

AN OVERVIEW OF U.S. PATENT LITIGATION FOR CANADIANS*

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1.0 INTRODUCTION

The extensive and increasing involvement of Canadian companies in the U.S. economy means that many of those companies should be prepared for the prospect of a patent infringement lawsuit in the United States. Here, we provide an overview of the key aspects of the U.S. patent litigation process, which has recently been affected in some areas by the *Leahy-Smith America Invents Act* (AIA), signed into law on September 16, 2011. We also address some strategy issues along the way and compare the U.S. process with the Canadian experience.¹

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¹ This article is a successor to a 2010 article previously published online. It has been updated to account for recent changes in law and more recent statistics, to include discussions on strategic issues, and to provide more comparisons of the U.S. patent litigation process with the Canadian process.

2.0 THE BASICS: WHAT IS A PATENT?

A patent is a right granted to patentees by the government to exclude others from making, using, offering for sale, or selling an invention in the United States or importing an invention into the United States. In 2010, Canadians were granted nearly 5,000 U.S. patents.² The invention is defined by the numbered “claims” found at the end of the patent. As in Canada, the federal patent office (in the United States, the USPTO) does not enforce patent rights; it is up to the patentee to enforce the patent.

Generally, the term of a patent in the United States, as in Canada, is 20 years from the date the application for the patent was filed. Anyone can easily search for and download patents using publicly available online resources, such as <<http://www.google.com/patents>>.

3.0 THE HIGH COST OF PATENT DISPUTES IN THE UNITED STATES

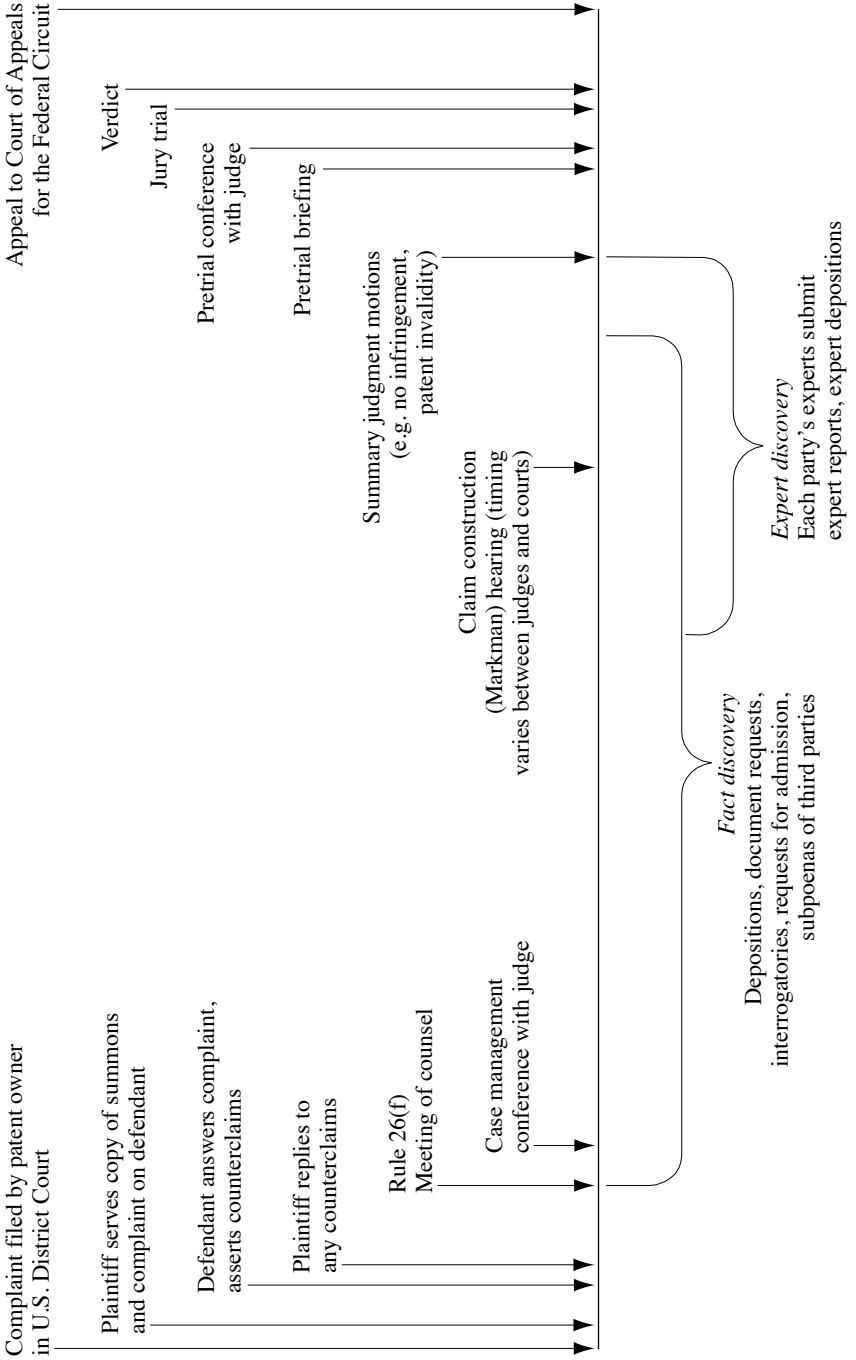
U.S. patent litigation can be costly. In 2011, the American Intellectual Property Law Association (AIPLA) reported that the median cost of a patent infringement suit where less than \$25 million is at risk is \$2.5 million, and \$5.0 million if more than \$25 million is at risk.³ No comparable Canadian statistics are available. Anecdotally, litigants in Canada can expect costs in the range of 30–70 percent of those in the United States. One reason why U.S. patent cases are more costly than Canadian patent cases is that civil litigation in U.S. federal court can involve an exceedingly long and involved discovery process. These costs can be offset, however, with creative alternative fee arrangements—for example, agreements not to exceed a certain attorney fee amount or agreements to only charge a certain amount per month regardless of the work done that month. Regardless, the high costs of patent litigation create an incentive for the parties to explore settlement at an early stage. Indeed, more than 95 percent of patent cases are resolved before trial, mostly through settlement.

