

WHITE PAPER | By Kelsey I. Nix and Mark M. Rothrock

North Carolina's
Local Patent Rules
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Patent cases are complex and often challenging undertakings because they frequently involve innovative technology, unique litigation procedures and unusual legal issues. Additionally, because patents are depreciating assets, parties to patent litigation are concerned with the efficiency of legal proceedings in crowded federal court dockets. For these and other reasons, patent holders prefer to litigate their claims in courts that are experienced and efficient in handling patent disputes.

A hallmark of federal courts favorable for patent litigation are local patent rules (“LPRs”). In the early 2000s, several select federal district courts across the country, including the Northern District of California in 2000 and the Eastern District of Texas in 2005, began to adopt LPRs.¹ Today, 25 of the 94 federal district courts nationwide have adopted LPRs (leaving almost 70 federal district courts without LPRs).² Other

¹ See Fish & Richardson, “Patent Local Rules: Knowing Them Well Can Make Litigating Your Case Smoother” *available at* <https://www.fr.com/patent-local-rules-knowing-them-well-can-make-litigating-your-case-smoother/>; United States District Court for the Eastern District of Texas, Patent Rule 1-3, Effective Date *available at* <https://www.txed.uscourts.gov/?q=patent-rules> (hereinafter “E.D. Tex. LPR”).

² See, e.g., Local Patent Rules for Key Jurisdictions Toolkit, *available at* [https://1.next.westlaw.com/2-563-3765?_lrTS=20210916105145628&transitionType=Default&contextData=\(sc.Default\)&isplcus=true&firstPage=true&bhpc=1](https://1.next.westlaw.com/2-563-3765?_lrTS=20210916105145628&transitionType=Default&contextData=(sc.Default)&isplcus=true&firstPage=true&bhpc=1); Megan M. La Belle, *The Local Rules of Patent Procedure*, 47 Ariz. St. L.J. 63 (2015).

districts, like the District of Delaware, incorporate patent-specific procedures that function akin to LPRs³. For the select districts that maintain them, LPRs and patent-specific procedures provide a framework that promotes a certainty of process and efficient management of patent claims.⁴ In districts that lack LPRs, fact discovery unfolds in the normal course pursuant to the federal procedural rules and litigants often delay until late in the fact discovery period before disclosing their detailed infringement and invalidity contentions in response to written interrogatories. That delay can lead to unnecessary motion practice to compel more complete interrogatory responses, limit the ability of litigants to pursue discovery focused on the opponent's contentions and interfere with the efficient progress of the case. In addition, because a party's infringement and invalidity contentions are necessarily dependent on the interpretation, or construction, of the words used in the asserted patent claims, it is beneficial to conduct the claim interpretation process early in a patent case.

The select district courts that have adopted LPRs move their patent cases along more quickly and efficiently by front-loading these important patent-specific disclosures and processes. LPRs typically require (1) the patentee to disclose their infringement contentions to the accused infringer by a certain date and (2) a claim-construction proceeding early in the case, including the exchange of disputed claim terms and proposed constructions of those disputed terms.⁵ The greater efficiency and certainty of these types of procedures make the federal district courts with LPRs favorable forums for patent litigants.

All three of North Carolina's federal district courts are among the 25 courts nationwide that have adopted LPRs. Specifically, the Eastern District of North Carolina adopted its LPRs in 2007 (two years after the E.D. Tex. adopted its LPRs), followed by the Western District in 2011 and the Middle District in 2012 (collectively, the "North Carolina LPRs").⁶ These three North Carolina LPRs are substantially similar to each other and also to the LPRs and patent-specific procedures in popular patent forums such as the Eastern and Western Districts of Texas and the District of Delaware.

Consideration of the relative merits of different forums for patent cases is particularly timely because in 2021 23% of all U.S. patent infringement complaints were filed in

³ See *supra* note 2.

⁴ See, e.g., Andrei Iancu and Jay Chung, *Real Reasons the Eastern District of Texas Draws Patent Cases – Beyond Lore and Anecdote*, 14 S.M.U. Sci. & Tech. L. Rev. 299, 308-09 (2017) (“[T]he presence of local patent rules, judges well versed in patent litigation, and a relatively quick docket mean that a patent case can often be resolved more efficiently and effectively in the Eastern District of Texas than in many other districts.”)

⁵ *Id.*

⁶ See E.D.N.C. LPR 301.3; W.D.N.C. LPR 1.3; M.D.N.C. LPR 101.3.

the Waco division of the Western District of Texas, making that court the most popular forum for patent cases. However, last month the court issued an order requiring that future patent complaints be randomly assigned among all of the divisions and judges in the Western District, not just the one judge in the Waco division. That change is widely expected to lead to a shift in filings away from the Western District of Texas.

This paper (1) explores the substantive content of the North Carolina LPRs, (2) compares those LPRs with the procedures prevailing in other districts that handle many patent cases, specifically the Eastern District of Texas and District of Delaware and (3) through quantitative and qualitative analysis, reveals why patent litigants should consider filing their claims in the North Carolina district courts (subject, of course, to personal jurisdiction requirements). This paper proceeds by analyzing North Carolina federal district court LPRs by section: (1) general provisions, (2) patent initial disclosures, (3) claim construction proceedings and (4) miscellaneous provisions. The paper then compares North Carolina federal district courts to other popular patent jurisdictions in terms of key metrics of patent litigation, such as median time to verdict. The paper concludes with an assessment of why these rules, and other factors, make the North Carolina district courts favorable forums for patent litigation.

I. General Provisions

The three North Carolina LPRs substantively begin with several general rules that govern the initial scheduling conference process, confidentiality, initial disclosures and their admissibility and the relationship of LPRs to the Federal Rules of Civil Procedure.⁷

The North Carolina LPRs governing initial scheduling conferences generally require that parties (in addition to matters ordinarily addressed pursuant to Federal Rule of Civil Procedure 26) address in their Rule 26(f) the conduct and timing of a claim construction hearing.⁸ As for confidentiality, the M.D.N.C. and W.D.N.C. LPRs provide default protections in the absence of a protective order for confidential documents produced under the LPRs and restrict the documents that the parties may disclose during litigation.⁹ The E.D.N.C. LPR pertaining to confidentiality, however, requires that the presiding judge first enter the E.D.N.C.'s Default Patent Protective Order before such protections apply.¹⁰

⁷ See, e.g., E.D.N.C. LPR 302.1—302.5.

