

April 9, 2012

The Honorable David J. Kappos  
Under Secretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
Alexandria, Virginia

**RE: ACC and its Intellectual Property Committee's Comments on the proposed *Inter Partes* Review and Post-Grant Review Rules of the Leahy-Smith America Invents Act**

Dear Under Secretary Kappos:

The Association of Corporate Counsel<sup>1</sup> and its Intellectual Property Committee respectfully submit the following comments regarding the proposed rules of the Patent and Trademark Office (“PTO”) relating to the *Inter Partes* Review (“IPR”) and Post-Grant Review (“PGR”) proceedings to be implemented pursuant to the America Invents Act.

To deliver effective legal results for their corporate clients, in-house counsel need predictable processes in patent challenges. Thus, for IPR and PGR proceedings to be useful to companies, they must be more cost-effective and predictable than litigation. To ensure cost-effectiveness, the rules must create a predictable process with clear milestones and not a process that spirals out of control due to ambiguities in the governing rules. Companies will embrace these new proceedings as a part of their overall IP strategy sooner if the initial procedures are well-defined instead of being subject to later clarifying amendments. The rules must be both unambiguous and fair in order for companies to consider using these procedures and budget accordingly. The following suggestions will cause companies to make greater use of IPR and PGR proceedings and thereby provide companies and the public greater certainty regarding the quality of patents.

Specifically, the ACC and its Intellectual Property Committee submit comments to the proposed claim construction procedures, discovery rules, and identification of the “real party in interest” requirement applicable to both IPR and PGR proceedings. The comments seek to amend the proposed rules to ensure the PTO implements a certain and predictable process to govern patent challenges through IPR and PGR proceedings.

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<sup>1</sup> The Association of Corporate Counsel (“ACC”) is a bar association for attorneys employed in the legal departments of corporations and private-sector organizations worldwide. The ACC has more than 29,000 members in over 75 countries, employed by over 10,000 organizations. The ACC has regularly filed comments with regulatory agencies regarding rulemakings for which in-house counsel offer a unique perspective.

## **I. Claim Construction**

The ACC and its Intellectual Property Committee submit that the PTO should revise the proposed rules respecting claim construction procedures for IPR and PGR proceedings. As currently proposed, the rules inflict an extremely heavy burden on the Petitioner at the outset of an IPR or PGR proceeding. Moreover, the procedures under the proposed rules provide no early guidance to the Patentee regarding the strength and scope of its claims, leaving the Patentee uncertain as to its best course in the proceedings. Accordingly, in-house counsel for both Petitioners and Patentees need clarification of the rules, so the procedures are easily understood, and both fair and more useful to all parties.

### **A. The PTO's Proposed Rule.**

The proposed rules require that the Petitioner identify all claims being challenged and provide a claim construction for the challenged claims in its opening petition. (Rule 42.104; Rule 42.204). The rules also set a limit of 50 pages for IPR and 70 pages for PGR petitions respectively. (Rule 42.24(a)).

### **B. The PTO's Proposed Rules Creates a Heavy Burden on the Petitioner, Yet Provides No Guidance Either to the Patentee or the Petitioner Respecting the Scope and Strength of the Claims.**

The proposed rules do not provide any guidance as to the claim construction requirements. Since the petition will be submitted at the outset of the proceeding, the Patent Trial and Appeal Board ("PTAB") will not be able to provide any guidance as to which terms require a proposed construction. Unlike many patent litigation proceedings that follow an established procedure in which claim terms are construed, the proposed rules for IPR and PGR require the Petitioner to construe entire patent claims in the initial petition. The Petitioner will be left to determine which claim terms to construe and may have to err on the side of construing more terms than necessary for fear of rejection of the petition. Furthermore, Petitioners will often be taking claim construction positions in the petition without any indication from the Patentee as to its position on the scope of the claims. For petitions challenging multiple patent claims, this exercise can be very burdensome. Additionally, under the proposed rules, it is unclear whether the Patentee must take a claim construction position at all, or whether it may be able to limit its response simply to an attack of the Petitioner's proposed claim construction. The heavy burden on the Petitioner detracts from the predictability and fairness of these proceedings and may deter companies from viewing these new procedures as effective alternative mechanisms to litigation. Moreover, the currently proposed process leaves both Petitioner and Patentee uncertain as to the anticipated course and scope of the IPR and PGR proceedings.

In addition, if, as proposed, the page limits for petitions for IPR and PGR are 50 and 70 respectively (Rule 42.24), Petitioners will be forced to limit the claim terms that they address.

### **C. The ACC and its Intellectual Property Committee's Proposed Change Ensures Fairer, More Cost-Effective, and More Certain Claim Construction Proceedings.**

The PTO should eliminate the requirement that Petitioners construe the claims in the opening petition and adopt procedures similar to those established in the patent local rules of the federal district courts that review a high volume of patent litigation matters. (*See* Exh. 1 – E.D. Tx. Patent R. 4 (claim construction proceedings); Exh. 2 – N.D. Cal. Patent R. 4 (claim construction proceedings); Exh. 3 – D.N.J. Patent R. 4 (claim construction proceedings), hereinafter “local patent rules”). The PTO should modify the deadlines established in these local patent rules to fit its expedited IPR and PGR schedule.

The PTO’s proposed rules call for an approximate six month time period between the filing of the original petition and the PTAB’s determination of whether to institute an IPR or PGR trial. The procedures outlined below should be implemented during this six month time period to facilitate evenhanded claim construction proceedings before the PTAB.

- 1. Exchange of Proposed Terms and Claim Elements for Construction.** Not later than 45 days after service of the petition for IPR or PGR, the Petitioner and the Patentee will simultaneously exchange a list of claim terms, phrases, or clauses that each party contends the PTAB should construe, and identify any claim element that each party contends should be governed by 35 U.S.C. § 112(6). (*Accord* local patent rules 4.1(a)). This will allow the Patentee ample time to receive the petition, investigate its merits, and retain counsel as needed.

The Petitioner and the Patentee should thereafter meet and confer within 10 days for the purposes of finalizing this list, narrowing or resolving differences, and facilitating the ultimate preparation of a Joint Claim Construction Statement. (*Accord* local patent rules 4.1(b)).

- 2. Exchange of Preliminary Claim Constructions and Extrinsic Evidence.** No later than 20 days after the exchange of “Proposed Terms and Claim Elements for Construction,” the Petitioner and the Patentee should simultaneously exchange a preliminary proposed construction of each claim term, phrase, or clause that the parties collectively have identified for claim construction purposes. (*Accord* local patent rules 4.2(a)). For each element that any party contends is governed by 35 U.S.C. § 112(6), the party must identify the structure(s), act(s), or material(s) corresponding to that element. At the same time, the Petitioner and the Patentee should provide a preliminary identification of extrinsic evidence (e.g. dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses) that supports their respective claim constructions. (*Accord* local patent rules 4.2(b)).

The Petitioner and the Patentee will thereafter meet and confer for the purposes of narrowing the issues and finalizing preparation of a Joint Claim Construction Statement. (*Accord* local patent rules 4.2(c)).

- 3. Joint Claim Construction Statement.** Not later than 20 days after the exchange of preliminary claim constructions, the Petitioner and the Patentee will complete and file a

Joint Claim Construction Statement. (*Accord* local patent rules 4.3). The statement shall include a construction of those claim terms, phrases, or clauses on which the parties agree and any proposed construction of each disputed claim term, phrase, or clause. Extrinsic support, as well as support in the specification of the patent, will be submitted with any proposed construction of a disputed claim term.

After receipt of the “Joint Claim Construction Statement,” the PTAB should conduct an initial conference call to address claim construction along with other preliminary issues, including page limits of the claim construction briefing based on the number of claims that will be construed. The PTAB could provide guidance on which claim terms it believes need construction.