U.S. patent cases are also more costly because they are generally more procedurally complex than Canadian cases. After the plaintiff files a complaint in the United States and the defendant responds with an answer and counterclaims, the parties typically engage in extensive fact and expert discovery, motion practice (such as filing a summary judgment motion of no infringement), pretrial briefing, a multi-week trial, and post-trial motions. Moreover, most U.S. patent cases involve an elaborate pretrial “claim construction” process for determining the meaning of the asserted patent, a process that often includes extensive briefing, expert depositions, and a hearing. Figure 1 illustrates a typical U.S. patent litigation process, and the

² See online: the U.S. Patent and Trademark Office <http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_utl.htm> (patent origin determined by the residence of the first-named inventor).

³ AIPLA Report of the Economic Survey 2011 at 35 (July 2011) (reporting new cases other than false-marking cases).

Figure 1 The Typical U.S. Patent Litigation Process



discussion that follows provides additional details on each major step in the process along with comparisons to the Canadian process. The typical Canadian patent litigation process is shown in figure 2.

4.0 PLAINTIFF'S COMPLAINT

To initiate a U.S. patent lawsuit, a patent owner files a complaint in a U.S. district court. This is similar to a statement of claim in Canada. The complaint identifies a defendant, the alleged infringer, and the U.S. patent or patents alleged to be infringed. The complaint typically includes a brief statement of the alleged infringing acts. However, it may not identify the specific products or processes that are accused of infringement. Many courts now require such specifics, including the exact patent claims that are being asserted. In other courts, however, defendants often have to guess or wait until discovery begins before learning about the specific infringement allegation(s).

Unlike in Canada, the complaint may also assert that the infringement has been wilful. If wilfulness is proven, a judge can increase the awarded damages to as much as three times the actual damages. In Canada, there are no treble damages; wilful infringement is generally irrelevant to the monetary award for infringement. But punitive damages may be available in Canada if the defendant's conduct is particularly egregious, high-handed, vicious, or malicious.⁴

Prior to the AIA, the plaintiff could include a large group of defendants together in a single complaint. These defendants often had nothing in common other than being accused of infringing the same patent(s). The AIA, however, added new section 299 to the *Patent Act*,⁵ which provides (except for pharmaceutical cases) that accused infringers can only be joined in a single case if the allegations of infringement involve the *same accused product or process*. Section 299 also states that "accused infringers may not be joined in one action as defendants ... based solely on allegations that they have each infringed the patent or patents in suit." As a result, patent owners must sue each accused infringer (with different accused products or processes) in a separate case. But if a U.S. patent owner sues each defendant in the federal court where the patent owner resides, there is a good chance that the cases will all be assigned to the same judge and will be consolidated into a single case, in practice if not formally. There is no equivalent legislative provision in Canada. A single suit against disparate defendants is available and frequently used by plaintiffs.

