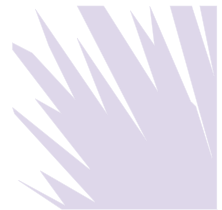


The Sedona Conference Report on the *Markman* Process

The Sedona Conference



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THE SEDONA CONFERENCE®

REPORT ON THE *MARKMAN* PROCESS

*A Project of The Sedona Conference® Working Group on
Markman Hearings & Claim Construction (WG5)
Sedona, AZ*

Editor: Kenneth C. Bass III, Esq.

Editor's Note: This is the public comment version of this document, which is also posted on our website (www.thosedonaconference.org). Comments may be sent to us at tsc@sedona.net. This is the work product of the Working Group as a whole, and does not necessarily present the views of any of the individual participants, members or observers or their employers, clients, or any other organizations to which any belong, nor does it necessarily represent official positions of The Sedona Conference.®

FOREWORD

This is one of a series of Working Group Reports published by The Sedona Conference®, a 501(c)(3) research and educational organization that exists to allow leading jurists, lawyers, experts, academics and others, at the cutting edge of issues in the area of antitrust law, complex litigation, and intellectual property rights, to come together - in conferences and mini-think tanks (Working Groups) - and engage in true dialogue, not debate, all in an effort to move the law forward in a reasoned and just way.¹

The hallmark of The Sedona Conference® is its unique use of dialogue, rather than debate, to reach levels of understanding and insight not otherwise achievable in many other groups that work on cutting-edge legal issues. The Working Group SeriesSM is designed to focus the dialogue on forward-looking principles, best practices and guidelines in specific areas of the law that may have a dearth of guidance or are otherwise at a “tipping point.” The goal is that the Working Groups of The Sedona Conference® the open Working Group Membership Program, and our peer review process, will produce output that is balanced, authoritative, and of immediate benefit to the Bench, Bar and general public.

This particular Working Group was formed in 2005 to focus on the process by which federal District Courts consider and decide how to construe the claims of U.S. patents in litigation. In 1996 the Supreme Court decided in *Markman v. Westview Instruments*, 517 U.S. 370, that claims would be construed by judges, not juries, despite the fact that the process require some determination of factual issues about the prosecution history and the meaning of terms to a person having ordinary skill in the relevant art (sometimes referred to as a “PHOSITA”). That decision did not proscribe the way judges should reach the decisions, and the Court of Appeals for the Federal Circuit has assiduously declined to proscribe any uniform procedure for conducting *Markman* hearings. As a result there are wide variations among the district courts in the way judges proceed to construe claims. To practitioners and clients, the claim construction ruling is often the decisive judicial action in patent litigation. That ruling can lead to a settlement or a summary judgment. In many cases the only reason to go to court is to obtain an authoritative and binding claims construction. As in many other litigations, the procedure that a judge adopts has a significant impact on the way lawyers present their positions as well as the cost inherent in getting a judicial decision.

¹ A more detailed discussion of The Sedona Conference® and its numerous programs and publications is contained in Appendix D.

Many experienced patent litigators have expressed concern about the wide diversity among judges with regard to the conduct of *Markman* hearings. The charge to this Working Group is “To develop a set of “best practices” for the courts to facilitate claim construction in patent litigation, and to maximize efficiency and minimize inconsistency in the *Markman* process.” The approach was to convene a group of practitioners, judges, academics, client executives and representatives of public interest organizations. The Group consists of 39 active members. We convened in 3 face-to-face meetings, and held several conference calls, to develop this report. A draft report was presented to the 2005 Sedona Conference on Patent Litigation. Suggestions received at that conference and in a follow-up survey are reflected in this Public Comment version.

The Working Group was privileged to have the benefit of candid comments by two judges from the Court of Appeals for the Federal Circuit and three active and one retired District Court judges with extensive patent litigation trial experience. The recommendations here are solely those of the non-judicial members of the Working Group; it does not represent any judicial endorsement of the recommended practices. It is, however, formulated in light of the judicial perspective as represented by the judges who sat with us.