⁸ See E.D.N.C. LPR 302.1; M.D.N.C. LPR 102.1; W.D.N.C. LPR 2.1.

⁹ See M.D.N.C. LPR 102.2; W.D.N.C. LPR 2.2.

¹⁰ See E.D.N.C. LPR 302.2; E.D.N.C. Default Patent Protective Order available at <http://www.nced.uscourts.gov/forms/Default.aspx>.

Table 1: E.D.N.C. LPR General Provisions¹¹

E.D.N.C. LPRs
<p>Rule 302.1 Governing Procedure</p> <p>(a) Initial Rule 26(f) Scheduling Conference (“Initial Scheduling Conference”). When the parties confer with each other pursuant to Fed. R. Civ. P. 26(f), in addition to the matters covered by Fed. R. Civ. P. 26, the parties must discuss and address . . . the following items:</p> <ol style="list-style-type: none"> (1) Proposed modification of the deadlines provided for in the local patent rules, and the effect of any such modification on the date and time of the Claim Construction Hearing . . . ; (2) Whether the court will hear live testimony at the Claim Construction Hearing; (3) The need for and any specific limits on discovery relating to claim construction . . . ; (4) The order of presentation at the Claim Construction Hearing; (5) Whether the parties request a claim construction prehearing conference . . . ; (6) Whether it may be appropriate to bifurcate discovery for infringement, invalidity, and damage issues; (7) Whether the parties believe that appointment of a Special Master may be helpful to the parties and the court; (8) Whether modifications to the standard protective order are needed . . . ; (9) Whether the parties believe it would be worthwhile to have a hearing to provide the court with an overview of the technology at issue in the suit . . . ; <p>and</p> <ol style="list-style-type: none"> (10) Any other patent-related issues foreseeable in the case. <p>(b) Further Scheduling Conferences. To the extent that some or all of the matters provided for in Local Patent Rule 302.1(a)(1)-(4) are not resolved or decided at the Initial Scheduling Conference, the parties shall propose dates for further Scheduling Conferences at which such matters shall be decided.</p>
<p>Rule 302.2 Confidentiality</p> <p>Discovery cannot be withheld on the basis of confidentiality absent court order. The Protective Order authorized by the Eastern District of North Carolina shall govern discovery unless the court enters a different protective order</p>
<p>Rule 302.3 Certification Of Initial Disclosures</p> <p>All statements, disclosures, or charts filed or served . . . must be dated and signed by counsel of record. Counsel's signature shall constitute a certification that to the best of his or her knowledge, information, and belief, formed after an inquiry that is reasonable under the circumstances, the information contained in the statement, disclosure, or chart is complete and correct at the time it is made.</p>
<p>Rule 302.4 Admissibility Of Disclosures</p> <p>Statements, disclosures, or charts governed by these Local Civil Rules are admissible to the extent permitted by the Federal Rules of Evidence or Federal Rules of Civil Procedure. However, the statements or disclosures provided for in Local Civil Rules 304.1 and 304.2 are not admissible for any purpose other than in connection with motions seeking an extension or modification of the time periods within which actions contemplated by these Local Civil Rules must be taken.</p>
<p>Rule 302.5 Relationship To Federal Rules Of Civil Procedure</p> <p>Except as provided in this paragraph or as otherwise ordered, it shall not be a legitimate ground for objecting to an opposing party's discovery request . . . or declining to provide information otherwise required to be disclosed pursuant to Fed. R. Civ. P. 26(a)(1) that the discovery request or disclosure requirement is premature in light of, or otherwise conflicts with, these Local Civil Rules. A party may object, however, to responding to the following categories of discovery requests (or decline to provide information in its initial disclosures under Fed. R. Civ. P. 26(a)(1)) on the ground that they are premature in light of the timetable provided in the Local Patent Rules:</p> <ol style="list-style-type: none"> (a) Requests seeking to elicit a party's claim construction position; (b) Requests seeking to elicit from the patent claimant a comparison of the asserted claims and the accused apparatus, product, device, process, method, act, or other instrumentality; (c) Requests seeking to elicit from an accused infringer a comparison of the asserted claims and the prior art; and (d) Requests seeking to elicit from an accused infringer the identification of any opinions of counsel, and related documents, that it intends to rely upon as a defense to an allegation of willful infringement. <p>Where a party properly objects to a discovery request . . . as set forth above, that party shall provide the requested information on the date on which it is required to provide the requested information to an opposing party under these Local Patent Rules, unless there exists another legitimate ground for objection.</p>

¹¹ The M.D.N.C. and W.D.N.C. LPRs are substantially similar to the E.D.N.C. LPRs, the only exception being minor differences in the Governing Procedure and Confidentiality LPRs. See M.D.N.C. LPR 102.1—102.2; W.D.N.C. LPR 2.1—2.2.

The North Carolina LPRs provide an additional layer of attorney oversight of initial disclosures beyond that ordinarily required by the Federal Rules of Civil Procedure.¹² In addition, although initial disclosures are admissible as evidence (to the extent provided by the Federal Rules of Evidence¹³), in certain circumstances parties may object to discovery requests pursuant to the Federal Rules of Civil Procedure if the requests conflict with the LPRs' timelines.¹⁴

The North Carolina LPRs are substantially identical to the Eastern District of Texas LPRs for: (1) initial scheduling conferences,¹⁵ (2) confidentiality (besides the differences noted with regard to the E.D.N.C. LPR),¹⁶ (3) initial disclosures and (4) the LPRs' relationship to the Federal Rules of Civil Procedure.¹⁷ Of note, however, the Eastern District of Texas has an additional general provision LPR for which there is no corresponding North Carolina LPR. This LPR 2-6 addresses the assignment of related cases and specifies that separately-filed cases related to the same patent shall be assigned to the same judge.¹⁸

In sum, the general provisions in the North Carolina LPRs, save for a few differences, are substantially similar to those promulgated by the Eastern District of Texas.

