1,703,000 (75th percentile) in the Boston area.

³ 517 U.S. 370 (1996).

⁴ 535 U.S. ___, 122 S. Ct. 1516 (2002). There is a "rebuttable presumption" that amendments made during prosecution limit a broadening scope, so that the claim should not be given broad equivalents in light of such amendments. *Id.*

⁵ *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, No. 95-1066 (Fed. Cir. Sept. 20, 2002) (ordering the parties to submit briefs on issues relating to the rebuttable presumption of narrowing claim amendments).

⁶ 517 U.S. at 388-89.

⁷ "The construction of written instruments is one of those things judges often do and are likely to do better than jurors unburdened by training in exegesis. Patent construction in particular is a special occupation, requiring, like all others, special training and practice. The judge, from his training and discipline, is more likely to give a proper interpretation to such instruments than a jury; and he is, therefore, more likely to be right in performing such a duty than a jury can be expected to." *Id.*

⁸ *Id.*

⁹ *Hoescht Calanese Corp. v. BP Chems., Ltd.*, 78 F.3d 1575, 1578 (Fed. Cir. 1996) (holding that the district court construes claim terms as "persons experienced in the field of the invention").

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at 1582.

¹⁵ *Markman*, 52 F.3d at 979.

¹⁶ *Texas Digital Systems, Inc. v. Telegenix, Inc.*, No. 02-1032 at *9 (Fed. Cir. Oct. 16, 2002).

¹⁷ *Id.*

¹⁸ *Id.* at 1582-83.

includes expert testimony, dictionaries, treatises and scientific articles.¹⁹ Although the district court may consider extrinsic evidence to help understand the technology at issue, the extrinsic evidence "may not be used to vary or contradict claim language."²⁰

In the Federal Circuit's recent decision in *Texas Digital*, the court noted that "dictionaries, encyclopedias and treatises are particularly useful resources to assist the court in determining the ordinary and customary meanings of claim terms."²¹ The court reasoned that "[s]uch references are unbiased reflections of common understanding not influenced by expert testimony or events subsequent to the fixing of the intrinsic record by the grant of the patent, not colored by the motives of the parties, and not inspired by litigation. Indeed, these materials may be the most meaningful sources of information to aid judges in better understanding both the technology and the terminology used by those skilled in the art to describe the technology."²² The court further stated that "it is entirely proper for both trial and appellate judges to consult these materials at any stage of a litigation, regardless of whether they have been offered by a party in evidence or not" and that "categorizing them as 'extrinsic evidence' or even a 'special form of extrinsic evidence' is misplaced."²³ The court also went as far to say that "[c]onsulting the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves, invites a violation of our precedent counseling against importing limitations into the claims."²⁴ The court concluded by stating that:

By examining relevant dictionaries, encyclopedias and treatises to ascertain possible meanings that would have been attributed to the words of the claims by those skilled in the art, and by further utilizing the intrinsic record to select from those possible meanings the one or ones most consistent with the use of the words by the inventor, the full breadth of the limitations intended by the inventor will be more accurately determined and the improper importation of unintended limitations from the written description into the claims will be more easily avoided.²⁵

B. Equivalents Claim Construction

Under both *Markman* and *Festo*, the prosecution history is relevant to the interpretation of the claim, both as to literal meaning, and as to the scope of equivalents. Because the prosecution history often contains an analysis of the differences between the prior art and the applicant's claims, prosecution history can be of critical significance to determining the meaning of the claims. And, of course, the prosecution history may limit the patent's scope to exclude interpretations that were disclaimed during prosecution.²⁶

In *Festo*, the Supreme Court held that prosecution history estoppel is a flexible bar that limits the doctrine of equivalents by preventing a patentee from reclaiming territory that was surrendered during prosecution.²⁷ Any amendment made for a "substantial reason related to patentability" may trigger an estoppel, including amendments not related to avoiding the prior art.²⁸ If an amendment is made during prosecution, the burden is on the patentee to establish that the amendment did not surrender the particular equivalent in question.²⁹ An amendment does not surrender a particular equivalent if: (1) the equivalent was unforeseeable at the time of the application; (2) the rationale underlying the amendment bears no more than a tangential relation to the equivalent; or (3) there is some other reason suggesting that the patentee could not reasonably be expected to have described the equivalent.³⁰ Narrowing amendments are *presumed* to surrender the broader territory, unless the patentee establishes that at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent.³¹ The Federal Circuit will now decide whether these issues go to the jury or the judge.³² We expect that at least some of these issues will be decided by the district court, in the same manner as the *Markman* hearing, where the court formulates a jury instruction on the scope permitted (or not permitted) to a claim.