The report focuses on the *Markman* Process of patent claim construction² and the Working Group has endeavored to bring together each of the many important perspectives on the complex and controversial procedural issues surrounding the question of how courts should determine the meaning of patent claims. Responding to input from these many diverse views, the Working Group has endeavored to fully and fairly join issues, to provide careful analysis, and where consensus emerged, to provide thoughtful recommendations for “best practices.” These recommendations are not suggested as a uniform procedure for use in all patent cases. We recognize that the dockets of the various district courts vary widely and that local customs and practices will affect the way a particular judge will try a patent case. The report does represent the consensus view³ of the practitioners and others affected by patent litigation as to the procedural aspects of the claim construction process that seem to us to work best in most cases. We set forth the 26 Principles that we believe should inform the judge’s decision on how to proceed. We also present two alternative pre-hearing orders that can be used as a template and that reflect the recommended principles.

The report is presented in the hope that it will contribute to the development of practices in patent litigation that facilitate the efficient determination of claim construction issues at the trial level. We expect that this Public Comment version will result in discussion between the bench and the bar that can improve the patent litigation rules that already exist in several districts and lead to the promulgation of similar rules in districts where they do not now exist.

The Working Group will continue to monitor *Markman* procedures across the nation and expects to issue new versions of the report based on those developments.

Working Group 5 Steering Committee

Kenneth C. Bass, III
Editor, Co-Chair

Robert G. Sterne
Co-Chair

Rachel Krevans
Hon. Roderick McKelvie
Hon. Pauline Newman
Robert A. Van Nest

2 The report deals only with the process of claim construction and does not address the complex and critical area of the substance of claim construction.

3 In the case of one Principle, there was a difference in views of the members that we believe warrants presentation in this draft as an Alternative Principle. It is so noted in the draft. The Group hopes that the discussion this draft is intended to precipitate will produce additional input on that difference and help mold the final report.

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INTRODUCTION

Determining the meaning of patent claims is central to every patent, whether actually litigated or merely the subject of negotiations that occur against the backdrop of potential litigation, because the touchstone of a patent's legal protection is the claim. As the father of our present patent system, Judge Giles Rich, often said about patents, "*the name of the game is the claim ... [and] the function of claims is to enable everyone to know, without going through a lawsuit, what infringes the patent and what does not.*"⁴ In order for a patent claim to serve this notice function effectively, it should have a single meaning, on which all who are impacted by the patent can rely. For example, the claim must be given the same meaning for purposes of determining both validity and infringement.⁵

While the meaning of patent claims is of central importance to patent cases, its determination is not a simple matter, for several reasons. Some of these gave rise to the famous Supreme Court *Markman* case in 1996, in which the Court held that there is no Seventh Amendment right to a jury trial on the issue of claim interpretation.⁶ Today, the decision a trial court reaches on the issue of claim construction is generally known as a *Markman* decision, and the process the court uses to reach that decision is often called a *Markman* hearing, even when a formal hearing is not involved.

But the *Markman* case did not resolve all of the difficulties surrounding claim interpretation. It did not set forth any specific procedures that must be followed, and to date the Federal Circuit has declined to require district judges to adopt a standard process. Thus important questions remain about the way in which courts approach *Markman* hearings and *Markman* decisions. These have been the subject of a great number of experiments by both courts and litigants, and have spawned a wide variety of practices. For example, in some courts these processes are controlled by local rules, in some chambers they are the subject of standing orders, and in others they are addressed entirely case by case. As another example, some courts act early in the case on *Markman* matters while others act later in the case. Similarly, some courts conduct *Markman* hearings or issue *Markman* decisions in conjunction with those relating to other judgments or orders while some courts approach each separately.

These and other procedural issues are the subject of the Working Group's efforts. Recognizing that different practices will be better for different situations and may be preferred by different judges in good faith for various good reasons, the Working Group understands that one size does not fit all. Rather, the Working Group has endeavored to collect in one convenient document a useful analysis of various strengths and weaknesses for most of the common practices, as well as a set of "best practices" culled from hundreds of *Markman* hearings and decisions.

The results of the Working Group's efforts are presented in the following parts. Part I explores issues relating to the process that leads up to the *Markman* hearing. Part II explores issues relating to the *Markman* hearing itself. Part III explores issues relating to the resulting *Markman* decision. And the Appendix provides two Sample Orders on *Markman* Procedures to implement various "best practices" discussed in the earlier parts, including in many cases different options for different settings. Appendix A is a Sample Order designed to fit the multi-patent or multi-party complex patent litigation, while Appendix B is designed for a less complex case.

