

# Simplifying Patent Litigation

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PATENT AND RELATED ANTITRUST, unfair competition and trade secret litigation have the reputation of being prolonged and expensive. The Discovery procedures of the Federal Rules of Civil Procedure (intended to simplify trials) are used extensively by patent lawyers. Prolonged and seemingly aimless Discovery increases the expense of patent litigation, but by adequate initial preparation of a case, it is possible for counsel to avoid or reduce protracted Discovery.

There is not any one thing that will simplify and reduce the cost of patent litigation, but early and thorough preparation by counsel will help a lot. The same thing that offers the most hope for winning the case, i.e., thorough preparation work by counsel, will tend to reduce the overall expense of the case although this may, at first glance, seem contradictory.

In the case of plaintiff's counsel, thorough preparation should take place prior to filing the complaint. Thorough evaluation and preparation of a defendant's case at an early date will also reduce the complica-

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tion and expense of Discovery. The cooperation of counsel, and the willingness of courts to separate out and decide cases on issues which give promise of being determinative of the case, will reduce the expense of litigation. A great deal of the blame for the expense of litigation is placed on the lawyers. We are sometimes tempted to hold our best cards back until close to trial time, in order to get the most mileage when we play those cards. This is even true with respect to invalidity defenses, although the statutes and rules compel specific Pleading and notice of these defenses 30 days before the actual trial.

If a case is thoroughly prepared at an early stage, inconsequential or non-determinative issues can be eliminated or ignored. If counsel will cooperate and bring the determinative issues forward at the earliest possible time and separate out and have the case decided on transcending determinative issues, the expense of litigation can be reduced.

More than 12 years ago in an address to the American College of Trial Lawyers, Justice Brennan stated:<sup>1</sup>

The public is fed up with systems under which neither side of a lawsuit knows until the actual day of the trial what the other side will spring in the way of witnesses or facts. The technique of playing the cards close to the vest and hoping by surprise or maneuver at the trial to carry the day, whether or not right and justice lies on the side of one's client, won't be tolerated. It was and is great sport, but hardly defensible as a system for determining causes according to truth and right.

Because it takes more than the counsel on *one* side to segregate and bring the determinative issues forward promptly, and because it also takes the energy and courage of the trial judge to advance cases in this way, complex cases have not been simplified in spite of the fact that "burdens on our judicial systems have reached almost a breaking point."<sup>2</sup>

#### SPECIAL PROCEDURES FOR THE TRIAL OF PROTRACTED CASES

In recent years we have used a system of Pleading in which plaintiff's allegations and defendant's defenses may be pleaded in a most general manner, leaving the details of the allegations of the complaint and the answer to be developed during Discovery.

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<sup>1</sup>164 F. Supp. 910.

<sup>2</sup>Remarks of Justice Burger in recent address in Philadelphia.

Elaborate special procedures have been recommended for protracted cases under which the parties are required in addition to the usual Pleadings to file specific admissions or denials of each fact to be proved at the trial. The purpose of these elaborate procedures is to simplify the issues, but in actual practice mountains of paper work can be generated, and the court may never find the time, before trial, to digest the elaborate statements and counterstatements which have been prepared. As a result, much time which could be used in really worthwhile preparation for trial can be wasted. It seems inconsistent to use the modern simple and non-specific manner of Pleading, and then shift into elaborate Pleadings of detailed facts for protracted cases.

In patent cases, I wish that the Pleadings could be more specific in the first place. Plaintiff should at least plead specifically just what devices or processes are accused, and specify the claims which are charged to be infringed. In trade secret cases, plaintiffs should be required to specifically allege just what the trade secrets are that they claim have been appropriated, and that these have not been published and have been maintained in secrecy. Charges of misuse and antitrust violations should be similarly detailed. With this clarification of the issues in the basic Pleadings, I believe the present Federal Rules are adequate to handle patent and related litigation.

#### RECOMMENDATIONS FOR REDUCING TIME AND EXPENSE OF LITIGATION

From the standpoint of plaintiff, I recommend thorough evaluation and preparation of the case before it is filed. This evaluation should weigh the chances of success in the light of Supreme Court decisions, which have held invalid patents on the really *trivial* inventions which have come before that Court.<sup>3</sup> These patents are by no means a fair sampling of the quality of invention in the United States today, but they are an indication of the kind of patents which probably should not have been litigated in the first place.

A plaintiff's case can be advanced more rapidly through the Discovery stage and to trial, if there is thorough initial preparation. The chances are also greater of obtaining a decision of such strength that it

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<sup>3</sup>In the *Graham* case, a spring mounted-plow blade to yield going over bumps; in *Calmar*, an old seal on a cap; in *A. & P. v. Supermarket*, a simple rack to pull groceries along a counter; in *Anderson's-Black Rock*, putting an old radiant burner on the side of a standard road paver.

will not be appealed, with resulting saving of that expense. From the standpoint of defendant, I recommend efforts to get severance of issues for trial and greater use of thoroughly prepared Summary Judgment motions.

