

A Practitioner's Guide to the Local Patent Rules

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The District Court for the District of New Jersey has adopted Local Patent Rules that govern actions alleging infringement of a patent or seeking declaratory judgment that a patent is not infringed, is invalid or is unenforceable. The Local Patent Rules, adopted in 2009 and amended in 2011 and 2013, impose a greater degree of uniformity upon the case management of patent litigation, to the benefit of both the court and the parties. The Local Patent Rules accomplish this by supplementing the Federal Rules of Civil Procedure with specific requirements that address the unique characteristics of patent litigation. Understanding the Local Patent Rules is critical to litigating any patent matter before the district court. This article will provide an overview of the Local Patent Rules.

General Provisions

United States magistrate judges oversee pre-trial activities in New Jersey's district courts. The Local Patent Rules vest the magistrate judge with the authority to enforce or modify the obligations and deadlines created by the Local Patent Rules based on the circumstances of any particular case. Such modifications to the Local Patent Rules are generally made at the initial scheduling conference; however, modifications are permitted later in the case upon a showing of good cause by the party requesting modification. As a practical matter, the Local Patent Rules generally govern pending suits without modification.

The Local Patent Rules have changed the requirements imposed upon the parties and their counsel from the very outset of the case. Fed. R. Civ. P. 26 contains general provisions governing discovery, and subpart (f) imposes a "meet and confer" process designed to result in an orderly and thorough plan to complete discovery. The Local Patent Rules add patent-specific requirements to the initial meet and confer obligations. Parties to a patent action must address five additional topics: 1) any proposed modification to the obligations or deadlines under the Local Patent Rules; 2) scope and timing of any claim construction discovery, including the disclosure of and discovery from any expert witnesses; 3) format of the

claim construction hearing, including whether the court will hear live testimony, the order of presentation, and the estimated length of the hearing; 4) how the parties intend to educate the court on the patent issues; and 5) the need for any discovery confidentiality order and schedule for presenting certification required by the Local Civil Rule respecting sealing of information.¹

These changes primarily arise from the central role that claim construction plays in patent litigation. Claim construction describes the process of having the court give meaning to the specific terms used in the patent in suit. The claim construction aspect of the case gets special treatment, primarily as a result of the 1996 decision of the United States Supreme Court in *Markman v. Westview Instruments*,² in which the Court ruled that claim construction is a matter of law within the sole province of the trial judge. The Local Patent Rules create a standardized procedure for the parties and the court to perform this critical task. As further described below, the Local Patent Rules now create a uniform procedure for resolving the claim construction in an orderly and timely manner.

Appendix S to the Local Patent Rules also addresses the common problem of protecting confidential information relating to the patent while permitting its disclosure to experts and clients. The court-sanctioned discovery confidentiality order strikes a balance between the need to share confidential information to prosecute and defend a case with the desire to protect the parties from the significant economic damage that can accompany improper disclosure of confidential information. The parties can agree upon changes to the standard discovery confidentiality order, or ask the magistrate judge to adopt a modification, as may be appropriate under the facts and circumstances of each case.

Patent Disclosures

The Local Patent Rules also expand the traditional initial disclosure requirements to further facilitate the claim construction process as well as the goal of resolving the validity or enforceability of the patents in suit. Pursuant to Local Patent Rule 3.1, a party claiming patent infringement shall serve on all parties a

“disclosure of asserted claims and infringement contentions” not later than 14 days after the initial scheduling conference. That disclosure is required to set forth specific information relating to each asserted claim. The rules also impose an obligation on the party to produce discovery at the time it serves its disclosure of asserted claims and infringement contentions. Included among the documents to be served are 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, or any public use of, the claimed invention prior to the date of application for the patent in suit;” a copy of the file history for each patent in suit; and “all documents evidencing ownership of the patent rights by the party asserting patent infringement.”³

Not later than 45 days after receiving the disclosure of asserted claims and infringement contentions each party opposing a claim of patent infringement shall serve its “non-infringement contentions and responses” and “invalidity contentions” containing specified information.⁴ The opposing party is also required to produce documents at the time it makes its non-infringement contentions and responses and invalidity contentions.

Each party defending the validity of the patent is required to serve responses to invalidity contentions not later than 14 days after service of invalidity contentions by the opposing party. The responses to invalidity contentions must include specific information, including, if obviousness is alleged, an explanation of why the prior art does not render the asserted claim obvious.⁵

The parties may amend their contentions by order of the court upon a timely application and a showing of good cause.⁶ Examples of good cause include: a claim construction by the court different from that proposed by the party seeking amendment, and

recent discovery of material prior art despite earlier diligent search. When making application to the court to amend contentions, the party must disclose if it has consent to the amendment and show that amendment will not lead to an enlargement of time or impact other scheduled deadlines in the case.