- 4. Claim Construction Briefs.** No later than 30 days after the PTAB holds its initial conference call to discuss claim construction briefing, the Petitioner and the Patentee will simultaneously serve and file their opening briefs and any evidence supporting claim construction. (*Accord* Exh. 3, Rule 4.5(a)). Not later than 15 days after the filing of the opening briefs, the Petitioner and the Patentee will simultaneously serve and file responsive briefs and supporting evidence. (*Accord* Exh. 3, Rule 4.5(c)).

After the proposed claim constructions have been fully briefed, the PTAB will have ample time left in the six month time period to determine whether to institute an IPR or PGR trial. The PTAB may consider making a claim construction ruling as part of its determination regarding the trial.

These proposed procedures, modeled after various local patent rules, would be beneficial to both Petitioners and Patentees. First, from a Petitioner’s perspective, they would level the playing field from the currently proposed rules in which the Petitioner bears a much more significant burden to set forth its claim construction. Additionally, they would greatly facilitate the application of the PTO claim construction standard in comparison with the one-sided approach of the current proposed rule. *See In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (holding that the claim interpretation applied in the PTO, including reexamination proceedings, is the broadest reasonable construction consistent with the specification.)

From a Patentee’s perspective, the ACC and its Intellectual Property Committee’s proposed rules allow Patentees to better evaluate the strength and scope of their patents’ claims. Additionally, the proposed procedures would ensure that both the Petitioner’s and Patentee’s positions are clearly established earlier in the process. This would give a Patentee much greater guidance and predictability on how to respond.

Claim construction is a critical process for determining the validity of any patent. The proposed changes to the rules described above would give companies more certainty early in the process. That greater certainty would yield a number of benefits that would make IPR and PGR proceedings far more useful for businesses. First, in-house counsel for both Petitioners and Patentees would be able to advise their clients on business decisions impacted by the patent at issue. Second, there would be greater predictability respecting the scope and course of the proceedings themselves, allowing in-house counsel effectively to manage their budgets and allocate their resources. Third, the procedures would enable in-house counsel to provide their clients the PTO’s early assessment respecting the strength of their positions. Because the PTO is

a neutral arbiter, its analysis would facilitate informed early decisions respecting possible settlement of disputes.

Alternatively, if the PTO declines to adopt the proceedings described above, it should consider some relief to the page limitations set forth in the proposed rules. For example, a Petitioner challenging more than 20 claims in an IPR or PGR proceeding must pay an additional filing fee. Given the claim construction requirement for opening petitions, Petitioners paying the additional fee should also be allotted additional pages for claim construction of the disputed claims.

## **II. Rule § 42.51(b)(3) Discovery**

The ACC and its Intellectual Property Committee also request that the PTO revise Rule § 42.51(b)(3) respecting discovery proceedings applicable to both IPR and PGR. The rule as proposed places an affirmative duty on the submitting party to characterize the information disclosed, which goes well beyond the Rule 1.56 duty of candor requirement to disclose information that is “material to patentability.” This would be perilous for parties, including their in-house counsel.

### **A. The PTO’s Proposed Rule.**

The proposed rules of practice for trials before the PTAB, which include IPR and PGR proceedings, provide for “routine discovery” that includes “noncumulative information that is *inconsistent with a position advanced by the patent owner or Petitioner* during the proceeding.” (Rule 42.51(b)(3)) (emphasis added). This information must be filed “as soon as practicable” and “*must specify the relevance of the information*, including where the information is presented in a document and, where applicable, *how the information is pertinent to the claims.*” (*Id.*).

### **B. The PTO’s Proposed Rule Goes Well Beyond the Rule 1.56 Duty of Candor and Imposes a Heavy Ethical and Cost Burden on the Submitting Party and its Counsel.**

Rule 1.56 provides that “[e]ach individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability.” The proposed rule, in contrast, places an affirmative duty on the submitting party to characterize the disclosed information. A practical effect of this rule is that the submitting party must evaluate information from the opposing party’s perspective. Under the proposed rule, it must then also provide a written description of the information, explaining in detail why the information is pertinent to the claims.

This requirement goes beyond the Rule 1.56 duty of candor and conflicts with the practitioner’s duty zealously to advocate for his client. This conflict places the practitioner in a tenuous position between his ethical obligations to his client and the PTO’s requirement that he articulate positions that contradict the positions of his client. The proposed rule, and the conflict

created therefrom, places the submitting party and practitioner in a conundrum when attempting to articulate its relevance to the proceedings. The opposing party will, in turn, aggressively analyze the written description and seek to develop arguments that the submitting party misrepresented the submission, inevitably resulting in a rash of new inequitable conduct and/or misconduct allegations.

In addition, conflicts will arise with respect to a party's subjective determination that a piece of information is not inconsistent with a previous position it has taken (and thus not disclosed in the first place)—the mere failure to disclose the information will be heavily scrutinized by third parties and asserted as a basis for inequitable conduct or misconduct. *See Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011) (En Banc Federal Circuit attempting to cure the “plague” of inequitable conduct pleadings by raising the standard to “clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.”).

The Rule 1.56 duty of candor described above attaches to all parties associated with the prosecution of a matter before the PTO. This will include in-house counsel responsible for managing IPR and PGR proceedings. Thus, the tension between the duty to the PTO and the duty zealously to advocate for one's client is a significant concern for corporate counsel.

Furthermore, the proposed rule projects a heavy cost burden on the submitting party in locating, evaluating and describing the information. Similarly, the party receiving the information will incur costs from evaluating the information for evidence of bad faith on the part of the submitting party. These burdens detract from the cost predictability of the trials and will deter companies from utilizing these proceedings.

### **C. The PTO Should Revise Rule § 42.51(b)(3) to Eliminate the Submitting Party's Ethical Concerns and to Control Costs.**

The requirement for a written description of the information goes too far in requiring the Petitioner and patent owner to argue against their own interests, and requires the submitting party to make interpretations and offer explanations that will result in a new line of inequitable conduct and misconduct inquiries relating thereto. The proposed rule should be changed to eliminate the requirement for a written description. Consistent with current practice under Rule 1.56, the parties should be required to disclose information material to patentability without requiring the submitting party to describe the information. Moreover, consistent with Rule 1.97(h), disclosure of the information should not be construed as an admission that the information is, in fact, material to patentability. The opposing party will receive the submission and will have an opportunity—and is in fact in the best position—to evaluate the party's submission and advance applicable arguments regarding prior inconsistent positions.

The proposed change will eliminate the conflict that all participants will face when evaluating information and considering how to characterize that information in a submission to the PTO. The change will also reduce each party's costs by eliminating the requirement for the submitting party to provide a written explanation of the information, and by eliminating “bad faith” or inequitable conduct claims regarding mischaracterization of the information. The

proposed change will allow for a more accurate assessment of the costs of the proceedings, so in-house counsel can more comfortably recommend these proceedings as an alternative to litigation.

### **III. Real Party in Interest**

The ACC and its Intellectual Property Committee also request that the PTO revise the rule respecting the “real party in interest,” as used in the threshold requirements for filing a petition for IPR or PGR and for the estoppel effects of the proceedings. The term is undefined under the proposed rules, and thus, whether a Petitioner has correctly identified the “real party in interest” and whether estoppel attaches to a party is unclear.