This particular report is a Public Comment version which is being released for review and critical comment from individuals who have not been involved in the drafting process. The draft will remain open for review and input for several months. All comments that are received will be considered by the full Working Group and a final report prepared and released at a later date. We encourage and welcome that additional input which should be sent by email or letter to The Sedona Conference at tsc@sedona.net, or letter to The Sedona Conference at 180 Broken Arrow Way South, Sedona, AZ 86351-8998.

⁴ See, e.g. Giles S. Rich, *The Extent of the Protection and Interpretation of Claims - American Perspectives*, 21 INT'L REV. INDUS. PROP. & COPYRIGHT L. 497, 499, 501 (1990) as quoted in *Hilton Davis Chem. Co. v. Warner-Jenkinson Co.*, 62 F.3d 1512, 1539 (Plager, Circuit Judge, with whom Chief Judge Archer and Circuit Judges Rich and Lourie join, dissenting) (emphasis in original).

⁵ See *SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 882 (Fed.Cir.1988) ("the claims must be interpreted and given the same meaning for purposes of both validity and infringement analyses.")

⁶ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

PART I. THE PRE-MARKMAN HEARING PHASE

At the first face-to-face meeting of the Working Group, several members were charged to develop and propose case management/scheduling orders to establish procedures for the pre-Markman activities of the parties. After deliberation, the group elected to present two proposed case management/scheduling orders, one for use in complex cases in which multiple patents and/or claims were asserted, and a second which could be used in cases involving less complexity, or in larger cases as the court and parties otherwise chose. We are presenting both orders for public consideration after thorough review by the Working Group. The goal of the Complex Case Order (Appendix A) was to create a process by which the parties could develop and exchange contentions on infringement and invalidity, propose claim term definitions, negotiate or narrow claim construction issues, and otherwise provide an efficient process for pre-Markman activity. The goal of the Non-Complex Case Order (Appendix B) is similar, but it strives to create the additional efficiencies that may be possible in cases where the claim construction and related issues are relatively narrow. In developing these orders, we placed considerable reliance on the existing patent rules in the Northern District of California, the Eastern District of Texas, and the local rules and practices in other districts where local patent rules have been in use and have been tested by courts and litigants. Please also note that the time periods proposed in these orders assume that fact discovery commences (triggered by the CMC date) pursuant to Federal and applicable local rules. The Principles that underlie the suggested Orders are discussed below.

Principle 1: The Parties Should Work Together Prior to the Initial Case Management Conference to Facilitate the Markman Process

Fifteen days prior to the initial case management conference, the parties are required to discuss and address a number of issues in addition to those called for by Federal Rule of Civil Procedure 26, including proposed modification of deadlines set forth in the case management/schedule, discovery limitations, when and in what form a tutorial would be helpful to the court, order of presentation at the Markman hearing, whether or not live testimony will be presented at the Markman hearing, and whether or not appointment of a neutral expert or technical assistant pursuant to Federal Rule of Evidence 706 is appropriate. The parties would be expected to meet and confer on all these issues and, to the extent possible, present a joint proposal to the court for its consideration at the initial case management conference. The intended result of this process is a joint case management statement, filed by the parties ten days prior to the initial case management conference.

The goal of this process is to require the parties, at an early point in the case, to evaluate, consider, and discuss what procedures will govern the Markman hearing itself. Requiring consideration of these issues is intended to promote greater efficiency at the initial case management conference, and a clear agenda for the court in determining what activities may be appropriate prior to the Markman, an appropriate schedule for the Markman, and the general scope and nature of the Markman hearing itself. Early consideration of these issues will provide greater guidance to litigants and the court for the pre-Markman period, cutting down on unnecessary motion practice or supplemental conferences during this period. All parties should keep in mind that the claim construction ultimately adopted by the Court will be incorporated into a jury instruction and should therefore be drafted in an appropriate manner to avoid the need for further proceedings at the jury instruction stage.

Principle 2: The Parties Should Be Required to Disclose and Exchange Preliminary Infringement and Invalidity Contentions

Within ten days after the initial Case Management Conference, the party claiming patent infringement must serve on all parties its "Preliminary Infringement Contentions." This initial disclosure must set out each patent claim allegedly infringed by each opposing party; the specific identity of each "Accused Instrumentality" that allegedly infringes each claim; a chart identifying specifically where each element of each asserted claim is found within each Accused Instrumentality and the related legal theory of infringement; and the priority date for each asserted claim. With its

Preliminary Infringement Contentions, the party must produce all documents evidencing the conception and reduction to practice of each asserted claim; documents relating to testing, marketing and offers to sell each claimed invention prior to filing of the related application; and the file history for each patent in suit.