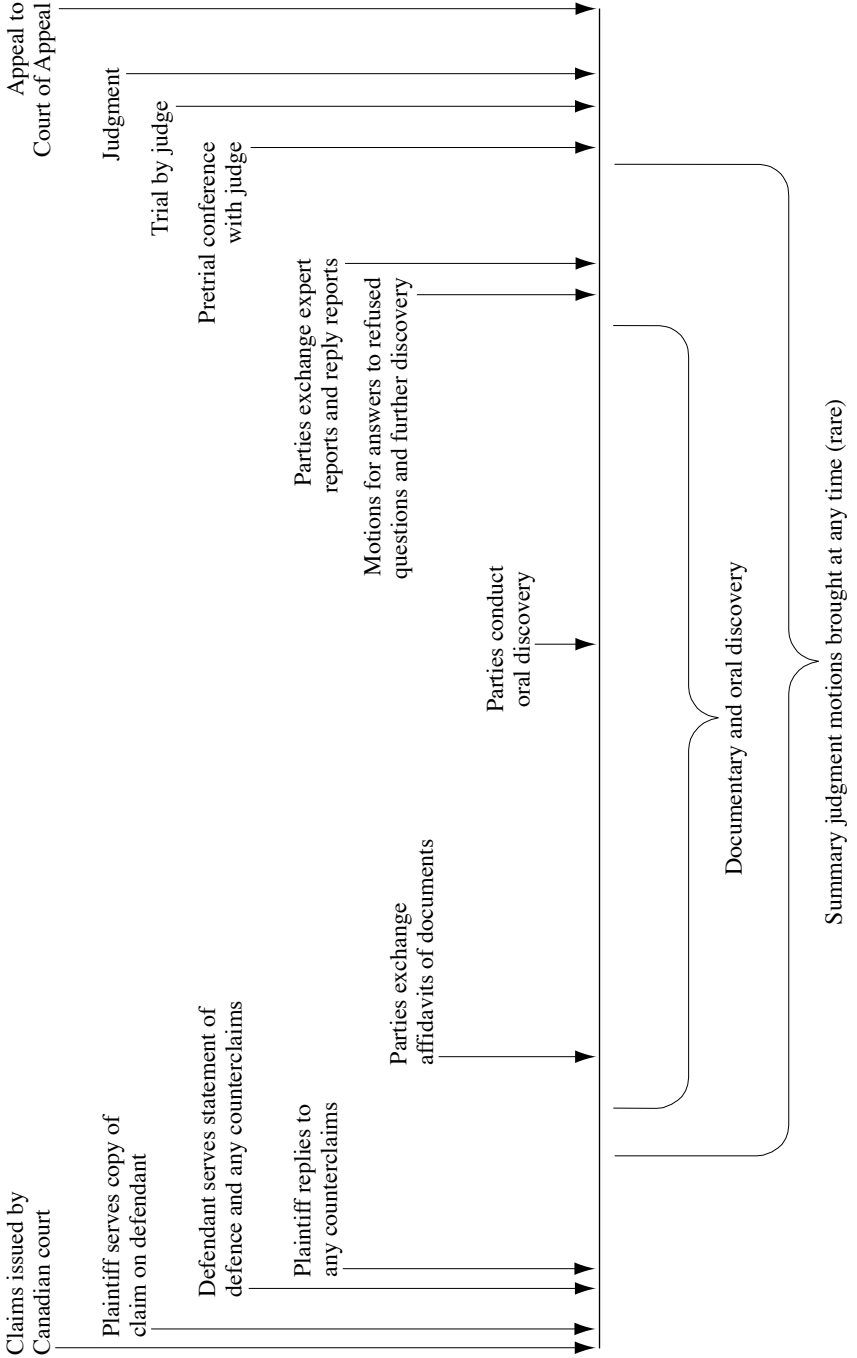
5.0 CHOICE OF U.S. DISTRICT COURT

In Canada, the vast majority of cases are heard before the Federal Court of Canada, a court that sits throughout Canada as a single court with national jurisdiction. In

⁴ For a recent example of a rare Canadian award of punitive damages in a patent infringement case relating to landing gear, see *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2012 FC 113.

⁵ 35 U.S.C.

Figure 2 The Typical Canadian Patent Litigation Process



the United States, however, patent cases are commenced in one of many federal district courts. The geographic boundaries of the U.S. judicial districts typically correspond to the geographic boundaries of the states, but some states have multiple U.S. district courts. States with more than one district court are shown in figure 3 with dashed lines. Figure 3 also places these districts into the larger context of the numbered territories for the U.S. circuit courts of appeal.

In general, plaintiffs must bring suit in a judicial district where one of the parties resides. However, it is also permissible to file suit where the alleged infringement took place—for example, where a product is sold. Canadian companies, therefore, could find themselves sued in a judicial district where they have no physical presence, simply because they placed allegedly infringing products into the stream of commerce with the expectation that they would be purchased by consumers in the U.S. state that encompasses the district. A court may, however, dismiss a case if it does not have jurisdiction over the defendant. Moreover, a court may transfer a case to another district if, among other things, it is more appropriate there because of the location of witnesses or documents.

In 2011, most new patent cases were filed in the Eastern District of Texas, followed by the District of Delaware and the Central District of California.⁶ Table 1 shows the 10 most popular districts for patent cases in 2011 and their relative change in position from 2010.⁷

The plaintiff's choice of district often involves many considerations: perceptions about how plaintiff-friendly the judges and juries are; the speed at which cases in that district typically reach trial; the experience level of the district's judges; procedural rules adopted by judges in the district; and the sophistication of the jury pool.

