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The Mystery of the Federal Circuit Advisory Council's Short-Lived Model Orders

By Guy Eddon

In July 2013, the Advisory Council for the US Court of Appeals for the Federal Circuit, a committee that includes Federal Circuit litigators, law professors, court clerks, and government attorneys, issued a "Model Order Limiting Excess Patent Claims and Prior Art." Notable members of the committee include Chief Judge Rader and several prominent district court judges, including Judge Leonard Davis of the Eastern District of Texas and Judge Lucy Koh of the Northern District of California. The model order limiting excess claims in patent cases followed on the heels of an earlier model order concerning e-discovery in patent cases promulgated by the similarly composed e-discovery committee. Chief Judge Rader had also worked with the Council to develop the e-discovery model order, which was released two years prior, in September 2011.

Soon after the most recent model order was posted to the Federal Circuit Advisory Council's Web page, which is hosted on the Federal Circuit's Web site, both orders were removed and replaced with a brief note stating that

> [m]odel orders concerning e-discovery and limitations on claims and prior art were posted on the court's website. Those orders have now been removed since the court has not sponsored or endorsed the orders. In light of the court's determination, the advisory council should not be viewed as having sponsored or endorsed these orders on behalf of the court.[1]

Of course, the Council had sponsored and appeared to endorse the orders, though apparently not on behalf of the Federal Circuit. What rules did the model orders propose and why were they removed?

Model Order Limiting E-Discovery in Patent Cases

The e-discovery model order had included the following provisions:

- Costs were "shifted for disproportionate ESI [Electronically Stored Information] production requests pursuant to Federal Rule of Civil Procedure 26."[2]
- Email was not included under general ESI production requests but, rather, required parties to propound specific email production requests on specific issues.[3]
- Email production requests were to be served only after an exchange of "initial disclosures and basic documentation about the patents, the prior art, the accused instrumentalities, and the relevant finances."[4]

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- Email production requests were limited to "five custodians per producing party" and "five search terms per custodian," beyond which the requesting party would bear the costs caused by such additional discovery.[5]

- Disjunctive search terms, such as "computer" or "system," counted as two of the five search terms allotted, while conjunctive phrases (*e.g.*, "computer system") counted as one.[6]

- Inadvertent production of electronic documents later asserted to be privileged or protected did not constitute waiver, and such inadvertently produced documents could not be used to challenge an assertion of privilege or protection.[7]

Model Order Limiting Excess Patent Claims and Prior Art

The second model limiting excess patent claims and prior art included the following provisions:

- Prior to claim construction, the plaintiff was to "assert no more than ten claims from each [asserted] patent and not more than a total of 32 claims."[8]

- The defendant was to respond with "no more than twelve prior art references against each patent and not more than a total of 40 references."[9]

- After claim construction, the plaintiff was to reduce its claims by half, to "no more than five asserted claims per patent from among the previously identified claims and no more than a total of 16 claims."[10]

- The defendant would then be required to do the same, by identifying "no more than six asserted prior art references per patent from among the prior art references previously identified … and no more than a total of 20 references."[11]

- When the plaintiff asserted infringement of only a single patent, the per-patent limits for claims and prior art references would be increased by half.[12]

- "The parties are encouraged to discuss limits lower than those set forth in this Model Order based on case-specific factors such as commonality among asserted patents, the number and diversity of accused products, the complexity of the technology, the complexity of the patent claims, and the complexity and number of other issues in the case that will be presented to the judge and/or jury. In general, the more patents that are in the case, the lower the per-patent limits should be."[13]

Both orders are "models" of simplicity, clarity, and judicial economy. The model order limiting excess patent claims and prior art has only four rules in total.

District Courts Grapple with the Model Orders

Despite their disavowal by the Federal Circuit, the short-lived model orders have had an appreciable effect on district courts across the nation. The District of Oregon recently adopted the Council's Model Order on E-Discovery in Patent Cases verbatim for all patent cases.[14] Other courts have adopted the e-discovery model order with some modifications on a case-by-case basis.[15]

District courts also have been increasingly willing to limit the number of asserted claims per patent, total claims per case, and defensively asserted prior art references.[16] Judges also have cited the Model Order Limiting Excess Patent Claims and Prior Art as authority for reducing the number of asserted claims and prior art references.[17] At the International Trade Commission, the Model Order Limiting Excess Patent Claims and Prior Art was referenced and included as an attachment to an order.[18] Even after the order's rejection by the Federal Circuit, litigants have continued to cite it for support.[19]