Within fifty-five days after the initial Case Management Conference, each opposing party must serve on all parties its "Preliminary Invalidity Contentions." This disclosure must identify each item of prior art that allegedly anticipates or renders obvious each asserted claim; provide a chart identifying specifically where each element of each asserted claim is found (individually or in combination with other identified prior art); and any other ground for invalidity. With its Preliminary Invalidity Contentions, the party must produce a copy of all identified prior art not of record in the file history of the patent(s) at issue, as well as sufficient documentation to show the operation of each Accused Instrumentality put in issue by the party asserting infringement.

There are a number of benefits to the above preliminary contentions requirements. One is that it requires the parties to "crystallize" their theories of the case early in the litigation and to adhere to those theories once disclosed. Preliminary contentions should also aid in streamlining the discovery process by reducing the number of interrogatories and document requests, focusing the scope of contention depositions, and facilitating decisions on critical issues early in the case. Understanding the infringement and invalidity contentions will also place in context the particular language in dispute and the construction issues for the court and parties .

Principle 3: The Parties Should Be Required to Develop and Exchange Specific Lists Of Disputed Claim Terms

The Case Management/Scheduling Order requires that each party submit a list of disputed claim terms, phrases, or clauses that each party believes the Court should construe. The parties are then directed to meet and confer in order to resolve and narrow differences as much as possible en route to finalizing the list of disputed claim terms. Subsequently, the parties must submit a Joint Claim Construction and Prehearing Statement that both identifies those claim terms, phrases, or clauses on which the parties agree, and states each party's proposed construction on those terms, phrases, or clauses on which consensus could not be reached. Forty-five days after the service and filing of the Joint Claim Construction and Prehearing Statement, the parties are required to file Claim Construction Briefs that identify the claim language remaining in dispute.

Identification of disputed claim terms expedites the Markman process by focusing attention upon the particular language within the asserted claims that is of significance to the issue of infringement. This process may also allow the parties to recognize that only a marginal difference in views exist with respect to particular claim language, and therefore allow them to resolve these differences through agreement. These filings also allow the court to gauge the size of a particular case by identifying the number of claim terms, phrases, or clauses in dispute, as well as the extent of the differences in views between the litigants. They also allow the court to assess whether expert testimony or other extrinsic evidence would be appropriately introduced during the Markman hearing. In this way the process should contribute to a more efficient, focused, and effective Markman hearing and order.

Principle 4: Neutral Technology Tutorials for the Court put Together By All the Parties are Often Helpful and Sometimes Necessary

Technically complex cases often require educating the court in the underlying technology. Even for experienced district judges, technological complexity can be a daunting challenge, and a tutorial is often very helpful for an understanding of the technology sufficient to fully understand the positions of the parties.

Many courts currently use technology tutorials either immediately prior to, or as part of, a *Markman* hearing. The case management/scheduling order calls for discussion of when the tutorial would be most helpful to the Court at the initial Case Management Conference. The tutorial itself

should be a non-argumentative presentation of the technology and its background, without argument concerning the patents involved or the accused products or methods. While some basic discussion about the patents and accused devices is appropriate, the tutorial is not intended for the purpose of arguing specific claim construction issues. The primary goal of the tutorial is to educate the court on the technology as it relates to the patents, claims, and accused products in the case. For this reason, the order requires submission of a tutorial in advance of the *Markman* hearing for the court's use. The order does not require that the tutorial be presented in any particular format; it was the consensus of the group that the tutorial requirement should be flexible to allow the parties freedom to choose the format best suited to the technology at issue and most efficient in the context of an individual case. It is contemplated that tutorials might be live or by written (or electronic) submission, and that live tutorials might be presented either by counsel or by experts.

Principle 5: Less Complex Cases Should Be Governed By a Simplified Order

The shorter form of Case Management Scheduling Order provides for early identification of infringement and invalidity contentions, yet recognizes that the court and counsel may prefer to have claim construction take place after the issues have been developed through discovery. Claim construction at that time may be more focused on terms which really matter in the context of the parties' ultimate contentions. In addition, some courts and counsel prefer this approach because it allows claim construction and summary judgment motions to be considered by the court together. In that way, the court will have an understanding of the context of the parties' competing proposed constructions and the consequences of the constructions to the case.