II. Our Recent Experiences

Over the last year, we have been involved in a number of *Markman* hearings. Most of these have taken the form of a summary judgment "trial." We detail some of them here, to frame our discussion.

¹⁹ *Vitronics Corp. v. Conceptiontronic, Inc.*, 90 F.3d at 1582-83.

²⁰ *Id.* at 1583.

²¹ *Texas Digital Systems, Inc. v. Telegenix, Inc.*, No. 02-1032 at *9 (Fed. Cir. Oct. 16, 2002).

²² *Id.* at *11.

²³ *Id.* at *12.

²⁴ *Id.* at *13-14.

²⁵ *Id.* at *15.

²⁶ 535 U.S. ____ at 10-12.

²⁷ *Id.*

²⁸ *Id.* (citing *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 33 (1997)).

²⁹ *Id.* at 15.

³⁰ *Id.* at 16.

³¹ *Id.*

³² *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, No. 95-1066 (Fed. Cir. Sept. 20, 2002) (ordering the parties to submit briefs on issues relating to the rebuttable presumption of narrowing claim amendments).

- (1) *Mediacom Corp. v. Rates Technology, Inc.*, 4 F. Supp. 2d 17 (D. Mass. 1998) (Chief Judge William G. Young). Both sides moved for summary judgment of infringement or non-infringement. In this case involving telephone circuitry patents, the court issued an order where it directed the parties to make their arguments first, for fifteen minutes per side, based solely on intrinsic evidence, and before there was any significant discovery. The court had advised earlier that only if it was unable to construe the claims from the intrinsic evidence itself, would it order a second hearing involving extrinsic evidence. The court also retained its own technical expert, at the parties expense, to advise it privately, *in camera*. The court issued a *Markman* ruling so favorable to our client, that the case quickly settled.
- (2) *MKS Instruments, Inc. v. Advanced Energy Corp.*, 204 F. Supp. 2d 720 (D. Del. 2002) (Judge Joseph J. Farnan, Jr.). Both sides cross-moved for summary judgment of infringement or non-infringement. The court allowed a four-hour *Markman* hearing, strictly limiting each side to two hours. Either side could introduce any evidence it wanted, in any form. One side had an expert and the inventor testify. The other side called no witnesses, but cross-examined. The court denied both motions for summary judgment, but issued a claim construction order under which the accused infringer essentially admitted that all the claim elements were present, and presented primarily an invalidity case. The jury found infringement and rejected the invalidity case.
- (3) *Polyclad Laminates, Inc. and Fry Metals, Inc. v. MacDermid, Inc.*, No. CIV. 99-162-M, 2002 WL 31236401, at *1, Civil No. C-99-162-M (District of New Hampshire, Judge Steven J. McAuliffe). Both sides filed cross-motions for summary judgment of infringement and non-infringement. The court gave each side one day to introduce evidence. Each side called experts. The court issued a claim construction order and then issued summary judgment of non-infringement, ending the case.
- (4) *Beam Laser Systems, Inc. v. SeaChange International, Inc. and Cox Communications, Inc.*, 144 F. Supp. 2d 475 (E.D. Va. 2001); *Digital Privacy, Inc. v. RSA Security Inc.*, 195 F. Supp. 2d 771 (E.D. Va. 2002) (Judge Rebecca Beach Smith). In these two unrelated cases, both sides filed cross-motions for summary judgment of infringement or non-infringement. The court held four and three day hearings, respectively, closing each time with argument on the par-

ties' summary judgment motions. After extensive expert testimony by both sides, the court entered summary judgment of non-infringement for our clients in both cases.

Other than the *Mediacom* case, in each of these cases, the claim construction and summary judgment hearings took place after fact and expert discovery had closed. Of course, much of the discovery was completely irrelevant to the claim construction and summary judgment motions. It is frustrating to tell a client, especially after the client has spent significant amounts on litigation costs, that the asserted patent simply doesn't cover the accused product, but that the court will not even *consider* the issue until millions of dollars have been spent. There *must* be a better way.