II. Patent Initial Disclosures Rules

The next section of the North Carolina LPRs addresses patent initial disclosures. Generally, these LPRs lay out the process by which parties detail their claims and defenses and produce supporting documents. These LPRs also specify procedures for declaratory judgment actions and actions involving claims for willful infringement.

The first four of these LPRs govern disclosures and document production in support of the parties' contentions and are identical across the three North Carolina courts. Specifically, within 30 days after the initial scheduling conference, patentees must (1) disclose their asserted patent claims and preliminary infringement contentions, including the accused instrumentalities, a chart describing the claim elements and other information relevant to infringement,¹⁹ and (2) produce documents supporting the validity of the patent(s) at issue.²⁰

¹² See E.D.N.C. LPR 302.3; M.D.N.C. LPR 102.3; W.D.N.C. LPR 2.3.

¹³ See E.D.N.C. LPR 302.4; M.D.N.C. LPR 102.4; W.D.N.C. LPR 2.4.

¹⁴ See E.D.N.C. LPR 302.5; M.D.N.C. LPR 102.5; W.D.N.C. LPR 2.5.

¹⁵ See E.D. Tex. LPR 2-1.

¹⁶ See E.D. Tex. LPR 2-2.

¹⁷ See E.D. Tex. LPR 2-3—2-5.

¹⁸ See E.D. Tex. LPR 2-6.

¹⁹ See E.D.N.C. LPR 303.1; M.D.N.C. LPR 103.1; W.D.N.C. LPR 3.1.

²⁰ See E.D.N.C. LPR 303.2; M.D.N.C. LPR 103.2; W.D.N.C. LPR 3.2.

Table 2: E.D.N.C. LPR Partial Initial Disclosures Rules²¹

E.D.N.C. LPRs
<p>Rule 303.1 Disclosure Of Asserted Claims And Preliminary Infringement Contentions Not later than 30 days after the Initial Scheduling Conference, a party claiming patent infringement must serve on all parties a “Disclosure of Asserted Claims and Preliminary Infringement Contentions” [which] . . . shall contain the following information:</p> <p>(a) Each claim of each patent in suit that is allegedly infringed by each opposing party . . . ;</p> <p>(b) Separately for each asserted claim, each accused apparatus, product, device, process, method, act, or other instrumentality (“Accused Instrumentality”) of each opposing party of which the party is aware . . . ;</p> <p>(c) A chart identifying specifically where each element of each asserted claim is found within each Accused Instrumentality . . . ;</p> <p>(d) Whether each element of each asserted claim is claimed to be literally present or present under the doctrine of equivalents in the Accused Instrumentality;</p> <p>(e) For any patent that claims priority to an earlier application, the priority date to which each asserted claim allegedly is entitled; and</p> <p>(f) If a party claiming patent infringement wishes to preserve the right to rely, for any purpose, on the assertion that its own apparatus, product, device, process, method, act, or other instrumentality practices the claimed invention, the party must identify, separately for each asserted claim, each such apparatus, product, device, process, method, act, or other instrumentality that incorporates or reflects that particular claim.</p>
<p>Rule 303.2 Document Production Accompanying Disclosure With the “Disclosure of Asserted Claims and Preliminary Infringement Contentions,” the party claiming patent infringement must produce to each opposing party or make available for inspection and copying:</p> <p>(a) Documents . . . sufficient to evidence each discussion with, disclosure to, or other manner of providing to a third party, or sale of or offer to sell, the claimed invention prior to the date of application for the patent in suit . . . ;</p> <p>(b) All documents evidencing the conception, reduction to practice, design, and development of each claimed invention, which were created on or before the date of application for the patent in suit or the priority date identified pursuant to Local Patent Rule 303.1(e), whichever is earlier;</p> <p>(c) A copy of the file history for each patent in suit; and</p> <p>(d) Documents evidencing a party’s standing . . . to bring a claim or claims of alleged infringement of the patent or patents in suit.</p> <p>The producing party shall separately identify by production number which documents correspond to each category.</p>
<p>Rule 303.3 Preliminary Invalidation Contentions Not later than forty 45 days after service upon it of the “Disclosure of Asserted Claims and Preliminary Infringement Contentions,” each party opposing a claim of patent infringement, shall serve on all parties its “Preliminary Invalidation Contentions.”</p> <p>(a) Invalidation Contentions must contain the following information:</p> <p>(1) An identification of each statutory section and subsection, where applicable, relied upon for any assertion of invalidity;</p> <p>(2) The identity of each item of prior art that allegedly anticipates each asserted claim or renders it obvious. Each prior art patent shall be identified by its number, country of origin, and date of issue. Each prior art publication must be identified by its title, date of publication, and where feasible, author and publisher. Prior art with respect to an item offered for sale or publicly used or known shall specify the date and nation in which the offer or use took place or the information became known, and the identity of the person or entity which made the use or which made and received the offer, or the person or entity which made the information known or to whom it was made known . . . ;</p> <p>(3) Whether each item of prior art anticipates each asserted claim or renders it obvious. If a combination of items of prior art makes a claim obvious, each such combination must be identified;</p> <p>(4) A chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found, . . . ; and</p> <p>(5) Each grounds of invalidity of any of the asserted claims based 35 U.S.C. § 101, or on indefiniteness or lack of enablement or written description under 35 U.S.C. § 112, citing the applicable statutory section(s) and subsection(s) thereof.</p>
<p>Rule 303.4 Document Production Accompanying Preliminary Invalidation Contentions With the “Preliminary Invalidation Contentions,” the party opposing a claim of patent infringement must produce or make available for inspection and copying:</p> <p>(a) Source code, specifications, schematics, flow charts, artwork, formulas, or other documentation sufficient to show the operation of any aspects or elements of an Accused Instrumentality identified by the patent claimant in its Local Civil Rule 303.1(c) chart; and</p> <p>(b) A copy of each item of prior art identified pursuant to Local Civil Rule 303.3(b)(1) that does not appear in the file history of the patent(s) at issue. To the extent any such item is not in English, an English translation of the portion(s) relied upon must be produced.</p>

²¹ The M.D.N.C. and W.D.N.C. LPRs are nearly identical to the E.D.N.C. LPRs, with minor differences in the rules for Document Production, Preliminary Patent Invalidation Contentions, Final Contentions and Amendment to Contentions. See M.D.N.C. LPR 103.2—103.3, 103.6-103.7; W.D.N.C. LPR 3.2-3.3, 3.6(A)-(B).