While this proposed Schedule places expert reports before the claim construction hearing, the court and counsel may wish to reverse them, so that the reports and opinions may be written in light of the court's claim construction.

Although primarily intended for use in smaller cases with fewer patents or claims at issue, this form of Schedule need not be limited to such cases. It may make sense in larger cases to defer claim construction until the parties narrow the case to those patents and those claims ultimately to be asserted at trial.

PART II. CONDUCT OF THE HEARING ITSELF

Principle 6: As a General Rule the Court Should Hear from the Parties Term-by-Term Rather Than Hearing From the Plaintiff on all Terms Followed by the Defendant on all Terms

Whether a court should consider the parties' claim-construction contentions on a term-by-term or party-by-party is a matter that should be left to the individual court's discretion to be determined on a case-by-case basis. But, as a "best practices" recommendation, it is often easier to understand claim construction issues when the hearing proceeds on a term-by-term basis, especially if there are several claim terms in dispute.⁷

Some minor logistical difficulties in implementing a term-by-term approach may arise in instances where the court will permit parties to offer live witness testimony. Alternatively, the court could establish a mechanism whereby all expert and/or fact witness testimony is presented entirely by way of declarations and deposition testimony. For example, the court could require that any party who seeks to use expert testimony to support its claim-construction positions provide to its adversary a declaration from the expert setting forth that expert's testimony on claim construction. Under the case management order, the adversary would have an opportunity during discovery to depose the expert on the contents of the declaration.⁸ At the claim-construction hearing, the parties would be

⁷ Because every patent case is different, a court should not explicitly limit the number of claim terms to be considered. The court should, however, encourage parties to limit the number of claim terms to be construed.

⁸ To permit sufficient time for the claim-construction depositions, the declarations should be provided about one and one-half to two months before the due date of the first claim-construction briefs, and the claim-construction depositions should be concluded about a month before the due date of the first claim-construction briefs.

limited in their presentation to the declaration and deposition testimony. The case management order should also note that the deposition of the expert concerning its claim-construction declaration, would not preclude a later second deposition of the expert should that expert also offer opinions on infringement or validity.⁹

If the disputed terms have a significant overlap or interrelation, it's possible that in some cases, greater clarity of presentation might be achieved by having one party present its arguments and evidence on all of the related claim terms, followed by a presentation from the remaining parties, and then follow-up questions from the court. The court should retain discretion to alter the presentation protocol to account for such situations as it deems best.

If the court permits the parties to present in the *Markman* hearing background evidence on the technology, patent, and/or accused products, that presentation would most likely be more efficiently done on a party-by-party basis rather than term-by-term.

Principle 7: The Hearing Should Be Like a Closing Argument With the Lawyers Pointing to Testimony from Depositions and Exhibits Rather Than Proceeding More Like a Trial

A closing-argument format usually works best in presenting claim-construction arguments and supporting evidence in the most concise, efficient, and quickest manner. This format allows the lawyer to gather all of the arguments and evidence, and concisely present them to the court. For example, the lawyer can bring together testimony, documents, case law, and arguments on a term-by-term basis. A closing-argument type format is likely to be the most helpful to the court since the court should immediately be presented with information making apparent the context of how the proffered evidence relates and supports the parties' arguments. Nevertheless, a district court should have discretion to hear testimony and evidence in whatever manner it wants.

Alternative Principle 7: In Some Cases The Hearing Should Be an Evidentiary Hearing With Live Testimony From Persons Having Ordinary Skill in the Relevant Art

Principle 7 represents the consensus view of the Working Group. There is, however, a minority view that should be considered for use in some cases or in some courts. This alternative rests on two fundamental claim construction principles. The first is the long-standing central goal of all claim construction that was recently re-affirmed by the *Phillips v AWH Corp.*, 415 F.3d 1303 (2005) decision: "The inquiry into how a person of ordinary skill in the art understands a claim term provides an objective baseline from which to begin claim interpretation." (415 F.3d at 1313) The second is the important principle that while the *Markman* process is for the court, not the jury, to undertake, that does not mean that it involves only issues of law. As Justice Souter said in the Court's *Markman* decision, "construing a [patent] term of art following receipt of evidence [is] a 'mongrel practice' that is neither a pure issue of law or a pure issue of fact." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 378 (1996).