Nationwide, the average time from filing a patent case to trial is two-and-a-half years.⁸ Plaintiffs, however, often favour districts that have a reputation as a "rocket docket," where cases reach trial quickly. Civil actions in the Eastern District of Virginia, for example, are tried less than 12 months after they have been filed, compared with 19 months in the Central District of California.⁹ Table 2 sets forth the average time for cases to reach trial in some of the most active districts:¹⁰

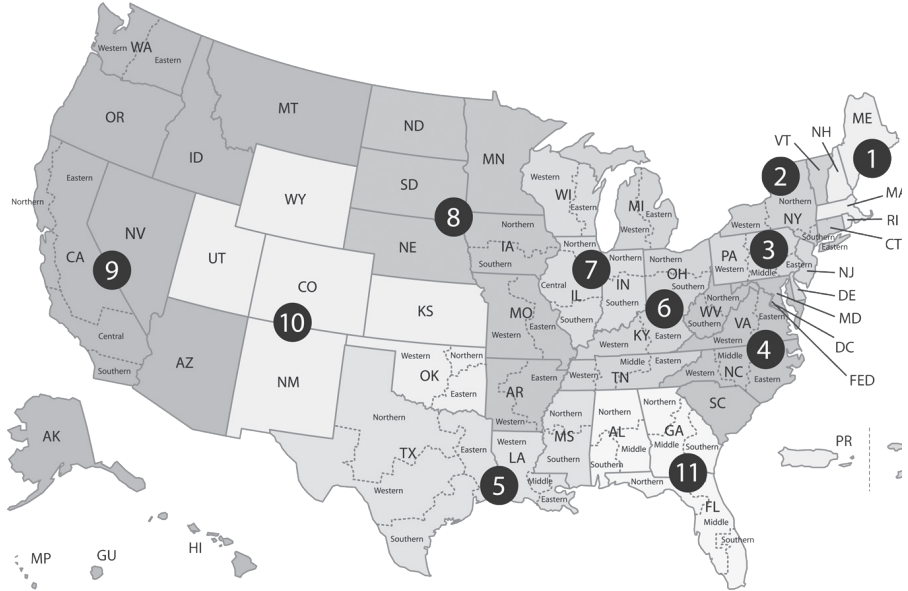
⁶ LegalMetric email announcement (27 February 2012), "Top 10 Patent Districts for 2011"; for 2010 statistics, see James Pistorino, Concentration of Patent Cases in Eastern District of Texas Increases in 2010 (2011) 81 BNA Patent, Copyright & Trademark Journal 803.

⁷ LegalMetric, *supra* note 6.

⁸ See PricewaterhouseCoopers LLP, 2011 Patent Litigation Study, online: PricewaterhouseCoopers <<http://www.pwc.com/us/en/forensic-services/publications/assets/2011-patent-litigation-study.pdf>>.

⁹ See Federal Court Management Statistics, online: United States Courts <<http://www.uscourts.gov/Statistics/FederalCourtManagementStatistics.aspx>>.

¹⁰ *Ibid.*

Figure 3 Geographic Boundaries of U.S. District Courts*District Court Circuits*

- ① First Circuit: Maine, New Hampshire, Massachusetts
- ② Second Circuit: Vermont, New York, Connecticut
- ③ Third Circuit: Pennsylvania, New Jersey, Delaware
- ④ Fourth Circuit: Maryland, West Virginia, Virginia, North Carolina, South Carolina
- ⑤ Fifth Circuit: Mississippi, Louisiana, Texas
- ⑥ Sixth Circuit: Michigan, Ohio, Kentucky, Tennessee
- ⑦ Seventh Circuit: Wisconsin, Illinois, Indiana
- ⑧ Eighth Circuit: North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Missouri, Arkansas
- ⑨ Ninth Circuit: Washington, Idaho, Montana, Oregon, California, Nevada, Arizona, Alaska, Mariana Islands, Guam, Hawaii
- ⑩ Tenth Circuit: Wyoming, Utah, Colorado, Kansas, New Mexico, Oklahoma
- ⑪ Eleventh Circuit: Alabama, Georgia, Florida

Adapted from <www.uscourts.gov/court_locator.aspx>.

Table 1 Ten Most Popular Districts for Patent Cases in 2011 and Their Relative Change in Position from 2010

District Court	Change in position from 2010
Texas Eastern	same
Delaware	↑1
California Central	↑2
California Northern	↓2
Illinois Northern	↓1
New Jersey	same
New York Southern	same
Massachusetts	↑2
Minnesota	↑6
California Southern	↑4

Table 2 Average Time for Cases to Reach Trial in Active Districts

District Court	12-month period ending June 30, 2011
	<i>Months</i>
Virginia Eastern	11.6
Wisconsin Western	14.4
Florida Southern	16.8
California Central	19.3
Texas Eastern	23.2
Delaware	26.8
Illinois Northern	27.0
California Northern	30.3
New York Southern	31.1
Massachusetts	31.1
New Jersey	42.9

In Canada, the Federal Court no longer publishes statistics on its pace of litigation. In 2009, a practice direction was implemented with the stated goal of bringing even complex patent matters to trial within two years of the commencement of proceedings. These streamlining efforts, supported and policed by battle-hardened associate judges, have been largely successful at increasing the pace of litigation.