E.D.N.C. LPRs (continued)

Rule 303.5 Disclosure Requirement In Patent Cases For Declaratory Judgment

(a) Invalidation Contentions If No Claim of Infringement.

In all cases in which a party files a complaint or other pleading seeking a declaratory judgment that a patent is not infringed, is invalid, or is unenforceable, Local Civil Rule 303.1 and 303.2 shall not apply unless and until a claim for patent infringement is made by a party. If the defendant does not assert a claim for patent infringement in its answer to the complaint, no later than 14 days after the defendant serves its answer, or 14 days after the Initial Scheduling Conference, whichever is later, the party seeking a declaratory judgment must serve upon each opposing party its Preliminary Invalidation Contentions that conform to Local Civil Rule 303.3 and produce or make available for inspection and copying the documents described in Local Civil Rule 303.4. The parties shall meet and confer within 14 days of the service of the Preliminary Invalidation Contentions for the purpose of determining the date on which the plaintiff will file its Final Invalidation Contentions which shall be no later than 50 days after service by the court of its Claim Construction Ruling.

(b) Applications of Rules When No Specified Triggering Event.

If the filings or actions in a case do not trigger the application of these Local Civil Rules 301.1-305.2 under the terms set forth herein, the parties shall, as soon as such circumstances become known, meet and confer for the purpose of agreeing on the application of these such rules to the case.

(c) Inapplicability of Rule.

This Local Civil Rule 303.5 shall not apply to cases in which a request for a declaratory judgment that a patent is not infringed, is invalid, or is unenforceable is filed in response to a complaint for infringement of the same patent.

Rule 303.6 Final Contentions

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

(a) If the parties stipulate to serving Amended or Supplemental Infringement Contentions and Invalidation Contentions.

(b) If a party claiming patent infringement believes in good faith that (1) the court's Claim Construction Ruling or (2) the documents produced pursuant to Local Civil Rule 303.4 so requires, not later than thirty (30) days after service by the court of its Claim Construction Ruling, that party may serve "Final Infringement Contentions" without leave of court that amend its "Preliminary Infringement Contentions" with respect to the information required by Local Civil Rule 303.1(c) and (d).

(c) Discovery has revealed information requiring modification of the contentions.

(d) Not later than 50 days after service by the court of its Claim Construction Ruling, each party asserting a claim, counterclaim or defense of invalidity may serve "Final Invalidation Contentions" as of right that amend its "Preliminary Invalidation Contentions" with respect to the information required by Local Civil Rule 303.3 if it believes in good faith that amendment is required by "Final Infringement Contentions" pursuant to Local Civil Rule 303.6(b) or the court's Claim Construction Ruling so requires.

Rule 303.7 Amendment To Contentions

(a) Amendment or modification of the Preliminary or Final Infringement Contentions or the Preliminary or Final Invalidation Contentions, other than as expressly permitted in Local Civil Rule 303.6, may be made only as expressly permitted by Local Civil Rule 303.6, or within 30 days of the discovery of new information relevant to the issues of infringement or invalidity. Otherwise, amendment or modification shall be made only by order of the court, which shall be entered only upon a showing of good cause.

(b) Non-exhaustive examples of circumstances supporting a finding of good cause can include at least the following:

- (1) A claim construction by the court different from that proposed by the party seeking amendment;
- (2) Information newly discovered or confirmed, through due diligence, regarding an accused product or prior art;
- (3) Information discovered, confirmed, or provided by a party's consultant or expert after a party's contentions have been served;
- (4) New product launches;
- (5) Amendments to the complaint or counterclaim adding or removing one or more asserted patents; and
- (6) Information learned from or positions taken by another party during the exchange of contentions set forth in Local Rules 303.1 through 303.5.

Rule 303.8 Willfulness; Discovery Of Opinions Of Counsel

(a) The substance of any advice of counsel tendered in defense to a charge of willful infringement, and any other information which might be deemed to be within the scope of a waiver attendant to disclosure of such advice, shall not be discoverable until the earlier of:

- (1) 7 days after a ruling on summary judgment indicating a triable issue of fact to which willfulness would be relevant; or
- (2) 30 days prior to the close of fact discovery under the Scheduling Order.

(b) On the day such willfulness information becomes discoverable, the party relying on such advice shall produce the following:

- (1) a copy of all written opinions . . . ;
- (2) a copy of all materials or information related to the opinion . . . ;
- (3) a copy of all written attorney work product . . . ;
- (4) identification of the date, sender and recipient . . . of all . . . communications between the party opposing the claim of infringement and the attorney or law firm rendering any opinions to be relied on, which communications discuss the same subject matter as such opinion;
- (5) any other opinion(s) that discuss the same subject matter . . . ; and
- (6) identification of the date, sender and recipient . . . of all . . . communications between the party opposing the claim of infringement and the attorney or law firm rendering such opinions that were not relied on, which communications discuss the same subject matter as such opinion.

(c) After such willfulness information becomes discoverable, a party claiming willful infringement shall be entitled . . . to take the deposition of any attorneys rendering the advice relied on and any persons who received such advice . . .

(d) A party opposing a claim of patent infringement who does not comply with the requirements of this Local Civil Rule 303.8 shall not be permitted to rely on an opinion of counsel as part of a defense to willful infringement absent a stipulation of all affected parties or by order of the court, which shall be entered only upon a showing of good cause.