#### **A. The PTO’s Proposed Rule.**

The proposed rules setting forth the petition requirements for both IPR proceedings and PGR proceedings require that the Petitioner identify the “real party in interest” when filing a petition for IPR or PGR. (77 Fed. Reg. 7062 (35 U.S.C. 322(a)); 77 Fed. Reg. 7042 (35 U.S.C. 312(a))). In addition to this requirement, the Petitioner must certify that the patent for which review is sought is available for IPR or PGR and that the Petitioner is not barred or estopped from their request. (Rule 42.204(a) / Rule 42.104(a)). The bar or estoppel attaches to the Petitioner, the real party in interest, or any privy of the Petitioner. (Rule 42.101 / Rule 42.201).

#### **B. How the PTO Defines “Real Party in Interest” has a Substantial Effect on Whether Parties Will Utilize PGR and IPR Proceedings.**

The rules do not provide any guidance as to the definitions of “real party in interest” or “privy of the Petitioner.” These undefined terms bear directly on the initial filing required for PGR and IPR and the estoppel that attaches to those proceedings. A Petitioner’s request for PGR or IPR may be rejected at the outset if it fails to adequately identify the “real party in interest.” If the terms are broadly construed, the Petitioner and a broad range of related entities will be estopped from seeking other post-grant proceedings or litigation challenging the patent. There would be little incentive to engage in PGR or IPR as a Petitioner *in lieu* of litigation.

However, if these terms are defined too narrowly, patents may be attacked serially by related parties in administrative proceedings in order to avoid enforcement efforts by the patent owner. Thus, the value of a company’s patent portfolio and its incentive to seek patent protection would diminish.

#### **C. The PTO Should Adopt a Definition of “Real Party in Interest” that Applies Established PTO Precedent While Ensuring Clarity and Encouraging Parties to Use PGR and IPR Proceedings.**

The PTO should provide clear definitions of “real party in interest” and “privy of the Petitioner” because the meanings of the terms bear directly on the initial filing required for PGR and IPR and the estoppel that attaches to the proceedings. In crafting definitions for these terms, the PTO should follow common law general agency concepts already followed in its own precedent and determine when a party is a “real party in interest” based on the control exercised

over the Petitioner by the other party. Under the PTO's definition of "control," a Petitioner or a named real party in interest may not receive a suggestion from a third party that a particular patent should be the subject of a request for IPR or PGR *and* be compensated by that party for the filing of the request without naming the third party in the petition. (See *In re Guan Inter Partes Reexamination Proceeding* (commonly referred to as "*In re Troll Busters*"), Reexamination Control No. 95/001,045.)

In *In Re Troll-Busters*, the Office of Patent Legal Administration ("the OPLA") dismissed an *Inter Partes* reexamination where the real party in interest was not identified to its satisfaction. In that case, the requester's website described its service as completely anonymous, stating that "the Patent Troll will never know who or how many are behind the 'hit'" (<http://www.troll-busters.com/>.) Based on the information posted on the Troll Busters web pages, the PTO issued a show cause order to establish the identity of the real party in interest. The PTO was not persuaded by Troll-Busters' showing and terminated the reexamination stating that "Troll Busters cannot act as a 'shell' in an INTER PARTES reexamination request to shield the identity of the real party or parties in interest." (No. 95/001,045, "Decision Vacating Filing Date," p. 7 (mailed Aug 25, 2008).) The PTO concluded that "an **entity may not be paid, or be directed or controlled** as to the manner in which the request for *Inter Partes* reexamination is filed for a given patent, without naming the party or parties who paid for, or directed/controlled, the filing of the request for *Inter Partes* reexamination." (*Id.* at p. 8.)

The PTO should adopt the common law general agency concepts it has already applied, where a principal is bound by the acts of an agent when the principal, expressly or impliedly, authorizes the agent to work under its control and on its behalf. (See *O'Neill v. Department of Housing and Urban Development*, 220 F.3d 1354, 1360 (Fed. Cir. 2000) ("Agency 'is the fiduciary relation which results from the manifestation of consent by one person to another that the other shall act on his behalf and subject to his control, and consent by the other to so act.' *Restatement (Second) of Agency* § 1 (1958). An agent acting on behalf of his principal has the authority to 'alter the legal relations between the principal and third persons,' *id.* § 12, and a 'principal has the right to control the conduct of the agent with respect to matters entrusted to him,' *id.* § 14. Thus, proof of actual or apparent authority, *see id.* § 8, to act on behalf of the principal is necessary to establish that a person acts as an agent...under the common-law.")). Therefore, the terms "real party in interest" and "privy" should be defined to include an entity that pays for, directs/controls, and suggests that a separate entity file a petition for PGR or IPR.

Companies often join trade associations to better address industry-wide issues including patent issues. Companies rely on such trade associations to spearhead/coordinate challenges to patents in some cases and create efficiencies of scale due to the expense of litigating patent related matters. The ACC believes that a company, which is merely a passive member of a trade association that is petitioning for an IPR or PGR, should not be a real party in interest under the rules, unless the company pays for, directs/controls, and makes suggestions to the trade association directly related to the IPR or PGR proceeding.

This proposed change is a balanced approach that will clarify and circumscribe the preclusive effect of IPR and PGR proceedings, while preventing serial administrative challenges

to patents by related parties that exercise control over and provide funding to the Petitioner of record.

#### **IV. Conclusion**

We believe that the foregoing revisions to the rules will ensure that the PTO delivers efficient, cost-effective legal outcomes for all parties engaging in IPR or PGR proceedings. Adoption of the ACC's proposals will encourage companies to embrace these new proceedings as a part of their overall Intellectual Property strategy and will provide companies and the public greater certainty regarding the quality of patents.

The ACC and its Intellectual Property Committee sincerely appreciate the opportunity to provide these comments and welcome any questions respecting them.

Sincerely,

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# EXHIBIT 1

- Current as of April 21, 2011

**APPENDIX M  
PATENT RULES**

**1. SCOPE OF RULES**

**1-1. Title.**

These are the Rules of Practice for Patent Cases before the Eastern District of Texas. They should be cited as “P. R. \_\_\_.”

**1-2. Scope and Construction.**

These rules apply to all civil actions filed in or transferred to this Court which allege infringement of a utility patent in a complaint, counterclaim, cross-claim or third party claim, or which seek a declaratory judgment that a utility patent is not infringed, is invalid or is unenforceable. The Court may accelerate, extend, eliminate, or modify the obligations or deadlines set forth in these Patent Rules based on the circumstances of any particular case, including, without limitation, the complexity of the case or the number of patents, claims, products, or parties involved. If any motion filed prior to the Claim Construction Hearing provided for in P. R. 4-6 raises claim construction issues, the Court may, for good cause shown, defer the motion until after completion of the disclosures, filings, or ruling following the Claim Construction Hearing. The Civil Local Rules of this Court shall also apply to these actions, except to the extent that they are inconsistent with these Patent Rules. The deadlines set forth in these rules may be modified by Docket Control Order issued in specific cases.

**1-3. Effective Date.**

These Patent Rules shall take effect on February 22, 2005 and shall apply to any case filed thereafter and to any pending case in which more than 9 days remain before the Initial Disclosure of Asserted Claims is made. The parties to any other pending civil action shall meet and confer promptly after February 22, 2005, for the purpose of determining whether any provision in these Patent Rules

should be made applicable to that case. No later than 7 days after the parties meet and confer, the parties shall file a stipulation setting forth a proposed order that relates to the application of these Patent Rules. Unless and until an order is entered applying these Patent Local Rules to any pending case, the Rules previously applicable to pending patent cases shall govern.