III. Proposal

Most courts hold the *Markman* hearing after fact discovery is completed. But, simply because they do it that way, does that mean it is the "best practice?" Some argue that it is best to have *all* the evidence available to them before they present any case to the court. If, however, half the discovery relates to damages, how can that help the *Markman* determination? If ten to twenty-five percent of the discovery relates to the parties beating up on each other over cross-allegations of inequitable conduct and willful patent infringement, how can that help in the *Markman* ruling? And if ten to twenty-five percent of the discovery relates to the defendant searching for elusive third-party prior art references, we suggest that maybe the issue of validity could better wait until after the claim is construed.³³

Courts have had experience conducting gate-keeping, pre-jury hearings for many years. For example, courts routinely hold *Daubert* hearings to determine the admissibility of scientific evidence.³⁴ In *Daubert*, the Supreme Court held that the trial court is the "gatekeeper" who must screen proffered expertise, and the objective of the screening is to ensure that what is admitted "is not only relevant, but reliable."³⁵ Although there is nothing particularly novel about the district court having the power to make an admissibility determination, the *Daubert* decision assigned the district court the *obligation* to act as the "gatekeeper."³⁶

To determine whether proffered scientific testimony or evidence is admissible, courts evaluate four factors under *Daubert*.³⁷ First, the court determines whether the theory or technique has been or can be tested.³⁸ Second, the court considers whether the the-

³³ Importantly, we are not suggesting the accused infringer give up any defense here — we are simply suggesting that the issue of whether the claim is valid or not in view of a third-party reference should wait until after the claim is construed — let the court first decide if the claim is broad or not, and then let the validity case focus on the impact of that ruling. If the patentee advocates for, and gains, a broad claim construction, the judge or jury can decide the validity issue given the claim construction. We intend to avoid the zig-zag that results when claim construction changes every time a new prior art reference is disclosed.

³⁴ *Daubert v. Merrell-Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993).

³⁵ *Id.* at 589.

³⁶ *Id.*

³⁷ *Id.* at 593-94.

³⁸ *Id.* at 593.

ory or technique has been subject to peer review.³⁹ Third, the court evaluates the known or potential error rates for the proffered scientific testimony or evidence.⁴⁰ Finally, the court considers the general acceptance within the relevant scientific community.⁴¹ Recently, the Supreme Court in *Kumho Tire Co., Ltd. v. Carmichael* broadened the *Daubert* test to include expert testimony based on technical and other specialized knowledge.⁴²

This paper proposes that in a majority of cases, a combined *Markman/Festo* hearing combined with summary judgment of non-infringement, and held early in the litigation process, might be a more efficient use of judicial resources.⁴³ We recognize the concern posed by some that early *Markman* hearings might lead to advisory decisions on unimportant terms, or lead to significant argument over terms not actually in dispute. We believe that if a combined *Markman/Festo* hearing is held in conjunction with a summary judgment motion, the parties will focus their attention.

If the court were to issue an order setting a hearing on claim construction and summary judgment of non-infringement before discovery on other issues, what would be the risk to either party? The patent owner presumably knows the patent, its prosecution history, and the cited prior art, and should have access to the inventors and the prosecuting attorney who together can explain the prosecution history and their intent in responding to office actions. The accused infringer presumably knows what its product is, how it operates, and why it believes it doesn't infringe.

If the patent owner has the patent and all the intrinsic evidence at his or her fingertips, why should he or she oppose an early claim construction? And if the defendant believes it doesn't infringe, why wouldn't it want to prove that case at the earliest time possible?

As we mentioned, we want to permit discovery. The accused infringer will want to depose the inventor and patent attorney about the prosecution history and statements made to the patent office. The defendant may also want some discovery into the underlying invention and process of making the invention. (We would even allow discovery into Section 102 validity issues, if related to the *patentee's* activities). If there are products marked with a patent number, some discovery into the patented product might be appropriate. In short, discovery can be structured in this initial round to address the patent, the disclosure of the invention to the patent attorney (subject, of course, to any legitimate claims of privilege), give-and-take with the

patent office, and any discussions within or without the company regarding the patent or its perceived scope.

A. Documents

We are open to any reasonable discourse about the need for different categories of documents. However, it does not seem to us the scope of production needs to be overly broad or open-ended. What are reasonable document requests if the case were limited to claim construction and infringement issues? The patentee might legitimately ask the accused infringer for:

1. Documents adequate to show the operation or design of the accused products;
2. Documents reflecting the accused infringer's knowledge of the patent-in-suit; and
3. Documents in the relevant technology area that use any term found in the claims of the patent, as to which the accused infringer will seek a claim construction definition.