Next, within 45 days of service of the infringement contentions, accused infringers must (1) serve their preliminary invalidity contentions that identify the statutory provisions and their prior art that support their invalidity claims (including a chart detailing how the prior art supports their invalidity contentions)²² and (2) produce documents to support their contentions (specifically documents that demonstrate the bona fide development of the accused instrumentality and copies of all prior art identified).²³

Beyond these initial four rules, these LPRs provide guidance and procedures for declaratory judgment actions,²⁴ for final claim contentions and amendments²⁵ and for discovery in cases involving willful infringement claims.²⁶

These initial disclosure provisions are virtually identical to the Eastern District of Texas LPRs. The key difference is that the Eastern District of Texas LPRs specify disclosure requirements for pharmaceutical cases involving Abbreviated New Drug Applications (“ANDAs”) arising under 21 U.S.C. § 355 (Hatch-Waxman Act).²⁷ Additionally, the North Carolina LPRs compare favorably with the District of Delaware’s Discovery Default Standard for patent cases (the “Default Standard”). Specifically, like the North Carolina LPRs, the Default Standard requires parties early in the litigation to identify accused products, asserted patents, documents supporting patent validity, documents related to the accused products, claim charts and invalidity contentions.²⁸ Differently, though, the District of Delaware, absent a showing of good cause, limits discovery to “a term of 6 years before the filing of the complaint,” albeit with some exceptions.²⁹

Taken together, these initial disclosure LPRs require parties to set forth their infringement and invalidity contentions in detail at early stages of the litigation. This

²² See E.D.N.C. LPR 303.3; M.D.N.C. LPR 103.3; W.D.N.C. LPR 3.3.

²³ See E.D.N.C. LPR 303.4; M.D.N.C. LPR 103.4; W.D.N.C. LPR 3.4.

²⁴ See E.D.N.C. LPR 303.5; M.D.N.C. LPR 103.5; W.D.N.C. 3.5.

²⁵ See E.D.N.C. LPR 303.6—303.7; M.D.N.C. LPR 103.6—103.7; W.D.N.C. 3.6(A)—(B).

²⁶ See E.D.N.C. LPR 303.8; M.D.N.C. LPR 103.8; W.D.N.C. 3.7.

²⁷ See E.D. Tex. LPR 3-8.

²⁸ See D. Del. Default Standard for Discovery, Rule 4, *available at* <https://www.ded.uscourts.gov/default-standard-discovery>; see also Andrew E. Russel, “Where to Find the OTHER District of Delaware Local Rules,” *available at* <https://ipde.com/blog/2021/03/20/where-to-find-the-other-district-of-delaware-local-rules/> (noting that (1) the Default Standard may be modified by court order and (2) individual judges have their own standing orders regarding subjects such as, *inter alia*, motions to strike and amend, *Markman* briefing, discovery dispute procedures and joint claim construction charts); Judge Maryellen Noreika, Standing Order Regarding Joint Claim Charts, *available at*

<https://www.ded.uscourts.gov/sites/ded/files/Standing%20Order%20re%20Joint%20Claim%20Charts.pdf>; Judge Leonard P. Stark, New Procedures, *available at*

<https://www.ded.uscourts.gov/judge/judge-leonard-p-stark#undefined>.

²⁹ See *id.* Rule 4(e).

procedure streamlines discovery, allows courts to consider dispositive motions earlier and more efficiently and moves cases to trial more quickly. Accordingly, the North Carolina LPRs, as with those prevailing in the Eastern District of Texas and the District of Delaware, provide a favorable environment for patent litigants.

III. Claim Construction Proceedings

The next section of the North Carolina LPRs addresses claim construction proceedings. Generally, these LPRs lay out the process by which parties construe (or define) words and terms in the asserted patent claims, as well as how parties conduct discovery and present evidence related to claim construction.

Table 3: E.D.N.C. LPR Claim Construction Proceedings Rules³⁰

E.D.N.C. LPRs
<p>Rule 304.1 Exchange Of Proposed Terms And Claim Elements For Construction</p> <p>(a) Not later than 21 days after service of the “Preliminary Invalidity Contentions” pursuant to Local Civil Rule 303.3, each party shall simultaneously exchange a list of claim terms, phrases, or clauses which that party contends should be construed by the court</p> <p>(b) The parties shall thereafter meet and confer for the purposes of finalizing this list, narrowing or resolving differences, and facilitating the ultimate preparation of a Joint Claim Construction Statement</p>
<p>Rule 304.2 Exchange Of Preliminary Claim Constructions And Extrinsic Evidence</p> <p>(a) Not later than 21 days after the exchange of “Proposed Terms and Claim Elements for Construction” pursuant to Local Civil Rule 304.1, the parties shall simultaneously exchange a preliminary proposed construction of each claim term, phrase, or clause which the parties collectively have identified for claim construction purposes</p> <p>(b) At the same time the parties exchange their respective “Preliminary Claim Constructions,” they shall each also provide a preliminary identification of extrinsic evidence, including without limitation With respect to any such witness, percipient or expert, the parties shall also provide a brief description of the substance of that witness’ proposed testimony.</p> <p>(c) The parties shall thereafter meet and confer for the purposes of narrowing the issues and finalizing preparation of a Joint Claim Construction Statement</p>
<p>Rule 304.3 Joint Claim Construction Statement</p> <p>Not later than 60 days after service of the “Preliminary Invalidity Contentions,” the parties shall complete and file a Joint Claim Construction Statement, which shall contain the following information:</p> <p>(a) The construction of those claim terms, phrases, or clauses on which the parties agree.</p> <p>(b) Each party’s proposed construction of each disputed claim term, phrase, or clause, together with an identification of all references from the specification or prosecution history that support that construction, and an identification of any extrinsic evidence known to the party on which it intends to rely</p> <p>(c) The anticipated length of time necessary for the Claim Construction Hearing.</p> <p>(d) Whether any party proposes to call one or more witnesses, including experts, at the Claim Construction Hearing, the identity of each such witness, and for each expert, a summary of each opinion to be offered in sufficient detail to permit a meaningful deposition of that expert</p>
<p>Rule 304.4 Completion Of Claim Construction Discovery</p> <p>Not later than thirty (30) days after service and filing of the Joint Claim Construction Statement, the parties shall complete all discovery relating to claim construction</p>
<p>Rule 304.5 Claim Construction Briefs</p> <p>(a) Not later than 45 days after serving and filing the Joint Claim Construction Statement, each party shall serve and file an opening brief and any evidence supporting its claim construction.</p> <p>(b) Not later than 21 days after service upon it of an opening brief, the opposing party shall serve and file its responsive brief and supporting evidence.</p> <p>(c) Prior to the Claim Construction Hearing, the court may issue an order stating whether it will receive extrinsic evidence, and if so, the particular evidence that it will exclude and that it will receive, and any other matter the court deems appropriate concerning the conduct of the hearing.</p>
<p>Rule 304.6 Claim Construction Hearing</p> <p>Subject to the convenience of the court’s calendar, the court shall conduct a Claim Construction Hearing to the extent the court believes a hearing is necessary for construction of the claims at issue.</p>