## **2. GENERAL PROVISIONS**

### **2-1. Governing Procedure.**

**(a) Initial Case Management Conference.** Prior to the Initial Case Management Conference with the Court, 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 in the Case Management Statement filed pursuant to Fed.R.Civ.P. 26(f), the following topics:

- (1)** Proposed modification of the deadlines provided for in the Patent Rules, and the effect of any such modification on the date and time of the Claim Construction Hearing, if any;
- (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, including depositions of witnesses, including expert witnesses;
- (4)** The order of presentation at the Claim Construction Hearing; and
- (5)** The scheduling of a Claim Construction Prehearing Conference to be held after the Joint Claim Construction and Prehearing Statement provided for in P. R. 4-3 has been filed.
- (6)** Whether the court should authorize the filing under seal of any documents containing confidential information.

**(b) Further Case Management Conferences.** To the extent that some or all of the matters provided for in P. R. 2-1 (a)(1)-(5) are not resolved or decided at the Initial Case Management Conference, the parties shall propose dates for further Case Management Conferences at which such matters shall be decided.

**(c) Electronic Filings.** All patents attached as exhibits to any filing submitted electronically shall be in searchable PDF format. Any other documents attached as exhibits to any filing submitted electronically should be in searchable PDF format whenever possible.

## **2-2. Confidentiality.**

If any document or information produced under these Patent Local Rules is deemed confidential by the producing party and if the Court has not entered a protective order, until a protective order is issued by the Court, the document shall be marked “confidential” or with some other confidential designation (such as “Confidential – Outside Attorneys Eyes Only”) by the disclosing party and disclosure of the confidential document or information shall be limited to each party’s outside attorney(s) of record and the employees of such outside attorney(s).

If a party is not represented by an outside attorney, disclosure of the confidential document or information shall be limited to one designated “in house” attorney, whose identity and job functions shall be disclosed to the producing party 5 court days prior to any such disclosure, in order to permit any motion for protective order or other relief regarding such disclosure. The person(s) to whom disclosure of a confidential document or information is made under this local rule shall keep it confidential and use it only for purposes of litigating the case.

## **2-3. Certification of Initial Disclosures.**

All statements, disclosures, or charts filed or served in accordance with these Patent Rules 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.

#### **2-4. Admissibility of Disclosures.**

Statements, disclosures, or charts governed by these Patent Rules are admissible to the extent permitted by the Federal Rules of Evidence or Procedure. However, the statements or disclosures provided for in P. R. 4-1 and 4-2 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 Patent Rules must be taken.

#### **2-5. Relationship to Federal Rules of Civil Procedure.**

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 (e.g., interrogatory, document request, request for admission, deposition question) 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 Patent 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 Patent Rules:

**(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.

Where a party properly objects to a discovery request (or declines to provide information in its initial disclosures under Fed.R.Civ.P. 26(a)(1)) 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 Patent Rules, unless there exists another legitimate ground for objection.

### **3. PATENT INITIAL DISCLOSURES**

#### **3-1. Disclosure of Asserted Claims and Infringement Contentions.**

Not later than 10 days before the Initial Case Management Conference with the Court, a party claiming patent infringement must serve on all parties a “Disclosure of Asserted Claims and Infringement Contentions.” Separately for each opposing party, the “Disclosure of Asserted Claims and Infringement Contentions” shall contain the following information:

(a) Each claim of each patent in suit that is allegedly infringed by each opposing party;

(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. This identification shall be as specific as possible. Each product, device, and apparatus must be identified by name or model number, if known. Each method or process must be identified by name, if known, or by any product, device, or apparatus which, when used, allegedly results in the practice of the claimed method or process;

(c) A chart identifying specifically where each element of each asserted claim is found within each Accused Instrumentality, including for each element that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in the Accused Instrumentality that performs the claimed function;

(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;

(e) For any patent that claims priority to an earlier application, the priority date to which each asserted claim allegedly is entitled; and

(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.

### **3-2. Document Production Accompanying Disclosure.**

With the “Disclosure of Asserted Claims and Infringement Contentions,” the party claiming patent infringement must produce to each opposing party or make available for inspection and copying:

(a) Documents (e.g., contracts, purchase orders, invoices, advertisements, marketing materials, offer letters, beta site testing agreements, and third party or joint development agreements) 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. A party’s production of a document as required herein shall not constitute an admission that such document evidences or is prior art under 35 U.S.C. § 102;

(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 P. R. 3-1(e), whichever is earlier; and

(c) A copy of the file history for each patent in suit.

The producing party shall separately identify by production number which documents correspond to each category.

### **3-3. Invalidity Contentions.**

Not later than 45 days after service upon it of the “Disclosure of Asserted Claims and Infringement Contentions,” each party opposing a claim of patent infringement, shall serve on all parties its “Invalidity Contentions” which must contain the following information:

(a) 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 under 35 U.S.C. § 102(b) shall be identified by specifying the item offered for sale or publicly used or known, the date 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. Prior art under 35 U.S.C. § 102(f) shall be identified by providing the name of the person(s) from whom and the circumstances under which the invention or any part of it was derived. Prior art under 35 U.S.C. § 102(g) shall be identified by providing the identities of the person(s) or entities involved in and the circumstances surrounding the making of the invention before the patent applicant(s);

(b) 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, and the motivation to combine such items, must be identified;

(c) A chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found, including for each element that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in each item of prior art that performs the claimed function; and

(d) Any grounds of invalidity based on indefiniteness under 35 U.S.C. § 112(2) or enablement or written description under 35 U.S.C. § 112(1) of any of the asserted claims.

### **3-4. Document Production Accompanying Invalidity Contentions.**

With the “Invalidity Contentions,” the party opposing a claim of patent infringement must produce or make available for inspection and copying:

(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 P. R. 3-1(c) chart; and

(b) A copy of each item of prior art identified pursuant to P. R. 3-3(a) which 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.

### **3-5. Disclosure Requirement in Patent Cases for Declaratory Judgment.**

(a) **Invalidity 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, P. R. 3-1 and 3-2 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 10 days after the defendant serves its answer, or 10 days after the Initial Case Management Conference, whichever is later, the party seeking a declaratory judgment must serve upon each opposing party its Invalidity Contentions that conform to P. R. 3-3 and produce or make available for inspection and copying the documents described in P. R. 3-4. The parties shall meet and confer within 10 days of the service of the Invalidity Contentions for the purpose of determining the date on which the plaintiff will file its Final Invalidity 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 Patent Rules 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 Patent Rules to the case.

**(c) Inapplicability of Rule.** This P. R. 3-5 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.

### **3-6. Amending Contentions.**

**(a) Leave not required.** Each party’s “Infringement Contentions” and “Invalidity Contentions” shall be deemed to be that party’s final contentions, except as set forth below.

**(1)** If a party claiming patent infringement believes in good faith that the Court’s Claim Construction Ruling so requires, not later than 30 days after service by the Court of its Claim Construction Ruling, that party may serve “Amended Infringement Contentions” without leave of court that amend its “Infringement Contentions” with respect to the information required by Patent R. 3-1(c) and (d).

**(2)** Not later than 50 days after service by the Court of its Claim Construction Ruling, each party opposing a claim of patent infringement may serve “Amended Invalidity Contentions” without leave of court that amend its “Invalidity Contentions” with respect to the information required by P. R. 3-3 if:

**(A)** a party claiming patent infringement has served “Infringement Contentions” pursuant to P. R. 3-6(a), or

**(B)** the party opposing a claim of patent infringement believes in good faith that the Court’s Claim Construction Ruling so requires.

**(b) Leave required.** Amendment or supplementation any Infringement Contentions or Invalidity Contentions, other than as expressly permitted in P. R. 3-6(a), may be made only by order of the Court, which shall be entered only upon a showing of good cause.

### **3-7 Opinion of Counsel Defenses**

By the date set forth in the Docket Control Order, each party opposing a claim of patent

infringement that will rely on an opinion of counsel as part of a defense shall:

(a) Produce or make available for inspection and copying the opinion(s) and any other documents relating to the opinion(s) as to which that party agrees the attorney-client or work product protection has been waived; and

(b) Serve a privilege log identifying any other documents, except those authored by counsel acting solely as trial counsel, relating to the subject matter of the opinion(s) which the party is withholding on the grounds of attorney-client privilege or work product protection.