6.0 SERVICE OF COMPLAINT

After the complaint has been filed, the plaintiff must formally serve a copy of the complaint on the defendant. Generally, this requires that the plaintiff have someone give the complaint directly to the defendant. When a plaintiff sues a Canadian company in the United States, the plaintiff often requests that the Canadian company waive its right to formal service of the related papers, attempting to avoid the expense and uncertainty of proper service of process in Canada. In return, the Canadian company receives additional time to respond to the complaint.

7.0 MOTIONS TO TRANSFER VENUE

The response to service of the complaint can take the form of a motion to dismiss the case on the ground that the U.S. court lacks jurisdiction over the defendant or a motion to transfer the case to a court that is more convenient because of its proximity to relevant documents and witnesses. And while it is rare for a patent case to be dismissed for lack of jurisdiction, 60 percent of transfer motions are successful.¹¹

The same issue does not arise in Canada. However, disputes can arise as to the proper forum for the dispute as between the provincial court and the Federal Court. Typically, one of the co-pending proceedings will be stayed pending the outcome of the other.

8.0 DEFENDANT'S ANSWER

After the complaint has been filed in the United States and served, the defendant will file and serve an answer to the complaint. This is analogous to a statement of defence in Canada. In the answer, the defendant responds to each allegation in the complaint by either admitting or denying it.

The heart of the answer is a recitation of affirmative defences such as non-infringement, patent invalidity, and various equitable defences. A common equitable defence is laches, which prevents recovery of damages if the plaintiff's unreasonable and inexcusable delay in filing the suit has caused prejudice to the defendant.

Inequitable conduct is another often-raised equitable defence. This defence renders a patent "unenforceable" if the patent applicant, with the specific intent to deceive the Patent Office examiner, made material misrepresentations to or withheld

¹¹ LegalMetric email announcement (15 December 2011), "Transfer Motions Granted More Than Half the Time."

material information from the examiner. The materiality required to establish inequitable conduct is referred to as “but-for materiality.” For example, when an applicant fails to disclose prior art, that prior art is material if the examiner would have rejected the patent claim but for the concealment of that prior art.¹² After the “but for” standard became law in 2011, it became very difficult to prove inequitable conduct. Despite the more stringent standard, the inequitable conduct defence continues to be often asserted.

Canadian patent law is entirely statutory, and so the same rules regarding inequitable conduct do not strictly apply. A duty of good faith is imposed only at the time of the patent application; once the patent is issued, it cannot be challenged on this basis. Post-issuance, a patent will be void where the applicant has made untrue material allegations in the petition or wilfully made intentionally misleading omissions or additions in the specification.¹³

In Canada, the defendant has at least 30 days to serve its statement of defence. Similarly, in the United States, the defendant generally must serve an answer to the complaint within 21 days of service. However, if the plaintiff requests that the defendant waive service, and the defendant agrees to do so, the defendant is allotted more time to respond to the complaint. For example, a Canadian defendant who waives service of a U.S. complaint is allowed 90 days to respond rather than the standard 21 days. There is nothing analogous in Canada. In the Federal Court of Canada, the parties may only consent to an extension of certain timelines by an amount of time equal to no more than half the time originally provided. Further extensions must be obtained by court order, which can be readily obtained on consent of the parties. Timing disputes in Canada are rare, and really only arise when there is prejudice to one of the litigants.

The defendant’s answer may also contain counterclaims seeking, for example, a declaratory judgment that the asserted patent is invalid and not infringed, or a claim that the plaintiff is infringing the defendant’s patents. The plaintiff must then respond to the counterclaims in the same manner that the defendant responded to the plaintiff’s original claims—that is, by either denying or admitting each allegation within 21 days of service.

In Canada, the plaintiff is entitled to respond to any defence by way of reply within 20 days. If there is a counterclaim, then the plaintiff must also provide a defence to counterclaim, which may be combined with the reply. Any such combined reply and defence to counterclaim is due within 30 days. The defendant has the right to reply to any defence to counterclaim within 20 days.

¹² See *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc).

¹³ *Corlac Inc. v. Weatherford Canada Inc.*, 2011 FCA 228.

9.0 CASE MANAGEMENT

In the United States, the presiding court will conduct a case management conference to set the case schedule and establish a schedule and ground rules for the case. Prior to the conference, the attorneys for each of the parties are required to have a “Rule 26(f) meeting of counsel” to discuss these topics and make proposals to the court.

There are similar procedures in Canada. In the Federal Court, an associate judge (a.k.a. a prothonotary) handles most pretrial motions and almost all scheduling matters. Within 60 days of the close of pleadings, counsel for the parties are required to meet for settlement discussions. Once these discussions have taken place, any party may request a pretrial conference with an associate judge. The parties are required to submit pretrial memoranda in advance of the conference, which will address a number of case management issues such as scheduling and whether the disputed issues may be narrowed. At the conclusion of the pretrial conference, the presiding associate judge will seek an order from the chief justice setting a date for trial.