³⁰ The M.D.N.C. LPRs are identical to the E.D.N.C. LPRs. There are minor differences between the W.D.N.C. and E.D.N.C. LPRs. See W.D.N.C. LPR 4.3, 4.5—4.6.

The first three of these LPRs relate to the exchange and proposed construction of claim terms and the coordination of a claim construction hearing.³¹ First, parties must exchange and then meet and confer regarding claim terms that they contend the court first must construe to properly resolve disputed issues of infringement and invalidity.³² Next, parties must exchange their proposed construction of each claim term identified in the prior exchange, identify extrinsic evidence they contend support their constructions and then meet and confer to narrow issues.³³ Third, parties file a Joint Claim Construction and Prehearing Statement (“Joint Statement”) including: (1) the construction of claim terms on which they agree, (2) their respective proposed constructions of disputed terms together with supporting evidence, (3) the anticipated length of a claim construction hearing and (4) the identity of any expected witnesses and summaries of any expert witness testimony.³⁴

The next three claim construction LPRs set out the process to complete claim construction discovery, file claim construction briefs and schedule claim construction hearings.³⁵ The LPRs provide a truncated timeline—no more than 30 days after service and filing of the Joint Statement—for completing all discovery, including any depositions, related to claim construction.³⁶ Next, these LPRs set forth the timelines for parties to submit claim construction briefs and evidence regarding claim construction.³⁷ Additionally, the W.D.N.C.’s claim construction brief LPR provides for the submission of reply and surreply briefs as well as a joint claim construction chart designed “to assist the Court and the parties in tracking and resolving disputed terms.”³⁸ Finally, these LPRs provide for the scheduling of a claim construction hearing, where necessary, albeit by different methods. Specifically, under the E.D.N.C. and M.D.N.C. LPRs, scheduling a claim construction hearing is within the court’s discretion where it deems such a hearing necessary.³⁹ Differently, the W.D.N.C. requires parties to determine the necessity of a claim construction hearing and to file a joint motion for a claim construction hearing within seven days of the submission of the claim construction surreply brief if they agree such a hearing is required.⁴⁰

³¹ See E.D.N.C. LPR 304.1—304.3; M.D.N.C. LPR 104.1—104.3; W.D.N.C. LPR 4.1—4.3.

³² See E.D.N.C. LPR 304.1; M.D.N.C. LPR 104.1; W.D.N.C. LPR 4.1.

³³ See E.D.N.C. LPR 304.2; M.D.N.C. LPR 104.2; W.D.N.C. LPR 4.2.

³⁴ See E.D.N.C. LPR 304.3; M.D.N.C. LPR 104.3; W.D.N.C. LPR 4.3 (requiring parties also to include whether they believe a claim construction hearing is necessary as well as a list of other issues to be taken up at a pre-hearing conference and proposed dates for any such conference).

³⁵ See E.D.N.C. LPR 304.4—304.6; M.D.N.C. LPR 104.4—104.6; W.D.N.C. LPR 4.4—4.6.

³⁶ See E.D.N.C. LPR 304.4; M.D.N.C. LPR 104.4; W.D.N.C. LPR 4.4.

³⁷ See E.D.N.C. LPR 304.5; M.D.N.C. LPR 104.5; W.D.N.C. LPR 4.5.

³⁸ W.D.N.C. LPR 4.5.

³⁹ See E.D.N.C. LPR 304.6; M.D.N.C. LPR 104.6.

⁴⁰ See W.D.N.C. LPR 4.6.

Again, the North Carolina LPRs, and the W.D.N.C. LPRs in particular, track the Eastern District of Texas LPRs with few differences. The most substantive difference concerns the timelines to the exchange of claim terms constructions. Specifically, the Eastern District of Texas LPRs have shorter timelines for these exchanges than the North Carolina LPRs.⁴¹ Additionally, unlike the Eastern District of Texas LPRs, the E.D.N.C. and M.D.N.C. LPRs do not require the submission of a claim construction chart setting forth disputed claim terms.⁴² Besides these few differences, the North Carolina LPRs provide the same structured claim construction process that has been effective in the Eastern District of Texas.

IV. District of Delaware Procedures

The District of Delaware has several patent-specific procedures that lack direct analogues in the North Carolina LPRs. First, Delaware’s Local Civil Rule 3.2 requires that “copies of the patents at issue shall be attached and filed with the complaint.”⁴³ Although this rule directs a seemingly common-sense action, neither the North Carolina LPRs nor the North Carolina federal district courts’ Local Civil Rules contain a similar requirement (but nor do the North Carolina LPRs or North Carolina federal district courts’ Local Civil Rules prohibit this practice).

Additionally, as noted above, individual judges in the District of Delaware often have their own standing orders for patent litigation pertaining to subjects such as motions to strike and amend, claim construction briefing, discovery dispute procedures and joint claim construction charts.⁴⁴ The North Carolina LPRs make such standing orders largely unnecessary among North Carolina’s federal judges. Specifically, a review of judicial preferences and standing orders in the North Carolina district courts reveals only one judge with a patent-specific order: Chief Judge Thomas D. Schroeder of the M.D.N.C. who requires hard copies of all pleadings in patent cases to be submitted to the court within two business days.⁴⁵ Accordingly, absent the prevalence of individual preferences varying from judge to judge, the uniform procedures in North Carolina federal district courts may be *easier* for patent litigants to navigate than the multiple standing orders in the District of Delaware.