A party opposing a claim of patent infringement who does not comply with the requirements of this P. R. 3-7 shall not be permitted to rely on an opinion of counsel as part of a defense absent a stipulation of all parties or by order of the Court, which shall be entered only upon a showing of good cause.

**3-8. Disclosure Requirements for Patent Cases Arising Under 21 U.S.C. § 355 (Hatch-Waxman Act).**

The following provision applies to all patents subject to a Paragraph IV certification in cases arising under 21 U.S.C. § 355 (commonly referred to as “the Hatch-Waxman Act”). This provision takes precedence over any conflicting provisions in P.R. 3-1 to 3-5 for all cases arising under 21 U.S.C. § 355.

(a) At or before the Initial Case Management Conference, the Defendant(s) shall produce to Plaintiff(s) the entire Abbreviated New Drug Application or New Drug Application that is the basis of the case in question.

(b) Not more than 14 days after the Initial Case Management Conference, the Defendant(s) shall provide to Plaintiff(s) the written basis for their “Invalidity Contentions” for any patents referred

to in Defendant(s) Paragraph IV Certification. This written basis shall contain all disclosures required by P.R. 3-3 and shall be accompanied by the production of documents required by P.R. 3-4.

(c) Not more than 14 days after the Initial Case Management Conference, the Defendant(s) shall provide to Plaintiff(s) the written basis for any defense of non-infringement for any patent referred to in Defendant(s) Paragraph IV Certification. This written basis shall include a claim chart identifying each claim at issue in the case and each limitation of each claim at issue. The claim chart shall specifically identify for each claim those claim limitation(s) that are literally absent from the Defendant(s) allegedly infringing Abbreviated New Drug Application or New Drug Application. The written basis for any defense of non-infringement shall also be accompanied by the production of any document or thing that the Defendant(s) intend to rely upon in defense of any infringement allegations by Plaintiff(s).

(d) Not more than 45 days after the disclosure of the written basis for any defense of non-infringement as required by P.R. 3-8(c), Plaintiff(s) shall provide Defendant(s) with a “Disclosure of Asserted Claims and Infringement Contentions,” for all patents referred to in Defendant(s) Paragraph IV Certification, which shall contain all disclosures required by P.R. 3-1 and shall be accompanied by the production of documents required by P.R. 3-2.

#### **4. CLAIM CONSTRUCTION PROCEEDINGS**

##### **4-1. Exchange of Proposed Terms and Claim Elements for Construction.**

(a) Not later than 10 days after service of the “Invalidity Contentions” pursuant to P. R. 3-3, each party shall simultaneously exchange a list of claim terms, phrases, or clauses which that party contends should be construed by the Court, and identify any claim element which that party contends should be governed by 35 U.S.C. § 112(6).

(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 and Prehearing Statement.

#### **4-2. Exchange of Preliminary Claim Constructions and Extrinsic Evidence.**

(a) Not later than 20 days after the exchange of “Proposed Terms and Claim Elements for Construction” pursuant to P. R. 4-1, 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. Each such “Preliminary Claim Construction” shall also, for each element which any party contends is governed by 35 U.S.C. § 112(6), identify the structure(s), act(s), or material(s) corresponding to that element.

(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, dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses they contend support their respective claim constructions. The parties shall identify each such item of extrinsic evidence by production number or produce a copy of any such item not previously produced. 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.

(c) The parties shall thereafter meet and confer for the purposes of narrowing the issues and finalizing preparation of a Joint Claim Construction and Prehearing Statement.

#### **4-3. Joint Claim Construction and Prehearing Statement.**

Not later than 60 days after service of the “Invalidity Contentions,” the parties shall complete and file a Joint Claim Construction and Prehearing Statement, which shall contain the following information:

- (a) The construction of those claim terms, phrases, or clauses on which the parties agree;
  
- (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 either to support its proposed construction of the claim or to oppose any other party's proposed construction of the claim, including, but not limited to, as permitted by law, dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses;
  
- (c) The anticipated length of time necessary for the Claim Construction Hearing;
  
- (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; and
  
- (e) A list of any other issues which might appropriately be taken up at a prehearing conference prior to the Claim Construction Hearing, and proposed dates, if not previously set, for any such prehearing conference.

#### **4-4. Completion of Claim Construction Discovery.**

Not later than 30 days after service and filing of the Joint Claim Construction and Prehearing Statement, the parties shall complete all discovery relating to claim construction, including any depositions with respect to claim construction of any witnesses, including experts, identified in the Joint Claim Construction and Prehearing Statement.

#### **4-5. Claim Construction Briefs.**

**(a)** Not later than 45 days after serving and filing the Joint Claim Construction and Prehearing Statement, the party claiming patent infringement shall serve and file an opening brief and any evidence supporting its claim construction. All asserted patents shall be attached as exhibits to the opening claim construction brief in searchable PDF form.

**(b)** Not later than 14 days after service upon it of an opening brief, each opposing party shall serve and file its responsive brief and supporting evidence.

**(c)** Not later than 7 days after service upon it of a responsive brief, the party claiming patent infringement shall serve and file any reply brief and any evidence directly rebutting the supporting evidence contained in an opposing party's response.

**(d)** At least 10 days before the Claim Construction Hearing held pursuant to P.R. 4-6, the parties shall jointly submit a claim construction chart on computer disk in WordPerfect format or in such other format as the Court may direct.

**(1)** Said chart shall have a column listing complete language of disputed claims with disputed terms in bold type and separate columns for each party's proposed construction of each disputed term. The chart shall also include a fourth column entitled "Court's Construction" and otherwise left blank. Additionally, the chart shall also direct the Court's attention to the patent and claim number(s) where the disputed term(s) appear(s).

**(2)** The parties may also include constructions for claim terms to which they have agreed. If the parties choose to include agreed constructions, each party's proposed construction columns shall state "[AGREED]" and the agreed construction shall be inserted in the "Court's Construction" column.

**(3)** The purpose of this claim construction chart is to assist the Court and the parties in tracking and resolving disputed terms. Accordingly, aside from the requirements set forth

in this rule, the parties are afforded substantial latitude in the chart's format so that they may fashion a chart that most clearly and efficiently outlines the disputed terms and proposed constructions. Appendices to the Court's prior published and unpublished claim construction opinions may provide helpful guidelines for parties fashioning claim construction charts.

(e) Unless otherwise ordered by the Court, the page limitations governing dispositive motions pursuant to Local Rule CV-7(a) shall apply to claim construction briefing.

#### **4-6. Claim Construction Hearing.**

Subject to the convenience of the Court's calendar, two weeks following submission of the reply brief specified in P.R. 4-5(c), the Court shall conduct a Claim Construction Hearing, to the extent the parties or the Court believe a hearing is necessary for construction of the claims at issue.

# EXHIBIT 2

UNITED STATES DISTRICT COURT  
Northern District of California

PATENT LOCAL RULES

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## 1. SCOPE OF RULES

### 1-1. Title

These are the Local Rules of Practice for Patent Cases before the United States District Court for the Northern District of California. They should be cited as “Patent L.R. \_\_\_.”

### 1-2. Scope and Construction

These rules apply to all civil actions filed in or transferred to this Court which allege infringement of a utility patent in a complaint, counterclaim, cross-claim or third party claim, or which seek a declaratory judgment that a utility patent is not infringed, is invalid or is unenforceable. The Civil Local Rules of this Court shall also apply to such actions, except to the extent that they are inconsistent with these Patent Local Rules. If the filings or actions in a case do not trigger the application of these Patent Local Rules 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 Patent Local Rules to the case and promptly report the results of the meet and confer to the Court.