In the United States, some judges or judicial districts have adopted special local rules for patent cases—for example, the Northern District of California and the Eastern District of Texas.¹⁴ These rules typically set forth a schedule of when each party must disclose its positions regarding the patent early in the case, even before fact discovery. The plaintiff is typically required to provide “infringement contentions” that identify, using detailed “claim charts,” the specific patent claims being asserted, the specific products accused of infringement, and the precise location of each claim element in each accused product. The defendant is then required to provide “invalidity contentions” containing claim charts that show where the elements of each asserted claim are found in each prior art reference or device. Local patent rules also commonly set forth rules for the claim construction process (for example, when opening and responsive briefs are due), the process by which the court determines the meaning and scope of the asserted patent claims.

Many judges believe that special patent rules help streamline a case. However, these rules are rife with pitfalls for the unwary. Litigants in a district that has adopted local patent rules should be diligent in researching their positions as early as possible. It is possible that a court will not allow a plaintiff to supplement its infringement contentions to add additional accused products or infringement theories without a showing of good cause. Likewise, a defendant may be barred from relying on a piece of prior art that was not included in its invalidity contentions.

In Canada, there are no local patent rules or contentions. The pleadings must be specific enough to allow the other party an intelligent response. Though there are some procedural differences between Federal Court practice and that of the provincial courts, the general procedure in patent infringement proceedings is essentially the same.

¹⁴ See e.g. online: United States District Court, Northern District of California <<http://www.cand.uscourts.gov/localrules/patent>>.

Table 3 Sample Document Requests

Plaintiff	Defendant
<ul style="list-style-type: none"> • All documents that refer to the patent-in-suit. 	<ul style="list-style-type: none"> • All documents concerning the filing, preparation, and prosecution of the patent-in-suit.
<ul style="list-style-type: none"> • All documents and things that support or rebut your affirmative defence and counterclaim that you have not infringed the patent-in-suit. 	<ul style="list-style-type: none"> • All licence agreements related to the patent-in-suit.
<ul style="list-style-type: none"> • All documents and things that support or rebut your affirmative defence and counterclaim that the patent-in-suit is invalid. 	<ul style="list-style-type: none"> • All documents concerning when and how you first became aware of the defendant's alleged infringement of the patent-in-suit.
<ul style="list-style-type: none"> • All prior art to the patent-in-suit. 	<ul style="list-style-type: none"> • All prior art to the patent-in-suit.
<ul style="list-style-type: none"> • All sales and marketing documents relating to the accused products. 	<ul style="list-style-type: none"> • All documents referring or relating to the accused products.

10.0 DISCOVERY

The discovery process is notorious for being one of the most time-consuming and expensive aspects of U.S. patent litigation. This is because the scope of the information and materials that a party may demand is incredibly broad, and considerably broader than in Canada. Even irrelevant materials must be turned over if they are reasonably likely to lead to admissible evidence.¹⁵

A host of discovery tools is available to federal litigants, including requests for documents, requests for admissions, formal interrogatories, inspections of premises, and depositions. There are usually few limits on the use of these discovery tools. The federal rules allow each side an unlimited number of requests for documents (it is not uncommon for a party to serve more than a hundred), an unlimited number of requests for admissions (hundreds are not uncommon), up to 25 formal interrogatories, and up to ten full-day depositions. Tables 3, 4, and 5, respectively, show typical document requests, interrogatories, and requests for admissions. In individual cases this can become even more burdensome. For example, if a witness does not speak English, an interpreter must be retained and the length of the deposition typically must be extended.

In addition, many special discovery rules apply to certain types of entities with discoverable information. For example, a party may take what is known as a Rule 30(b)(6) deposition of a corporation by including a list of topics in the deposition

¹⁵ Fed. R. Civ. P. 26(b)(1).

Table 4 Sample Interrogatories

Plaintiff	Defendant
<ul style="list-style-type: none"> • Describe in detail, on an element-by-element basis in the form of a claim chart, all factual and legal bases for your affirmative defence and counterclaim that you have not infringed the patents-in-suit. • Describe in detail, on an element-by-element basis in the form of a claim chart, all factual and legal bases for your affirmative defence and counterclaim that the patents-in-suit are invalid. • Set forth the date that you first became aware of each of the patents-in-suit, including the detailed factual circumstances of how you became aware of each of the patents-in-suit, and the identity of all persons with knowledge of such awareness. • State your sales volume of the accused products, in both units and dollars, on a monthly basis. 	<ul style="list-style-type: none"> • Describe in detail, on an element-by-element basis in the form of a claim chart, all factual and legal bases for your contention that the defendant has infringed the patent-in-suit. • Describe in detail all bases that allegedly support your contention that the defendant's infringement has been wilful. • Identify each claim of the patent in suit that you contend to be infringed. • Identify each and every product manufactured, used, sold, offered for sale or imported by the defendant that you contend infringes any claim(s) of the patent-in-suit.