The accused infringer might ask the patentee for:

1. All documents relating to the patent prosecution, from the initial disclosure, through the issuance of the patent;
2. All documents relating to the inventors' conception and reduction to practice of the invention;
3. Documents in the defined technology area that use any term found in the claims of the patent, as to which the patentee will seek a claim construction definition;
4. Documents discussing the patent or the patent application, at any time, including documents relating to patent marking; and
5. Documents adequate to show the operation or design of any product the patentee contends at the outset is covered by the patent.

B. Depositions

How many depositions are reasonably necessary? The patent owner will want to depose a Rule 30(b)(6) witness who can discuss the operation of the accused product, and perhaps fact witnesses whose documents are produced pursuant to the requests above. What we want to avoid is the steady procession of fact witnesses who may have never even read the patent, but who are asked one after the other to give their understanding of the claim terms — usually after an objection that the question

³⁹ *Id.* at 593-94.

⁴⁰ *Id.* at 594.

⁴¹ *Id.*

⁴² 526 U.S. 137 (1999).

⁴³ Although most district courts have not adopted local rules governing *Markman* procedure and timing, the Northern District of California has specific procedure and timing rules for patent infringement actions. See Gary M. Hoffman & Charles W. Saber, *Markman Determinations*, 2 SEDONA CONF. J., 171, 178-79 (2001).

asks for a "legal conclusion" or "speculation" or "expert testimony."

The accused infringer may also want a few depositions. We believe depositions of each of the inventors would be appropriate. It can be argued that the deposition of the prosecuting attorney may have some relevance. Maybe the accused infringer will want to learn about the operation of the patented product itself. The deposition of the fact witnesses who produced the documents as discussed above might also be appropriate.

C. Pre-Hearing Procedure

Now, how do we set up the issues for the summary judgment "trial"? We have found that an efficient mechanism is the simultaneous exchange with opposing counsel of claim term definitions — for some or all of the terms in the claim.

Important in this process is an agreement that the exchange, and all subsequent discussions regarding it, are *without* prejudice. There is always going to be some negotiation, and maybe even a concession of a claim term prior to trial, and we think it is productive to allow counsel to change his or her position on a definition during this process without fear that that change in position will be exploited by opposing counsel at the *Markman* hearing or trial. We therefore suggest that it be expressly agreed that the discussions at this stage are inadmissible in any court proceeding.

We have found that with a simultaneous exchange of definitions, there are often many terms as to which both sides are in close agreement. Yet, we believe no claim term is too minor to define initially, because no matter how much we try to anticipate the other side's position, or where there might be agreement, by the time of trial, we are often fighting about even the clearest of terms. Therefore, we seek to reach agreement upon as many definitions as possible, which we then submit to the court jointly with the other party, not necessarily to read to the jury or to include in the jury instructions, but to avoid conflict later.

After the parties have tried to resolve as many claim terms as possible, the parties then commit to a position and submit their claim construction brief to the court, with their proposed claim construction and supporting evidence. We have found that combining this submission with the initial expert reports on the claim construction and infringement issues seems to work well, because then, it is not just the lawyer's argument, but the expert's opinion, which is submitted to the court. There should then be an exchange of expert reports addressing the claim construction issues (including "tutorial" evidence).

Here is a sample claim construction plan in accordance with our proposal:

1. At a first date, the parties exchange a list of claim terms with proposed definitions as deemed material to claim construction. Such exchange is without prejudice whatsoever to either party amending the terms later. More specifically, with the exception of those terms for which the parties come to an agreement regarding construction, either party may propose different definitions of claim terms in the briefs to be submitted to the court regarding claim construction, and the exchange and discussion of claim terms pursuant to this agreement is inadmissible in any court proceeding.
2. At a second date, the parties meet and confer to narrow, if possible, claim construction issues. The parties confirm in writing any constructions upon which an agreement is reached.
3. At a third date, the parties each file and serve briefs presenting their proposed claim construction and support for such construction. On this same date, the parties serve expert reports under Fed. R. Civ. P. 26(a)(2) on the infringement issues. Any report submitted by an expert on this date should include that expert's opinions regarding claim construction issues, if that expert is expected to testify on those issues at a *Markman* hearing.
4. At a fourth date, the parties file and serve rebuttal briefs on claim construction and infringement issues, and rebuttal expert reports.
5. Between the fourth date and a fifth date, the parties take the depositions of the expert witnesses.
6. At a fifth date, the court holds a *Markman* hearing on claim construction, combined with a hearing on the summary judgment motions relating to infringement.