The *Phillips* opinion stressed that the end result of any *Markman* process should be to "determine what a person of ordinary skill in the art would understand claim terms to mean." 415 F.3d at 1319. That opinion also stated that "because extrinsic evidence can help educate the court regarding the field of the invention and can help the court [make that determination] it is permissible for the district court in its sound discretion to admit and use such evidence." *Id.* The Court of Appeals emphasized that "[i]n exercising that discretion, and in weighing all the evidence bearing on claim construction, the [trial] court should keep in mind the flaws inherent in each type of evidence and assess that evidence accordingly." *Id.* These statements suggest that it would be entirely proper for a trial judge to take testimony from persons having ordinary skill in the relevant art, regardless of whether those individuals were *Daubert*-qualified experts, as to the meaning of claim terms. As long

⁹ While live testimony may present many logistical problems and excessively consume judicial resources in most cases, it may be necessary for important technical or claim construction points. Accordingly, judges, cognizant of the disadvantages and costs of live witness testimony in claim construction hearings, may nevertheless want to request such testimony in certain cases.

as that testimony was not inconsistent with the intrinsic evidence, it could be considered by the court, subject to the caution noted by the Court of Appeals.

Under this view, claim construction is in essence a retrospective search for a hypothetical “fact” - what did the words in the claim mean to a Person Having Ordinary Skill In The Art (PHOSITA) at the time of the application. As such, that process should be open to receipt of evidence, either through declarations or live testimony from PHOSITAs who have read the entire patent and, where necessary, the prosecution history and can testify on the basis of their knowledge and experience in the relevant art about the meaning the terms would have had to them and others similarly experienced at the time of the application.

Because words take their meaning from context and because the relevant context for claim terms is the entire patent and prosecution history, the testimony of PHOSITAs can in some cases be highly relevant evidence. It may sometimes be more useful to the court than any other tool for claim construction. Because a PHOSITA will often be an artisan and not an academic, their experience may not include substantial publications and their field of knowledge may not rise to the level of an accepted discipline. Since they would not be testifying before a jury and are addressing a unique mongrel issue, they need not be “*Daubert* qualified.” If the court finds a PHOSITA’s explanation credible and not inconsistent with the specification or prosecution history, the court would be justified in finding as a fact that certain terms had a certain meaning to one of skill in the relevant art at the time of the application and base the claim construction on that fact.¹⁰

Under this approach the parties should be required to disclose the PHOSITA’s views in advance of any hearing so that appropriate discovery could be taken, just as with an expert witness that might submit a declaration or live testimony.

Principle 8: The *Markman* Hearing Should Take Place Toward the Middle of the Case

Currently, the Federal Circuit has refused to mandate any specific time when a district court must construe claims.¹¹ Instead, it has specifically left the timing issue to the district court’s discretion.¹² This comports with the general recognition that trial courts should have wide latitude in controlling their dockets.¹³ Nonetheless, Judge Rader of the Federal Circuit, sitting by designation as a trial judge, has stated: “The meaning of claim terms is the central issue of patent litigation. With most aspects of trial hanging on this determination - now ‘strictly a question of law for the court,’ - a conscientious court will generally endeavor to make this ruling before trial.” *Loral Fairchild Corp. v. Victor Co. of Japan, Ltd.*, 911 F. Supp. 76, 79 (E.D.N.Y. 1996).

Claim construction hearings probably should take place towards the middle of the case, e.g., midway through the period of fact discovery.¹⁴ If these hearings are done too early, parties may not have sufficient time to conduct discovery that might be relevant to the claim construction issues,¹⁵ e.g., discovery of how one of skill in the art actually uses the term as shown by prior art

¹⁰ Inclusion of findings of fact in a *Markman* ruling should not be shocking. Judges routinely hold hearings on motions for preliminary injunctions and take evidence. Their ruling will often be based on factual findings drawn from the evidence - including live testimony - received at that hearing.

¹¹ See generally, Robert A. Matthews, Jr., 1 ANNOTATED PATENT DIGEST Section 3:15 Time for Court to Construe Claim, or Revise Construction, is Discretionary (2005) (available on Westlaw under database ANPATDIG).