Table 5 Sample Request for Admissions

Plaintiff	Defendant
<ul style="list-style-type: none"> • Admit that you were aware of the patent-in-suit before the complaint was filed. • Admit that the accused product includes [a specific claim limitation]. • Admit that [a particular document] is an authentic document. • Admit that [a particular reference] is not prior art. 	<ul style="list-style-type: none"> • Admit that [a particular piece of prior art] was not disclosed to the Patent Office during prosecution of the patent-in-suit. • Admit that you did not communicate with the defendant regarding the patent-in-suit before the date of the complaint. • Admit that [a particular] reference is prior art.

notice. The company must then designate a person to testify on its behalf about what the company knows on each topic. A party may also have the court issue subpoenas requiring a third party to appear for a deposition or produce documents. And each party may depose the opposing side's experts in order to explore the bases of the opinions that they have expressed in their expert reports.

Given the intrusiveness of discovery in U.S. patent litigation into a party's highly sensitive confidential information, parties will often ask the court to enter a "protective order" to govern the handling of each party's confidential information. For example, protective orders often allow a party to designate highly sensitive material requested by the other party as "highly confidential" or "attorneys' eyes only," which restricts access of the information to outside counsel of record and approved experts, and excludes the public from access. The same sort of order is available in Canada. However, Canadian courts are somewhat more sensitive to the concept of an open and public court and are, therefore, guided by the so-called *Sierra Club* principles¹⁶ when it comes to the handling of confidential information by the court itself.

There are many important distinctions between the discovery process in the United States and Canada. For example, there is a mechanism for written discovery in Canada, but it is rarely used. Parties must disclose all relevant documents in an affidavit of documents, and they have the right to conduct *one* oral examination per party (essentially equivalent to a section 30(b)(6) deposition). Only by agreement or court order will the parties provide responses to written questions either in addition to or in place of oral discovery.

Further, in Canada, a witness need not answer any question to which there has been an objection, unless subsequently ordered to do so by the court. Furthermore, where a witness does not have personal knowledge, information, or belief as to any proper question, the examining party may seek an undertaking that the corporate entity being examined will make its best efforts to answer the question. Undertakings are not lightly excused once given and may require significant effort to be satisfied. Thus, a practice has developed where many questions are taken "under advisement," which is really a polite way of refusing to answer a question. The result of undertakings and advisements is that many questions (especially controversial ones) are answered in writing and heavily vetted by the lawyers.

Moreover, it is difficult to take third-party discovery in Canada. The single most important exception to this rule in a patent case relates to the patent's inventors and assignors, who may be examined as of right. However, the transcript from such an examination cannot be used at trial without leave of the court and such evidence does not bind the patentee.

Regarding experts, there are no pretrial expert examinations in Canada. Expert reports are exchanged, but if an expert is not called as a witness at trial, then his or her report is not in evidence and there will be no opportunity to examine that expert.

¹⁶ *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41.

11.0 CLAIM CONSTRUCTION

The purpose of claim construction is to determine the meaning and scope of the patent claims. This is perhaps the most pivotal role of the court in patent litigation. In the United States, the process of construing claims is often referred to as the *Markman* process, named after the seminal U.S. Supreme Court case, *Markman v. Westview Instruments*.¹⁷ In the *Markman* process, the parties file briefs in support of their proposed claim constructions (often supported by expert testimony), after which the court may hold a *Markman* hearing. The court then renders a *Markman* ruling construing the claims. The court's claim construction will be part of the jury instructions if the case reaches trial.

In Canada, there are no claim construction hearings. The claims are construed by the court and the first time any party is informed of the court's construction is upon receiving the reasons for judgment. This is largely a result of the fact that there are no jury trials for patent infringement in Canada.

In determining the meaning and scope of the patent claims, U.S. courts look primarily to the intrinsic evidence, which includes the claim language, patent specification, and prosecution history (the written record of communications between the patent applicant and the patent office). Claim terms, which are interpreted as they would be understood by a person of ordinary skill in the art who has read the intrinsic record, are generally construed in accordance with their ordinary and customary meanings.¹⁸ Much is the same in Canada, with one important distinction: the court cannot look at the prosecution history of the Canadian patent for the purposes of construing the claims.

12.0 SUMMARY JUDGMENT MOTIONS

Any party may file a summary judgment motion, which asks the court to rule in its favour without the need for a trial. In patent cases, such a motion often addresses questions of infringement and validity and is filed after discovery and claim construction are complete. Summary judgment is appropriate when, in light of the evidence of record and the law, no reasonable jury could find for the non-movant. In such cases, a trial would be a needless waste of time and expense.

The success rate of motions for summary judgment varies widely by district. For example, the win rate in the Eastern District of Texas is 24.2 percent for the past five years and 48.5 percent in the Northern District of California.¹⁹ Nationwide, the win rate in 2011 was 35.5 percent.²⁰

¹⁷ 517 U.S. 379 (1996).

¹⁸ *Phillips v. AWH Corp.*, 415 F.3d 1303 at 1312-13 (Fed. Cir. 2005) (en banc).

¹⁹ LegalMetric email announcement (24 June 2011), "Comparing Districts at Summary Judgment."

²⁰ LegalMetric email announcement (16 March 2012), "Summary Judgment Win Rates in Patent Cases."