SEPARATION OF ISSUES (FEDERAL RULE 42 (B))

In the Trial Court's discretion based on the convenience of the parties as well as the court severance may be ordered as to dispositive issues including:

- (1) Invention already patented in a foreign country:  
*Woburn Degreasing Co. v. Spencer Kellogg & Sons*, 37 F. Supp. 311 (W.D.N.Y. 1941);
- (2) Validity and infringement separated from damages in jury trial:  
*Lyophile-Cryochem Corp. v. Chas. Pfizer & Co.*, 7 F.R.D. 362 (E.D.N.Y., 1947); *Swofford v. B & W Inc.*, 336 F.2d 406 (5th Cir., 1964);
- (3) No infringement because of file wrapper estoppel:  
*Aldridge v. General Motors Corp.*, 178 F. Supp. 839 (S.D. Cal., 1959);
- (4) Separate trial granted to determine invalidity on prior public use and sale:  
*Cataphote Corp. v. Desoto Chem. Coatings, Inc.*, 235 F. Supp. 931 (N.D. Cal., 1964);
- (5) Patent infringement and validity separated from antitrust, misuse and unfair competition issues:  
*Henan Oil Tools, Inc. v. Engineering Enterprises, Inc.*, 262 F. Supp. 629 (S.D. Tex., 1966);
- (6) Estoppel:  
*The Laitram Corp. v. Deepsouth Packing Company, Inc.*, 156 USPQ 662 (E.D. La., 1968).

Of course, a court must guard against the trial of a case in a piecemeal fashion, and defendant should not be encouraged to sequentially try out each defense, as the same is developed during Discovery.

The defense of prior use or sale by the plaintiff lends itself particularly to separate decision by the trial court. The plaintiff knows or should know the true facts and no injustice should result by having the issue determined in a separate trial. The same is true of noninfringement based on file wrapper estoppel, where the court can determine

the proper scope of the claims from the true prior art which may not have been available to the Patent Office.

Where a defendant can make a strong showing that one issue will probably be determinative of the case, much can be gained by separating off and trying and deciding the case on this issue. The cooperation and willingness of counsel will be required, in many instances, to permit deciding a case in this manner.

#### SUMMARY JUDGMENT (FEDERAL RULE 56)

In patent cases, it is possible by Summary Judgment to have relatively inexpensive determinations of the issues of noninfringement, or of invalidity based on a prior publication of the invention, or prior public use or sale of the invention. It is possible, in many instances, to sharpen these issues by admissions and the like, to a point where the court can make a fair determination by Summary Judgment prior to trial.

The rule also provides for *partial* Summary Judgments, whereby some of the issues may be determined in advance of the trial so that the whole proceedings may be simplified. If the best defense is thoroughly presented by Summary Judgment proceedings, the parties may be able to re-evaluate their positions for settlement or trial, depending on the outcome.

Federal Rule 56 has been available for many years, but its use in patent cases has not been popular although there is no real reason why Summary Judgment cannot be fairly used in such cases. The rule itself has safeguards against too hasty a decision. The court can give the party against whom the motion is brought ample time to bring in evidence by affidavits, or to take depositions, et cetera, in order to have consideration of all of the evidence which that party can bring forth before the case is submitted by Summary Judgment determination.

On the other hand, Summary Judgment can be unfairly used in patent cases, as in any other kind of case, if a party is hustled through the proceedings and not given adequate time to present his case. A litigant ought not to have a Summary Judgment decided against him, with only a few days to prepare for the hearing. Summary Judgment proceedings should better extend over a longer period of time than is customarily given for the hearing of ordinary motions to permit the party against whom the motion is brought to bring in all of his evidence.

The practice of arguing or suggesting nongenuine issues of fact to avoid Summary Judgment should be discouraged. On the other hand,

the court should not use Summary Judgment to get rid of a heavy case where the right of the matter is not entirely clear. It is probable that Summary Judgments have not been popular in patent cases because of early decisions in which patent infringement complaints were dismissed in too hasty a manner. One court of appeals said about a patent case dismissed on Summary Judgment:

Finally, since this is a patent suit and as such there is a public interest involved, instead of being tried and determined piecemeal, as was attempted here, it ought to be determined as a whole on the issues of patent validity, infringement and misuse. Tried and determined as a whole, the questions raised upon the issue of plaintiff's unjust and unfair uses and practices in respect of the patent could then be considered in the light of the realities as to whether plaintiff has a patent and whether defendant has infringed it, and not, as was done on this record, by a kind of shadow boxing in vacuo.<sup>4</sup>

On the other hand, it has become common for judges in some circuits to say they will not decide cases of any complexity (such as patent cases) on Summary Judgment because they are not encouraged to do so by their court of appeals. The judges may not want to take the risk of being reversed on appeal.