⁴¹ Compare, e.g., E.D. Tex. LPR 4-1 (providing for the exchange of claim terms, phrases or clauses within 10 days of service of “Invalidity Contentions”) with, e.g., E.D.N.C. LPR 304.1 (providing 21 days), M.D.N.C. LPR 104.1 (same) and W.D.N.C. LPR 4.1 (same).

⁴² Compare E.D. Tex. LPR 4-5 with E.D.N.C. LPR 304-1—304.6 and M.D.N.C. LPR 104.1—104.6; cf. W.D.N.C. LPR 4.5.

⁴³ D. Del. Local Rule 3.2.

⁴⁴ See *supra* note 24.

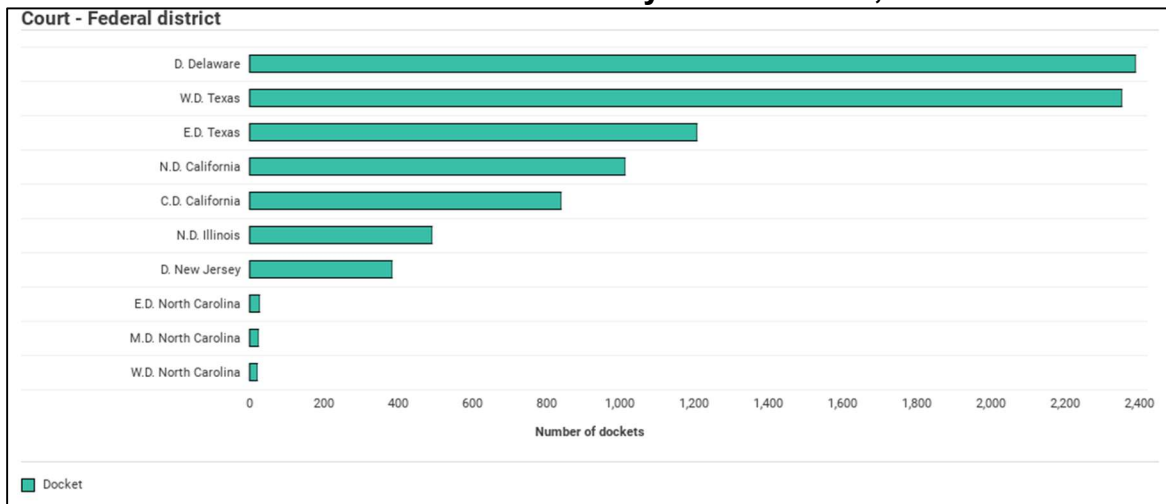
⁴⁵ See M.D.N.C., Judicial Preferences Summary, available at <https://www.ncmd.uscourts.gov/sites/ncmd/files/JudPref.pdf>.

V. North Carolina District Courts Civil and Patent Litigation Statistics

Beyond the efficiency producing framework of LPRs, several statistics are key drivers of venue choice for patent litigants. These include, *inter alia*, (1) a court’s expertise with patent cases expressed as the number of patent cases handled by the court, (2) patent litigants’ average time to verdict and (3) the percentage of cases that make it to trial. Below, we analyze data relevant to each of these metrics.

As for court expertise, all three North Carolina federal district courts rank in the top 50% of jurisdictions in terms of the number of patent cases docketed during the past three years, 2019-2022. Specifically, out of 94 federal district courts, the E.D.N.C. ranks 35th, the M.D.N.C. ranks 39th and the W.D.N.C. ranks 40th in docketed patent cases.⁴⁶ Additionally, as illustrated in Table 4, while the handful of traditionally popular patent jurisdictions, such as the Western and Eastern Districts of Texas and the District of Delaware, have heavy patent dockets, North Carolina federal district courts’ patent dockets are relatively unsaturated.

Table 4: Patent Case Dockets by District Court, 2019-2022



More recently, in 2021 (1) 23% of all U.S. patent cases were filed in the Waco division of the Western District of Texas (where Judge Alan Albright is the only judge), (2) 22% were filed in the District of Delaware, (3) 11% in the Eastern District of Texas and (4) a combined total of 11% in the Central and Northern Districts of California.⁴⁷ Thus, these five courts represented two-thirds of all U.S. patent complaints last year. However, the dominance of the Western District of Texas is expected to end because, on July 25, 2022, the court ordered that future cases filed

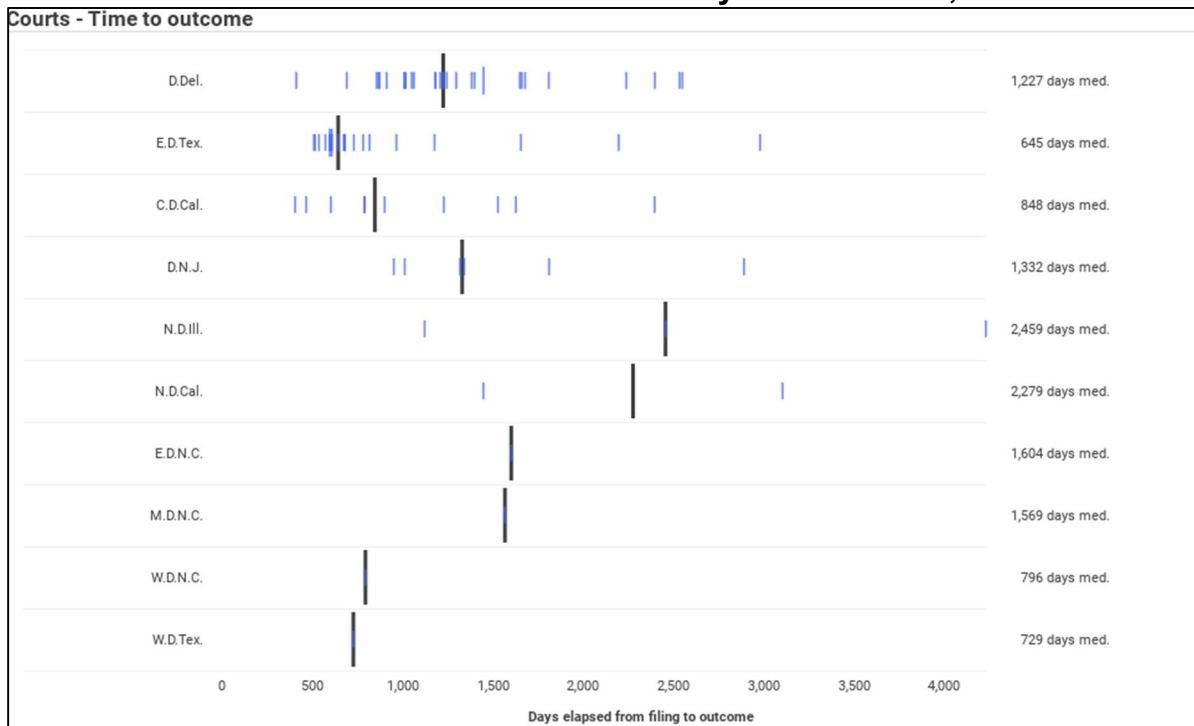
⁴⁶ These data, and those below, were gathered using the Westlaw Litigation Analytics application.