Recent Legislative Proposals for Patent Cases Include Some Provisions from the Model Orders

While the Federal Circuit's reasons for disavowing both of these model orders are unclear, it is perhaps not coincidental that Congress is now acting where the courts did not. There has been a flurry of recent legislative proposals aimed at curbing abuse of the patent system by so-called trolls or patent assertion entities. Of particular interest here are the proposed limitations on e-discovery—the latest legislative draft limits the default number of electronic document custodians to five (though the

parties may modify this number by mutual agreement or the court may grant an additional five custodians on a showing of "distinct need").[20] As in the Federal Circuit Advisory Council's e-discovery model order, when a party requests e-discovery beyond these limits, "the requesting party shall bear all reasonable costs caused by such additional discovery."[21] However, there are currently no provisions in the leading draft legislation that would limit the number of asserted patents, claims, or prior art references, as the Advisory Council's most recent model order had proposed.

Conclusion

Though these two model orders were only available for a relatively short time, courts and practitioners clearly took notice and have begun to implement the efficiency-promoting measures proposed. Regardless of the Federal Circuit's endorsement (or lack thereof), district courts almost certainly will continue to adopt or adapt provisions similar to those of the model orders to increase efficiency and curb abuse in patent cases. Congress now appears likely to act as well, with recent draft patent reform legislation containing several provisions overlapping with those of the model orders, though the scope of these reforms remains to be seen.

Notes

1. *See http://www.cafc.uscourts.gov/images/model_orders.pdf.*
2. Model Order Regarding E-Discovery in Patent Cases, Rule 3.
3. *Id.*, Rules 6-7.
4. *Id.*, Rule 8.
5. *Id.*, Rules 10-11.
6. *Id.*
7. *Id.*, Rules 12-13.
8. Model Order Limiting Excess Patent Claims and Prior Art, Rule 2. 6 Pat. L. Fundamentals Appendix 20(L) (2d ed.).
9. *Id.*
10. *Id.*, Rule 3.
11. *Id.*
12. *Id.*, Rule 4.
13. *Id.*, n.1.
14. *See* LR 26-6 E-Discovery in Patent Cases, available at *http://ord.uscourts.gov/index.php/local-rules-of-civil-procedure-2014-all-with-amendments/452-2014-lr-26/1123-lr-26-discovery.*
15. *See, e.g.,* Vasudevan Software, Inc. v. Microstrategy Inc., 11-cv-6637-RS-PSG, 2012 WL 5637611 (N.D. Cal. Nov. 15, 2012) (Noting that, "[i]n his case management scheduling order, Judge Seeborg mandated that the exchange of electronically stored information (ESI) in this case be governed by the Federal Circuit's Model Order on E–Discovery in Patent Cases, with two modifications. First, instead of the Model Order's five email custodian limit per party, the parties may make requests of up to ten custodians. Second, rather than the Model Order's limit of five terms per party, the parties each may request up to twenty-five terms.").
16. *See, e.g.,* Thought, Inc. v. Oracle Corp., 12-cv-5601, 2013 WL 5587559 (N.D. Cal. Oct. 10, 2013); Unwired Planet LLC v. Google Inc., 3:12-cv-0504-MMD, 2013 WL 5592896 (D. Nev. Oct. 10, 2013).
17. Keranos, LLC v. Silicon Storage Tech., Inc., 2:13-cv-17, 2013 WL 5763738, n.3 (E.D. Tex. Aug. 5, 2013) (Noting that "[t]he model order requires the parties to pare down the number of asserted claims and prior art references in two stages: prior to claim construction and again after claim construction. In both instances, the parties must limit their asserted claims or prior art references before the close of discovery." (internal citations omitted).
18. In The Matter Of Certain Integrated Circuit Devices And Products Containing The Same, U.S. Intern. Trade Com'n Inv. No. 337-TA-873, Order No. 23, 2013 WL 4477456, *3, Attachment A.
19. Zond, Inc. v. Intel Corp., 2013 WL 6019326 (D. Mass. Oct. 25, 2013).
20. H.R. 3309 (dated Nov. 22, 2013), § 6(a)(2)(B)(iii)-(iv).
21. *Id.*, § 6(a)(2)(B)(v).

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