Similarly, the lawyers have been reluctant to proceed by Summary Judgment even when they have a fair enough case to do so. The risk these lawyers see is in playing their best card prematurely. They feel that if the judge rules against them on a motion for Summary Judgment, he will have a feeling that he has finally decided that issue when it is later presented at the trial in a more complete manner using live witnesses in open court. Another concern a lawyer may have about Summary Judgment is that if he loses the motion, after having given it a thorough preparation, his client will feel it is a loss of the whole case on the merits. Another fear is the chance of increasing the expense of the case if a Summary Judgment is won and then reversed on appeal, leaving the litigation in a posture where the trial on the merits must finally be gone through with anyway, after the expense of the initial appeal.

I have mentioned the possibility that Summary Judgments might be side-stepped by over-emphasis on the part of the defending party on issues which are really not genuine. Of course, Summary Judgment should not be granted if any genuinely disputed issue of material fact is present. Where Summary Judgment motions are decided by a court within a few days after they are filed, like other more ordinary motions,

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<sup>4</sup>Hawkinson v. Dennis, 166 F. 2d 61, and Gray Tool Co. v. Humble Oil & Refining Co., 186 F. 2d 365, 369.

it would be possible for the opponent to kill off a motion soundly brought by presenting and arguing fact issues which are really pretended and not genuine. It is possible that a litigant, while recognizing that he should ultimately lose the case, will put off the evil day of decision for reasons of his own by arguing issues which are not genuine. This practice should be discouraged.

In summary, it takes some courage for the trial lawyer to bring in his best defense for determination by Summary Judgment. More important, it also takes courage for a trial judge who does not like to be reversed on appeal to take the reins and decide a patent case on Summary Judgment.

#### INCREASED USE OF SUMMARY JUDGMENT IN PATENT CASES

In the last few years, the reported cases indicate that a substantial number of motions for Summary Judgment of invalidity have been successful, including those on the issue of obviousness under 35 U.S.C. 103.<sup>5</sup>

Valid patents may be held not infringed, based on motion for Summary Judgment, as discussed in the relatively recent and interesting case of *Fraser v. City of San Antonio*, 167 USPQ 1 (5th Cir., 1970). In the *Fraser* case, it appears that the claims were broader than the actual invention disclosed and the court made a declaration of non-infringement on a motion for Summary Judgment. The claims were limited by the court to the invention disclosed in the specification. The broader construction of the claims sought for by the plaintiff was rejected as a matter of law.

#### JURY TRIALS OF PATENT CASES

Patent cases have been traditionally tried to the court, rather than to a jury, but a party may have a jury trial of a patent case by timely application for same.

Anyone who has had the experience of preparing jury instructions in a patent or similar case can testify that jury trials multiply the time and expense of the case. Any interesting discussion of the agonizing labors involved for the court in trying to deliver proper instructions to the

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<sup>5</sup>See discussion in *Proler Steel Corporation, Inc. v. Luria Bros. & Co. et al.*, 417 F. 2d 272, 163 USPQ 321.

jury in a complex patent case appears in *The Thurber Corp. v. Fairchild Motor Corp.*, 122 USPQ 305, 269 F. 2d 841 (5th Cir., 1959). This language from the case suggests the difficulties of instructing the jury:

In dealing with a complex mechanism discussed in intricate language by the experts, portrayed by beautiful and expensive charts and drawings, compared with language used in similarly confounding papers, how can the judge, with fairness and accuracy, and free of inadvertent slanting, summarize it by an authoritative deliverance to the jury?

If this leaves the matter somewhat less than satisfactory it is the unavoidable consequence of seeking a jury trial on a matter which traditionally is left to the judge.

Chief Justice Burger has recommended a more limited use of jury trials in civil cases in his recent Philadelphia address. Expanded use of jury trials in patent cases is not desirable in this era where our judicial systems are already overburdened to the breaking point.

#### CONCLUSION

The cost of patent litigation depends on so many factors that it is difficult to estimate the expense of simple, average and complex cases. However, the costs may vary in different areas of the country and those which have been quoted during this Conference appear to be very high as compared with Washington practice.

In our experience, it is more reasonable to expect litigation costs through the court of appeals in the three categories, as follows:

Simple case . . . . .	\$50,000 to \$60,000
Average case . . . . .	About \$100,000
Complex case . . . . .	Over \$100,000 and up to \$250,000

Of course, the expense of a patent case is not under the control of one side of the case, and an opponent who will not reasonably cooperate can increase the overall expense of the case.