### 1-3. Modification of these Rules

The Court may modify the obligations or deadlines set forth in these Patent Local Rules based on the circumstances of any particular case, including, without limitation, the simplicity or complexity of the case as shown by the patents, claims, products, or parties involved. Such modifications shall, in most cases, be made at the initial case management conference, but may be made at other times upon a showing of good cause. In advance of submission of any request for a modification, the parties shall meet and confer for purposes of reaching an agreement, if possible, upon any modification.

### 1-4. Effective Date

These Patent Local Rules take effect on December 1, 2009. They govern patent cases filed on or after that date. For actions pending prior to December 1, 2009, the provisions of the Patent Local Rules that were in effect on November 30, 2009, shall apply, except that the time periods for actions pending before December 1, 2009 shall be those set forth in and computed as in the Federal Rules of Civil Procedure and the Patent Local Rules that took effect on December 1, 2009.

## 2. GENERAL PROVISIONS

### 2-1. Governing Procedure

- (a) **Initial Case Management Conference.** When the parties confer pursuant to Fed. R. Civ. P. 26(f), in addition to the matters covered by Fed. R. Civ. P. 26, the parties shall discuss and address in the Case Management Statement filed pursuant to Fed. R. Civ. P. 26(f) and Civil L.R. 16-9, the following topics:
- (1) Proposed modification of the obligations or deadlines set forth in these Patent Local Rules to ensure that they are suitable for the circumstances of the particular case (see Patent L.R. 1-3);
  - (2) The scope and timing of any claim construction discovery including disclosure of and discovery from any expert witness permitted by the court;
  - (3) The 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; and
  - (4) How the parties intend to educate the court on the technology at issue.

### 2-2. Confidentiality

Discovery cannot be withheld on the basis of confidentiality absent Court order. The Protective Order authorized by the Northern District of California shall govern discovery unless the Court enters a different protective order. The approved Protective Order can be found on the Court's website.

### 2-3. Certification of Disclosures

All statements, disclosures, or charts filed or served in accordance with these Patent Local Rules shall 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.

### 2-4. Admissibility of Disclosures

Statements, disclosures, or charts governed by these Patent Local Rules are admissible to the extent permitted by the Federal Rules of Evidence or Procedure. However, the statements and disclosures provided for in Patent L.R. 4-1 and 4-2 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 Patent Local Rules shall be taken.

### 2-5. Relationship to Federal Rules of Civil Procedure

Except as provided in this paragraph or as otherwise ordered, it shall not be a ground for objecting to an opposing party's discovery request (e.g., interrogatory, document request, request for admission, deposition question) 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 Patent Local Rules, absent other legitimate objection. 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 Patent Local Rules:

- (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 advice of counsel, and related documents.

Where a party properly objects to a discovery request (or declines to provide information in its initial disclosures under Fed. R. Civ. P. 26(a)(1)) as set forth above, that party shall provide the requested information on the date on which it is required to be provided to an opposing party under these Patent Local Rules or as set by the Court, unless there exists another legitimate ground for objection.

### 3. PATENT DISCLOSURES

#### 3-1. Disclosure of Asserted Claims and Infringement Contentions

Not later than 14 days after the Initial Case Management Conference, a party claiming patent infringement shall serve on all parties a “Disclosure of Asserted Claims and Infringement Contentions.” Separately for each opposing party, the “Disclosure of Asserted Claims and Infringement Contentions” shall contain the following information:

- (a) Each claim of each patent in suit that is allegedly infringed by each opposing party, including for each claim the applicable statutory subsections of 35 U.S.C. §271 asserted;
- (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. This identification shall be as specific as possible. Each product, device, and apparatus shall be identified by name or model number, if known. Each method or process shall be identified by name, if known, or by any product, device, or apparatus which, when used, allegedly results in the practice of the claimed method or process;
- (c) A chart identifying specifically where each limitation of each asserted claim is found within each Accused Instrumentality, including for each limitation that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in the Accused Instrumentality that performs the claimed function.
- (d) For each claim which is alleged to have been indirectly infringed, an identification of any direct infringement and a description of the acts of the alleged indirect infringer that contribute to or are inducing that direct infringement. Insofar as alleged direct infringement is based on joint acts of multiple parties, the role of each such party in the direct infringement must be described.
- (e) Whether each limitation of each asserted claim is alleged to be literally present or present under the doctrine of equivalents in the Accused Instrumentality;
- (f) For any patent that claims priority to an earlier application, the priority date to which each asserted claim allegedly is entitled; and
- (g) 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 shall identify, separately for each asserted claim, each such apparatus, product, device, process, method, act, or other instrumentality that incorporates or reflects that particular claim.
- (h) If a party claiming patent infringement alleges willful infringement, the basis for such allegation.

#### 3-2. Document Production Accompanying Disclosure

With the “Disclosure of Asserted Claims and Infringement Contentions,” the party claiming patent infringement shall produce to each opposing party or make available for inspection and copying:

- (a) Documents (e.g., contracts, purchase orders, invoices, advertisements, marketing materials, offer letters, beta site testing agreements, and third party or joint development agreements) 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 party's production of a document as required herein shall not constitute an admission that such document evidences or is prior art under 35 U.S.C. § 102;
- (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 Patent L.R. 3-1(f), whichever is earlier;
- (c) A copy of the file history for each patent in suit; and
- (d) All documents evidencing ownership of the patent rights by the party asserting patent infringement.
- (e) If a party identifies instrumentalities pursuant to Patent L.R. 3-1(g), documents sufficient to show the operation of any aspects or elements of such instrumentalities the patent claimant relies upon as embodying any asserted claims.

The producing party shall separately identify by production number which documents correspond to each category.

### 3-3. Invalidity Contentions

Not later than 45 days after service upon it of the "Disclosure of Asserted Claims and Infringement Contentions," each party opposing a claim of patent infringement, shall serve on all parties its "Invalidity Contentions" which shall contain the following information:

- (a) 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 shall be identified by its title, date of publication, and where feasible, author and publisher. Prior art under 35 U.S.C. § 102(b) shall be identified by specifying the item offered for sale or publicly used or known, the date 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. Prior art under 35 U.S.C. § 102(f) shall be identified by providing the name of the person(s) from whom and the circumstances under which the invention or any part of it was derived. Prior art under 35 U.S.C. § 102(g) shall be identified by providing the identities of the person(s) or entities involved in and the circumstances surrounding the making of the invention before the patent applicant(s);
- (b) Whether each item of prior art anticipates each asserted claim or renders it obvious. If obviousness is alleged, an explanation of why the prior art renders the asserted claim obvious, including an identification of any combinations of prior art showing obviousness;

- (c) A chart identifying where specifically in each alleged item of prior art each limitation of each asserted claim is found, including for each limitation that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in each item of prior art that performs the claimed function; and
- (d) Any grounds of invalidity based on 35 U.S.C. § 101, indefiniteness under 35 U.S.C. § 112(2) or enablement or written description under 35 U.S.C. § 112(1) of any of the asserted claims.

### 3-4. Document Production Accompanying Invalidity Contentions

With the “Invalidity Contentions,” the party opposing a claim of patent infringement shall produce or make available for inspection and copying:

- (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 Patent L.R. 3-1(c) chart; and
- (b) A copy or sample of the prior art identified pursuant to Patent L.R. 3-3(a) which 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 shall be produced.

The producing party shall separately identify by production number which documents correspond to each category.