Additional Disclosure Requirements in Hatch-Waxman Act Cases

The Local Patent Rules specifically address cases brought pursuant to the Drug Price Competition and Patent Term Restoration Act, known as the Hatch-Waxman Act.⁷ The Hatch-Waxman Act governs patent infringement allegations brought by ‘brand’ drug patent holders against parties applying for Food and Drug Administration (FDA) approval for generic drugs. In Hatch-Waxman Act cases, the generic drug defendant must produce its entire abbreviated new drug application (ANDA) or new drug application filed with FDA to obtain approval of the generic drug at the time it answers, moves or otherwise responds to the complaint. Following the initial scheduling conference, the plaintiff must serve a disclosure of asserted claims that lists each claim of each patent that is allegedly infringed by each defendant. Shortly thereafter, the defendant is required to provide the plaintiff with its invalidity contentions setting forth the basis for the defense that the patent is invalid along with the specified document production. In addition, not more than 14 days after the initial scheduling conference, the defendant shall provide to the plaintiff the writing basis for their non-infringement contentions describing why the generic drug does not infringe upon the patent in suit. This disclosure shall include a claim chart identifying each patent claim at issue in the case and each limitation of each claim at issue. Further, the claim chart must specifically identify for each claim which claim limitation(s) are

literally absent from the defendant’s allegedly infringing ANDA or new drug application. Along with the non-infringement contentions the defendant must produce all documents the defendant intends to rely upon in defense of the plaintiff’s infringement contentions. In response, the plaintiff is required to provide the defendant with a disclosure of asserted claims and infringement contentions not more than 45 days after receipt of the defendant’s non-infringement contentions. Not more than 45 days after disclosure of the defendant’s invalidity contentions the plaintiff is required to serve its responses to invalidity contentions.

In addition, the Local Patent Rules require each ANDA applicant to notify the FDA of any and all motions for injunctive relief no later than three business days after the motion is filed. Further, the ANDA applicant is required to provide a copy of all correspondence between itself and the FDA pertaining to the ANDA application to the plaintiff no later than seven days after the date it sends correspondence to the FDA or receives correspondence from the FDA.

Discovery Related to the Advice of Counsel Affirmative Defense to Infringement

Defendants in patent infringement litigation may invoke an ‘advice of counsel’ affirmative defense to the charge of willful infringement of a patent. This decision is fraught with implications regarding the attorney-client and work product privileges. Following the entry of the court’s claim construction order, each party relying upon the advice of counsel as part of its claim or defense is required to produce or make available for inspection and copying the written advice and documents for which the attorney-client and work product privilege have been waived. In addition, each party must provide a written summary of any oral

advice or produce or make available for inspection that summary and documents for which the attorney-client and work product privilege have been waived. Finally, each party must serve a privilege log identifying any documents relating to the subject matter of the advice the party is withholding on the grounds of attorney-client or work product privilege. In the event that a party fails to comply with the requirements of the Local Patent Rule respecting advice of counsel, the party is precluded from relying on advice of counsel for any purpose absent a stipulation of all parties or by order of the court.⁸

Claim Construction Proceedings

Pursuant to Local Patent Rule 4.1, the parties are required to serve a list of claim terms the party contends should be construed by the court and identify any claim term that party contends should be governed by 35 U.S.C. § 112(6). After they have exchanged their list of terms, the parties are required to exchange preliminary proposed constructions of each term identified by any party for claim construction. Thereafter, the parties are required to meet and confer to limit the terms in dispute and finalize a joint claim construction and prehearing statement.

After the filing of the joint claim construction and prehearing statement, the parties are required to complete all discovery relating to claim construction within 30 days.⁹ Not later than 45 days after serving the joint claim construction and prehearing statement the parties shall contemporaneously file and serve their opening *Markman* briefs and any evidence supporting claim construction. Responding *Markman* briefs and evidence are due 60 days after the filing of the opening *Markman* submissions. Following the submission of the responding *Markman* submissions, the parties are required to confer and propose a schedule for a claim construction

hearing.¹⁰

Patent Pilot Program

The District Court for the District of New Jersey was selected to participate in a 10-year pilot project designed to enhance expertise in patent cases among district court judges.¹¹ The program began in New Jersey in Sept. 2011. After being selected to participate in the patent pilot project program, the district court established procedures for patent pilot project cases and assigned designated patent judges, who have volunteered to receive patent cases under the patent pilot project.¹² Under the program, the clerk allocates and randomly assigns newly filed patent cases to all judges in the same manner as any other newly filed civil case. If the judge assigned to the patent case is not a designated patent judge, the assigned judge may request that the case be reassigned to a designated patent judge within 30 days. There are no designated patent magistrate judges under the patent pilot program. Rather, the designation of a newly filed patent case is accomplished in the same manner as for newly filed civil cases. In the event a patent case is reassigned, it will likewise be reassigned to the magistrate judge who would have been designated if the patent case had initially been assigned to the designated patent judge.

Conclusion

The Local Patent Rules alleviate some of the common issues and procedural matters that arise in patent litigation. Through the Local Patent Rules, discovery issues and production times are clearly set forth and the parties are required to respond accordingly. The Local Patent Rules provide for better case management and lessen disputes between the parties on discovery and timing issues. ♪

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ENDNOTES

1. L.Pat.R. 2.1.
2. *Markman v. Westview Instruments, Inc.*, 517 U.S. 372 (1996).
3. L. Pat. R. 3.2.
4. L.Pat.R. 3.2A and L.Pat.R. 3.3.
5. L.Pat.R. 3.4A.
6. L.Pat.R. 3.7.
7. L.Pat.R. 3.6.
8. L.Pat.R. 3.8.
9. L.Pat.R. 4.4.
10. L.Pat.R. 4.6.
11. Pub. L. No. 111-349.
12. New Jersey Local Court Rules, Appendix T.