⁴⁷ *IP360*, “As Albright’s Patent Reign Ends, Where Will Cases End Up?”, July 26, 2022.

in its Waco division will be randomly distributed among the twelve judges in the district. Previously, patent plaintiffs were able to select Judge Albright to handle their cases by filing their complaint in the Waco court. Commentators expect that few patent complaints will be filed in the Western District of Texas going forward and that these cases will now be filed in other federal district courts.⁴⁸

As for the average time to a verdict, North Carolina federal district courts compare favorably with traditional patent jurisdictions. Specifically, as illustrated in Table 5, although North Carolina federal district courts were not as quick to reach a verdict at trial as, for example, the Western and Eastern Districts of Texas and the Central District of California, they were comparable to the District of Delaware and quicker than other popular patent jurisdictions such as the Northern Districts of Illinois and California.

Table 5: Median Time to Verdict at Trial by District Court, 2019-2022



Nationwide, most patent cases settle or conclude on motions to dismiss or for summary judgment; relatively few survive to a bench or jury verdict. Nonetheless, as illustrated in Tables 6 through 9, approximately three times as many patent cases in North Carolina federal district courts, as compared to the seven most popular patent

⁴⁸ *Id.*

venues, survive the dismissal, settlement and dispositive motions stages and end in a bench or jury verdict. For example, during 2019-2022 in the E.D.N.C., 53% of patent cases ended in uncontested dismissal, 16% in settlement, 6% in dispositive motions and 3% in bench or jury verdicts.⁴⁹

Table 6: Average Patent Case Outcomes in Top Patent Jurisdictions⁵⁰

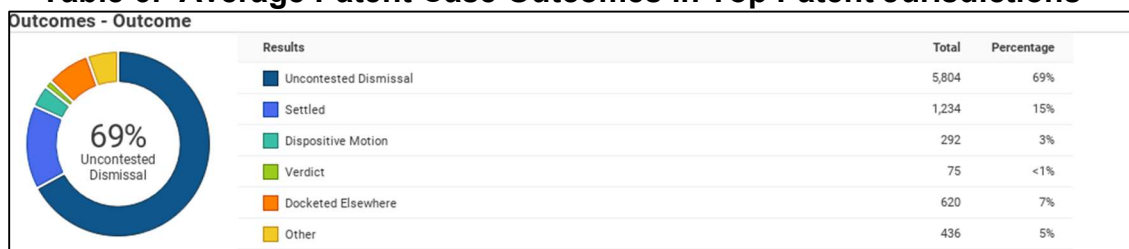


Table 7: Patent Case Outcomes in E.D.N.C.



Table 8: Patent Case Outcomes in M.D.N.C.



⁴⁹ In the M.D.N.C., the percentages are 57%, 30%, 3% and 1%, respectively. In the W.D.N.C., the percentages are 48%, 30%, 11% and 4%, respectively. The remainder of cases in North Carolina federal district courts not accounted for in these percentages are disposed of either by being docketed elsewhere or by other processes.

⁵⁰ The averages are composed of outcomes during the period 2019-2022 in the Central and Northern Districts of California, the District of Delaware, the Northern District of Illinois, the District of New Jersey and the Eastern and Western Districts of Texas.

Table 9: Patent Case Outcomes in W.D.N.C.



Taken together, these statistics demonstrate that North Carolina federal district court patent dockets (1) although smaller than the most favored patent jurisdictions, still rank in the top 50% of patent jurisdictions in the United States; (2) reach trial slightly more quickly than several high-volume patent jurisdictions; and (3) have few cases that survive dismissal, settlement and dispositive motions to reach a bench or jury verdict. Accordingly, these data, together with the North Carolina LPRs, present an inviting picture for potential patent litigants.

VI. Conclusion

As with the select patent jurisdictions nationwide in which most patent complaints are filed, North Carolina’s three federal district courts have well-established LPRs that effectuate the efficient conduct of patent litigation. The North Carolina LPRs are substantially similar to those in other popular patent jurisdictions, such as the Western and Eastern Districts of Texas. These similarities mean that patent cases filed in the North Carolina federal district courts are handled in much the same way as in those jurisdictions.

Additionally, although patent dockets in North Carolina federal district courts are smaller than those in traditionally favored patent jurisdictions, case outcomes are similar. To wit, most patent cases are disposed of before reaching trial or even before reaching the dispositive motion stage. As such, North Carolina federal district courts evince an efficiency commensurate with the traditionally popular patent jurisdictions. Accordingly, in light of these factors, patent litigants should feel comfortable filing and litigating their cases in the North Carolina federal district courts.

Readers are encouraged to contact Kelsey I. Nix (knix@smithlaw.com 919.821.6728), the co-chair of Smith Anderson’s Intellectual Property Litigation group, with questions or for more information regarding patent litigation in North Carolina’s federal district courts.

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