D. Claim Construction Hearing

Now that we have agreed-claim terms and expert reports opining on the terms in issue, it is time for a "summary judgment trial." By "summary judgment trial," we refer to a combined *Markman/Festo* hearing with (or in the context of) a motion for summary judgment of infringement or non-infringement. If the court grants summary judgment of non-infringement, the case is over. If the patent owner survives summary judgment of non-infringement, or if the court finds summary judgment of infringement, then the remaining issues of willfulness, validity and unenforceability go to discovery and trial before the jury. As noted by Federal Circuit Judge Mayer, "to decide what the claims mean is nearly always to decide the case."⁴⁴

We know that technically (or should we say, legally) there is no such thing as a "summary judgment trial." Indeed, some might say that the phrase "summary judgment trial" is an oxymoron — how can you have a trial, when the court cannot make fact

⁴⁴ *Markman*, 52 F.3d at 989 (Mayer, C.J., concurring).

findings? But, a *Markman/Festo* hearing, combined with a summary judgment motion, has all the attributes of a trial — opening, closing, live witnesses, cross-examination — and yields (at least some of the time) a dispositive result. Thus, it differs from a fact-finding, gate-keeping hearing, such as a *Daubert* hearing, in which the decision does legally end the case (although it might, as a matter of fact). The other major concern, of course, is that the district court is not supposed to make findings of fact in a *Markman* hearing — it is only supposed to interpret the claims as a matter of law. It is, of course, a fiction to maintain that the court's *Markman* decision will not sometimes turn on issues of credibility and the weight of the evidence presented.⁴⁵

Under our proposal, claim construction is done in the context of the intrinsic evidence (the patent, its prosecution history and the cited references), extrinsic evidence by way of an expert or the inventor to help educate the court, and extrinsic evidence relating to the accused device and maybe the patented product. We believe that the patent owner should have to clearly articulate what it believes the claim covers, in the first instance. Because the claim is always going to be construed by the patent owner to cover the accused device, and the claim is typically (but not always) going to be construed by the accused infringer to avoid the accused product, the court will then have to either pick one of the two definitions, or pick one in the middle. It seems to us that if the patent owner advocates a construction that results in his or her patent becoming invalid because it then reads on the prior art, that is the patent owner's risk, and it is a risk that the patent owner should bear.

Our proposal yields a claim construction early in the case. Although we always hope for the construction we advocate, we believe it is more important to have a claim construction that the parties can address early in the case. If we represent the accused infringers and the claims are to be broadly construed, we want to know that as soon as possible, so we can focus our energy on the validity case; and if the claim is to have narrow construction, then we want to know that, so we can work on a design-around effort. Similarly, if we represented the patent owner, we would think we would want to know the scope of the patent before we spent years litigating, only to later find the court has a narrow view of the patent. The one thing that causes havoc, is the "moving" claim construction, the one that evolves every time the accused infringer locates new prior art or identifies a new non-infringement argument.

E. Evidentiary Rules

What rules of evidence should apply in the summary judgment "trial"? Indeed, should any rules of evidence apply at all? If

the hearing is one in which the court is to be educated about the technology, do rules of form (leading questions, opinions, qualifications of the expert) apply? Or should the parties be allowed to do anything they can to help educate the judge? Should there be any weight to the demonstrative exhibits that the parties are allowed to present? What is the difference, after all, between an expert tutoring on the technology, or lead counsel doing the educating? What about the use of primers, which might not qualify as "learned treatises"? And, should the judge be allowed to read primers at all, given that the rules of evidence do not allow the fact-finder to actually take possession of a learned treatise, but only to have the relevant passages read to it? Is it appropriate for the court to consider in-camera statements of an independent expert?

Some practitioners take the view that *Markman* hearings are not bench trials, and therefore should entail formal hearings of each piece of evidence submitted to the court for its consideration. According to this view, *Markman* hearings are mainly for the court to receive oral arguments of counsel and extrinsic evidence. This view is supported by the fact that courts routinely receive legal memoranda with supporting extrinsic evidence amassed by the parties through fact and expert discovery, hear inventor/expert testimony, consider the evidence presented, and rule as a matter of law, without resorting to rigorous and time-consuming factual evidentiary rulings or excluding particular items through determinations of relevance or hearsay.