### 3-5. Disclosure Requirement in Patent Cases for Declaratory Judgment of Invalidity

- (a) **Invalidity 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 invalid Patent L.R. 3-1 and 3-2 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 Case Management Conference, whichever is later, the party seeking a declaratory judgment of invalidity shall serve upon each opposing party its Invalidity Contentions that conform to Patent L.R. 3-3 and produce or make available for inspection and copying the documents described in Patent L.R. 3-4.
- (b) **Inapplicability of Rule.** This Patent L.R. 3-5 shall not apply to cases in which a request for a declaratory judgment that a patent is invalid is filed in response to a complaint for infringement of the same patent.

### 3-6. Amendment to Contentions

Amendment of the Infringement Contentions or the Invalidity Contentions may be made only by order of the Court upon a timely showing of good cause. Non-exhaustive examples of circumstances that may, absent undue prejudice to the non-moving party, support a finding of good cause include:

- (a) A claim construction by the Court different from that proposed by the party seeking amendment;

- (b) Recent discovery of material, prior art despite earlier diligent search; and
- (c) Recent discovery of nonpublic information about the Accused Instrumentality which was not discovered, despite diligent efforts, before the service of the Infringement Contentions.

The duty to supplement discovery responses does not excuse the need to obtain leave of court to amend contentions.

### 3-7. Advice of Counsel

Not later than 50 days after service by the Court of its Claim Construction Ruling, each party relying upon advice of counsel as part of a patent-related claim or defense for any reason shall:

- (a) Produce or make available for inspection and copying any written advice and documents related thereto for which the attorney-client and work product protection have been waived;
- (b) Provide a written summary of any oral advice and produce or make available for inspection and copying that summary and documents related thereto for which the attorney-client and work product protection have been waived; and
- (c) Serve a privilege log identifying any other documents, except those authored by counsel acting solely as trial counsel, relating to the subject matter of the advice which the party is withholding on the grounds of attorney-client privilege or work product protection.

A party who does not comply with the requirements of this Patent L.R. 3-7 shall not be permitted to rely on advice of counsel for any purpose absent a stipulation of all parties or by order of the Court.

## 4. CLAIM CONSTRUCTION PROCEEDINGS

### 4-1. Exchange of Proposed Terms for Construction

- (a) Not later than 14 days after service of the “Invalidity Contentions” pursuant to Patent L.R. 3-3, not later than 42 days after service upon it of the “Disclosure of Asserted Claims and Infringement Contentions” in those actions where validity is not at issue (and Patent L.R. 3-3 does not apply), or, in all cases in which a party files a complaint or other pleading seeking a declaratory judgment not based on validity, not later than 14 days after the defendant serves an answer that does not assert a claim for patent infringement (and Patent L.R. 3-1 does not apply), each party shall serve on each other party a list of claim terms which that party contends should be construed by the Court, and identify any claim term which that party contends should be governed by 35 U.S.C. § 112(6).
- (b) The parties shall thereafter meet and confer for the purposes of limiting the terms in dispute by narrowing or resolving differences and facilitating the ultimate preparation of a Joint Claim Construction and Prehearing Statement. The parties shall also jointly identify the 10 terms likely to be most significant to resolving the parties’ dispute, including those terms for which construction may be case or claim dispositive.

### 4-2. Exchange of Preliminary Claim Constructions and Extrinsic Evidence

- (a) Not later than 21 days after the exchange of the lists pursuant to Patent L.R. 4-1, the parties shall simultaneously exchange proposed constructions of each term identified by either party for claim construction. Each such “Preliminary Claim Construction” shall also, for each term which any party contends is governed by 35 U.S.C. § 112(6), identify the structure(s), act(s), or material(s) corresponding to that term’s function.
- (b) At the same time the parties exchange their respective “Preliminary Claim Constructions,” each party shall also identify all references from the specification or prosecution history that support its proposed construction and designate any supporting extrinsic evidence including, without limitation, dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses. Extrinsic evidence shall be identified by production number or by producing a copy if not previously produced. With respect to any supporting witness, percipient or expert, the identifying party shall also provide a description of the substance of that witness’ proposed testimony that includes a listing of any opinions to be rendered in connection with claim construction.
- (c) The parties shall thereafter meet and confer for the purposes of narrowing the issues and finalizing preparation of a Joint Claim Construction and Prehearing Statement.

### 4-3. Joint Claim Construction and Prehearing Statement

Not later than 60 days after service of the “Invalidity Contentions,” the parties shall complete and file a Joint Claim Construction and Prehearing Statement, which shall contain the following information:

- (a) The construction of those terms on which the parties agree;

- (b) Each party's proposed construction of each disputed term, 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 either to support its proposed construction or to oppose any other party's proposed construction, including, but not limited to, as permitted by law, dictionary definitions, citations to learned treatises and prior art, and testimony of percipient and expert witnesses;
- (c) An identification of the terms whose construction will be most significant to the resolution of the case up to a maximum of 10. The parties shall also identify any term among the 10 whose construction will be case or claim dispositive. If the parties cannot agree on the 10 most significant terms, the parties shall identify the ones which they do agree are most significant and then they may evenly divide the remainder with each party identifying what it believes are the remaining most significant terms. However, the total terms identified by all parties as most significant cannot exceed 10. For example, in a case involving two parties, if the parties agree upon the identification of five terms as most significant, each may only identify two additional terms as most significant; if the parties agree upon eight such terms, each party may only identify only one additional term as most significant.
- (d) The anticipated length of time necessary for the Claim Construction Hearing;
- (e) Whether any party proposes to call one or more witnesses at the Claim Construction Hearing, the identity of each such witness, and for each witness, a summary of his or her testimony including, for any expert, each opinion to be offered related to claim construction.

#### 4-4. Completion of Claim Construction Discovery

Not later than 30 days after service and filing of the Joint Claim Construction and Prehearing Statement, the parties shall complete all discovery relating to claim construction, including any depositions with respect to claim construction of any witnesses, including experts, identified in the Preliminary Claim Construction statement (Patent L.R. 4-2) or Joint Claim Construction and Prehearing Statement (Patent L.R. 4-3).

#### 4-5. Claim Construction Briefs

- (a) Not later than 45 days after serving and filing the Joint Claim Construction and Prehearing Statement, the party claiming patent infringement, or the party asserting invalidity if there is no infringement issue present in the case, shall serve and file an opening brief and any evidence supporting its claim construction.
- (b) Not later than 14 days after service upon it of an opening brief, each opposing party shall serve and file its responsive brief and supporting evidence.
- (c) Not later than 7 days after service upon it of a responsive brief, the party claiming patent infringement, or the party asserting invalidity if there is no infringement issue present in the case, shall serve and file any reply brief and any evidence directly rebutting the supporting evidence contained in an opposing party's response.

#### 4-6. Claim Construction Hearing

Subject to the convenience of the Court's calendar, two weeks following submission of the reply brief specified in Patent L.R. 4-5(c), the Court shall conduct a Claim Construction Hearing, to the extent the parties or the Court believe a hearing is necessary for construction of the claims at issue.

#### 4-7. Good Faith Participation

A failure to make a good faith effort to narrow the instances of disputed terms or otherwise participate in the meet and confer process of any of the provisions of section 4 may expose counsel to sanctions, including under 28 U.S.C. § 1927.