In Canada, summary judgment motions in patent infringement actions are virtually extinct. Despite some tough talk, and even new summary judgment rules in some Canadian jurisdictions, there is a real and practical judicial reluctance to make substantive determinations without a trial.

13.0 PRETRIAL MOTIONS

The most common type of pretrial motion is the motion *in limine*, which seeks to exclude certain evidence or arguments at trial on the grounds that the evidence is irrelevant, prejudicial, likely to confuse the jury, or otherwise improper. Common motions *in limine* include motions to preclude:

- undisclosed or belatedly disclosed prior art,
- an expert from offering opinions not disclosed in expert reports, and
- evidence that the accused infringer has its own patents.

Given the lack of jury trials in Canadian patent cases, such motions are almost never brought prior to trial. Procedural motions regarding the relevance and exclusion of evidence are generally brought at the appropriate time during trial. Rulings may be made intratrial, or as a part of the final judgment.

Another common pretrial motion is a motion to bifurcate the case into separate trials. In the United States, bifurcation is the exception, not the rule, and is appropriate only if it promotes judicial economy, is not prejudicial to the parties, and is not inconvenient for the parties.²¹ The following alternative judicial processes are among those commonly requested in motions for bifurcation:

- Separate bench trial (a trial in front of the judge without a jury) for equitable issues such as inequitable conduct or laches, which the judge decides rather than the jury.
- Separate trial on damages to take place only if there is a verdict finding infringement.
- Separate trial on non-patent issues for related causes of action that may be in the case, such as antitrust claims.

By contrast, bifurcation is generally considered the rule in Canadian patent cases. Though the plaintiff has a presumptive right to have all matters in dispute determined at a single hearing, Canadian courts often see procedural advantages to bifurcation that trump the interests of the plaintiff. Given the savings associated with deferring or avoiding discovery of financial records, bifurcation often occurs on consent. Even with the consent of the parties, bifurcation remains at the discretion of the court. It is generally granted where, on a balance of probabilities, it is more likely than not to result in the just, expeditious, and least-expensive determination of the proceeding on its merits.

²¹ See *F&G Scrolling Mouse L.L.C. v. IBM Corp.*, 190 F.R.D. 385 (M.D.N.C. 1999).

14.0 TRIAL

Unlike Canadian patent cases, which are decided solely by judges, if a patent infringement lawsuit makes it to trial in the United States—and less than 5 percent do—it will likely be a trial by jury. The parties may waive the right to a jury trial and have the court try the case, but such waivers are rare.

The jury must include at least 6 and no more than 12 jurors.²² A typical patent jury trial begins with the jury selection process. After a jury is selected, a judge will explain the trial process to the jury. Then, each party will be allowed to give its opening statement to explain the facts that support its case. Thereafter, the plaintiff will present its case-in-chief, presenting all the evidence on the matters on which it bears the burden of proof, such as infringement. Following that, the defendant's case begins, rebutting the plaintiff's case and presenting all the evidence on the matters on which the defendant bears the burden of proof, such as invalidity. Finally, the plaintiff may present a rebuttal to the defendant's case. After all the evidence has been presented to the jury, each party is allowed to present its closing argument, summarizing its side of the case. The jury will then deliberate and decide on a verdict. After the jury reaches its verdict (and after any post-trial motions), a judgment is entered to formally record the result of the lawsuit.

Courts have the inherent power to set time limits for a trial.²³ Many courts will impose a time limit by allocating a specific number of hours per side—for example, 20 hours, which would result in a trial lasting about two weeks. Most patent cases can be tried within two weeks.

In Canada, patent trials tend to be longer, because there is a more robust tradition of oral advocacy and less “briefing.” The Federal Court in Canada has recently adopted a soft or “magic” 23-day rule where all trials are sought to be limited to 23 days. With bifurcation, that is generally achievable.

15.0 POST-TRIAL MOTIONS AND APPEALS

After the jury verdict has been rendered, the losing party may choose to bring post-trial motions with the district court and/or file an appeal. All appeals in patent cases are heard by the U.S. Court of Appeals for the Federal Circuit located in Washington, D.C. (generally referred to as the Federal Circuit). Nearly a third of all the cases reviewed by the Federal Circuit are intellectual property cases, and nearly all of those cases are patent cases.²⁴ Federal Circuit opinions can be found at the court's website: <<http://www.cafc.uscourts.gov/opinions-orders/0/all>>.

²² Fed. R. Civ. P. 48.

²³ See *Motorola v. Interdigital Tech. Corp.*, 930 F. Supp. 952 at 983 (D. Del. 1990).

²⁴ See Court Jurisdiction, online: United States Court of Appeals for the Federal Circuit <<http://www.cafc.uscourts.gov/the-court/court-jurisdiction.html>>.

16.0 CONCLUSION

U.S. patent-infringement lawsuits can be daunting. They are, typically, expensive, complex, intrusive, lengthy, and time-consuming. Understanding the key aspects of the process will help you, as IP counsel to Canadian litigants in U.S. courts, better navigate the patent litigation morass and obtain the best result for your client—either by way of settlement or through trial.