As a general rule, the testimony of an expert witness skilled in the art will almost always qualify as admissible evidence, since the district court must interpret claim language as one of ordinary skill in the art.⁴⁶ Moreover, expert testimony can assist the district court in coming to a correct conclusion as to the meaning of the language in the patent.⁴⁷ It is not unusual for district courts to receive extrinsic evidence such as expert testimony solely for background information and to help explain the technology.⁴⁸ Furthermore, the Federal Circuit has stated that dictionaries and treatises can be used "to inform and aid courts and judges in the understanding of technology and terminology, [and] it is entirely proper for both trial and appellate judges to consult these materials at any stage of a litigation, regardless of whether they have been offered by a party in evidence or not."⁴⁹

Yet, the Federal Rules of Evidence govern all court proceedings, except in certain specified circumstances: "These rules govern proceedings in the courts of the United States . . . to the extent and with the exceptions stated in rule 1101."⁵⁰ The Rules do not include *Markman* hearings in the list of proceedings that are

⁴⁵ We leave it for another day to argue whether the *Festo* part of the hearing is fact-finding inquiry or not — the Federal Circuit will tell us this soon enough.

⁴⁶ *Eastman Kodak Co. v. Goodyear Tire & Rubber Co.*, 114 F.3d 1547, 1555 (Fed. Cir. 1997).

⁴⁷ *EMI Group North America, Inc. v. Intel Corp.*, 157 F.3d 887, 892 (Fed. Cir. 1998).

⁴⁸ *Mantech Environmental Corp. v. Hudson Environmental Services, Inc.*, 152 F.3d 1368, 1373 (Fed. Cir. 1998) (affirming decision of a district court to admit and accept expert testimony solely for the purpose of background information in the technical area at issue).

⁴⁹ *Texas Digital Systems, Inc. v. Telegenix, Inc.*, No. 02-1032 at *12 (Fed. Cir. Oct. 16, 2002).

⁵⁰ Fed. R. Evid. 101. See also Fed. R. Evid. 1101(b) ("These rules apply generally to civil actions and proceedings . . .").

exempt, although the Rules do contain a detailed listing of proceedings in which the Rules apply in part.⁵¹ Nor is there any rule or judicial decision we are aware of holding that a different evidentiary standard applies to *Markman* hearings.⁵²

The fact that *Markman* hearings are conducted before a judge and not a jury does not necessarily mean that the Rules of Evidence are inapplicable. The Rules of Evidence apply equally to bench trials and jury trials.⁵³ Because evidence is offered to the court by way of attachment to a brief does not necessarily mean that these attachments are not subject to an evidentiary standard. Should the opposing party believe that an attachment does not meet the requirements of the Rules of Evidence, the opposing party may challenge the exhibit, either by way of motion to strike where, as in the case of a motion for summary judgment, there is no evidentiary hearing, or by motion *in limine*, where an evidentiary hearing is being held.

Although *Markman* recognized that certain categories of extrinsic evidence may be considered by the court "for the court's understanding of the patent," it did not address the evidentiary standards to be applied to such extrinsic evidence.⁵⁴ To the contrary, *Markman* concluded that the district court did not abuse its discretion when it admitted extrinsic evidence, but that the district court "properly rejected this extrinsic evidence to the

extent it contradicted the court's construction of the claims based on the specification and prosecution history (intrinsic evidence)."⁵⁵ Thus, the *Markman* court determined the relative weight to be given extrinsic versus intrinsic evidence in construction of the claims, but did not address the evidentiary standard to be applied to the admission of extrinsic evidence as an initial matter.

IV. CONCLUSION

We believe that in patent infringement cases, claim construction and scope issues should be decided in a single hearing combined with summary judgment motions on infringement, before significant fact discovery is taken. Early resolution of these issues could reduce significantly the litigation costs incurred by parties in patent cases.

⁵¹ Fed. R. Evid. 1101(d), (e).

⁵² Compare, e.g., 18 U.S.C. § 3142(f)(2) (Rules of Evidence do not apply to detention hearings in criminal cases).

⁵³ Fed. R. Evid. 101, 1101.

⁵⁴ 52 F.3d at 981.

⁵⁵ *Id.*

PROSKAUER ROSE LLP
One International Place
14th Floor
Boston, MA 02110

Steven Bauer is an attorney in the litigation department at Proskauer Rose in Boston.

Steven M. Bauer
(617) 526-9700
sbauer@proskauer.com

Proskauer Rose is an international law firm that handles a full spectrum of legal issues worldwide.

This publication is a service to our clients and friends. It is designed only to give general information on the developments actually covered. It is not intended to be a comprehensive summary of recent developments in the law, treat exhaustively the subjects covered, provide legal advice or render a legal opinion.

© 2004 PROSKAUER ROSE LLP. All rights reserved.