# EXHIBIT 3

**LOCAL CIVIL AND CRIMINAL RULES**

**OF THE**

**UNITED STATES DISTRICT COURT**

**FOR THE**

**DISTRICT OF NEW JERSEY**



**With Revisions as of March 8, 2012**

consent or object. Non-exhaustive examples of circumstances that may, absent undue prejudice to the adverse party, support a finding of good cause include: (a) a claim construction by the Court different from that proposed by the party seeking amendment; (b) recent discovery of material prior art despite earlier diligent search; (c) recent discovery of nonpublic information about the Accused Instrumentality which was not discovered, despite diligent efforts, before the service of the Infringement Contentions; (d) disclosure of an infringement contention by a Hatch-Waxman Act party asserting infringement under L. Pat. R. 3.6(g) that requires response by the adverse party because it was not previously presented or reasonably anticipated; and (e) consent by the parties in interest to the amendment and a showing that it will not lead to an enlargement of time or impact other scheduled deadlines. The duty to supplement discovery responses under Fed. R. Civ. P. 26(e) does not excuse the need to obtain leave of Court to amend contentions, disclosures, or other documents required to be filed or exchanged pursuant to these Local Patent Rules.

### **3.8. Advice of Counsel.**

Unless otherwise ordered by the Court, not later than 30 days after entry of the Court's claim construction order, or upon such other date as set by the Court, each party relying upon advice of counsel as part of a patent-related claim or defense for any reason shall:

(a) Produce or make available for inspection and copying any written advice and documents related thereto for which the attorney-client and work product protection have been waived;

(b) Provide a written summary of any oral advice and produce or make available for inspection and copying that summary and documents related thereto for which the attorney-client and work product protection have been waived; and

(c) Serve a privilege log identifying any documents other than those identified in subpart (a) above, except those authored by counsel acting solely as trial counsel, relating to the subject matter of the advice which the party is withholding on the grounds of attorney-client privilege or work product protection.

A party who does not comply with the requirements of this L. Pat. R. 3.8 shall not be permitted to rely on advice of counsel for any purpose absent a stipulation of all parties or by order of the Court.

## **4. CLAIM CONSTRUCTION PROCEEDINGS**

### **4.1. Exchange of Proposed Terms for Construction.**

(a) Not later than 14 days after service of the "Responses to Invalidity Contentions" pursuant to L. Pat. R. 3.4A, not later than 45 days after service upon it of the "Non-Infringement Contentions and Responses" pursuant to L. Pat. R. 3.2A in those actions where validity is not at issue (and L. Pat. R. 3.3 does not apply), or, in all cases in which a party files a complaint or other pleading seeking a declaratory judgment not based on validity, not later than 14 days after the defendant serves an answer that does not assert a claim for patent infringement (and L. Pat. R. 3.1 does not apply), each party shall serve on each other party a list of claim terms which that party contends should be construed by the Court, and identify any claim term which that party contends should be governed by 35 U.S.C. § 112(6).

(b) The parties shall thereafter meet and confer for the purposes of limiting the terms in dispute by narrowing or resolving differences and facilitating the ultimate preparation of a Joint Claim Construction and Prehearing Statement.

(c) This rule does not apply to design patents.

#### **4.2. Exchange of Preliminary Claim Constructions and Extrinsic Evidence.**

(a) Not later than 21 days after the exchange of the lists pursuant to L. Pat. R. 4.1, the parties shall simultaneously exchange preliminary proposed constructions of each term identified by any party for claim construction. Each such “Preliminary Claim Construction” shall also, for each term which any party contends is governed by 35 U.S.C. § 112(6), identify the structure(s), act(s), or material(s) corresponding to that term's function.

(b) At the same time the parties exchange their respective “Preliminary Claim Constructions,” each party shall also identify all intrinsic evidence, all references from the specification or prosecution history that support its preliminary proposed construction and designate any supporting extrinsic evidence including, without limitation, dictionary definitions, citations to learned treatises and prior art and testimony of all witnesses including expert witnesses. Extrinsic evidence shall be identified by production number or by producing a copy if not previously produced. With respect to all witnesses including experts, the identifying party shall also provide a description of the substance of that witness' proposed testimony that includes a listing of any opinions to be rendered in connection with claim construction.

(c) Not later than 14 days after the parties exchange the “Preliminary Claim Constructions” under this rule, the parties shall exchange an identification of all intrinsic evidence and extrinsic evidence that each party intends to rely upon to oppose any other party's proposed construction, including without limitation, the evidence referenced in L. Pat. R. 4.2(b).

(d) The parties shall thereafter meet and confer for the purposes of narrowing the issues and finalizing preparation of a Joint Claim Construction and Prehearing Statement.

(e) This rule does not apply to design patents.

#### **4.3. Joint Claim Construction and Prehearing Statement.**

Not later than 30 days after the exchange of “Preliminary Claim Constructions” under L. Pat. R. 4.2(a), the parties shall complete and file a Joint Claim Construction and Prehearing Statement, which shall contain the following information:

(a) The construction of those terms on which the parties agree;

(b) Each party's proposed construction of each disputed term, together with an identification of all references from the intrinsic evidence that support that construction, and an identification of any extrinsic evidence known to the party on which it intends to rely either to support its proposed construction or to oppose any other party's proposed construction, including, but not limited to, as permitted by law, dictionary definitions, citations to learned treatises and prior art, and testimony of all witnesses including experts;

(c) An identification of the terms whose construction will be most significant to the resolution of the case. The parties shall also identify any term whose construction will be case or claim dispositive or substantially conducive to promoting settlement, and the reasons therefor;

(d) The anticipated length of time necessary for the Claim Construction Hearing; and

(e) Whether any party proposes to call one or more witnesses at the Claim Construction Hearing, the identity of each such witness, and for each witness, a summary of his or her testimony including, for any expert, each opinion to be offered related to claim construction.

(f) Any evidence that is not identified under L. Pat. R. 4.2(a) through 4.2(c) inclusive shall not be included in the Joint Claim Construction and Prehearing Statement.

(g) This rule does not apply to design patents.

#### **4.4. Completion of Claim Construction Discovery.**

Not later than 30 days after service and filing of the Joint Claim Construction and Prehearing Statement, the parties shall complete all discovery relating to claim construction, including any depositions with respect to claim construction of any witnesses, other than experts, identified in the Preliminary Claim Construction statement (L. Pat. R. 4.2) or Joint Claim Construction and Prehearing Statement (L. Pat. R. 4.3). This rule does not apply to design patents.

#### **4.5. Claim Construction Submissions.**

(a) Not later than 45 days after serving and filing the Joint Claim Construction and Prehearing Statement, the parties shall contemporaneously file and serve their opening *Markman* briefs and any evidence supporting claim construction, including experts' certifications or declarations ("Opening *Markman* Submissions").

(b) Unless otherwise ordered by the Court, any discovery from an expert witness who submitted a certification or declaration under L. Pat. R. 4.5(a) shall be concluded within 30 days after filing the Opening *Markman* Submissions.

(c) Not later than 60 days after the filing of the Opening *Markman* Submissions, the parties shall contemporaneously file and serve responding *Markman* briefs and any evidence supporting claim construction, including any responding experts' certifications or declarations.

(d) With regard to design patents only, subsections (a), (b), and (c) shall not apply. Where a design patent is at issue, not later than 45 days after the submission of "Non-Infringement Contentions and Responses" under L. Pat. R. 3.2A and/or "Responses to Invalidity Contentions" under L. Pat. R. 3.4A, the parties shall contemporaneously file and serve opening *Markman* briefs and any evidence supporting claim construction. Not more than 30 days after the filing of the opening *Markman* briefs, the parties shall contemporaneously file and serve responding *Markman* briefs and any evidence supporting claim construction.

#### **4.6. Claim Construction Hearing.**

Within two weeks following submission of the briefs and evidence specified in L. Pat. R. 4.5(c) and (d), counsel shall confer and propose to the Court a schedule for a Claim Construction Hearing, to the extent the parties or the Court believe a hearing is necessary for construction of the claims at issue.

Adopted December 11, 2008, Effective January 1, 2009, Amended March 18, 2011, October 4, 2011.