¹² *CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225, 1234 (Fed. Cir. 2005) (“The trial court has discretion to develop the record fully and decide when the record is adequate to construe the claims.”); *Sofjamor Daneb Group, Inc. v. Deput-Motech, Inc.*, 74 F.3d 1216, 1221, 37 USPQ2d 1529, 1532 (Fed. Cir. 1996) (“*Markman*, does not obligate the trial judge to conclusively interpret claims at an early stage in a case. A trial court may exercise its discretion to interpret the claims at a time when the parties have presented a full picture of the claimed invention and prior art.”).

¹³ See *Nutrinova Nutrition Specialties and Food Ingredients GmbH v. Hangezhou Sanhe Food Co., Ltd.*, 224 F.3d 1356, 1360, 55 USPQ2d 1951, 1954 (Fed. Cir. 2000) (“Trial courts are generally given discretion to determine when decisions concerning procedural matters are to be decided. Trial courts have this discretion because the facts of every case are different, and the appropriate time for a trial court to make a decision concerning a procedural matter depends on the circumstances.”).

¹⁴ Under the Local Patent Rules for the United States District Court for the Northern District of Georgia claim construction briefing must be completed approximately 180 days after the filing of the discovery plan. LPR 6.5. Thereafter, the court will schedule a claim construction hearing at its convenience. LPR 6.6. Further, the rules provide that the parties shall have an additional forty-five days of discovery after the district court announces its claim construction ruling even if discovery has concluded under the provisions of the scheduling order. LPR 6.7. The local patent rules for the United States District Court for the Northern District of California effectively require that all claim construction discovery and briefing be done within approximately 180 days from the filing of the case management order, and that the court, at its convenience, will attempt to schedule a claim construction hearing two weeks thereafter. Patent L.R. 4-6.

¹⁵ See *Apex, Inc. v. Rarian Computer, Inc.*, 325 F.3d 1364, 1374, 66 USPQ2d 1444, 1452 (Fed. Cir. 2003) (“While this court is plainly aware that claim construction is a question of law, we decline to construe every claim limitation because the record has not been sufficiently developed. ... In particular, the record should reflect the ordinary meaning of the claim limitations, as a whole, and whether these limitations suggest sufficiently definite structure to one of ordinary skill in the art.”); *Metallus Sys. Co. v. Cooper*, 100 F.3d 938, 939, 40 USPQ2d 1798 (Fed. Cir. 1996) (“[W]e are likely to construe claims better when considering, rather than wanting, a developed record. To construe claims prematurely, as MMEI now suggests we proceed, would undermine the wisdom of reserving claim construction for judges.”), overruled on other grounds, *Cybor Corp. v. FAS Technologies*, 138 F.3d 1448, 1456, 46 USPQ2d 1169 (Fed. Cir. 1998) (*en banc*).

references or potentially expert or percipient witness testimony,¹⁶ or how the accused infringer or patentee specifically used the term in their own business.¹⁷ Furthermore, even if the parties have served initial infringement or invalidity contentions, they still may not fully know what terms are in dispute if there has been little or no discovery on infringement and invalidity. Citing this possibility, one district court has noted that if the *Markman* hearing is too early, it will disserve rather than promote judicial economy.¹⁸

If *Markman* hearings are held late in the case, parties may not have sufficient time to conduct additional fact discovery or expert discovery using the claim construction, and therefore may not have sufficient time to marshal evidence for proving or disproving infringement or invalidity.¹⁹

Construing the claims in the middle of the process probably strikes the best compromise of giving some advance notice of the likely claim construction that will be applied at trial, while allowing some claim-construction related discovery to have previously taken place.²⁰ Further, given that claim-construction rulings are interlocutory rulings, a district court has the authority to revise its prior claim construction if newly discovered evidence arises and the circumstances warrant a revision.²¹

- 16 In this regard, it is possible that a two-tiered system of expert discovery, with one tier focusing on claim construction and the other on the factual issues of infringement and validity may be necessary. The Northern District of Georgia has adopted this approach. Under its local patent rules, depositions of fact and expert witnesses on the issue of claim construction must be done within fifteen days after the service of the "Joint Claim Construction Statement." LPR 6.4(a). Further, the rules expressly provide "[d]iscovery from an individual on claim construction issues shall not prevent a prior or subsequent deposition of the same individual on other issues." LPR 6.4(b).
- 17 *Sofamor Danek Group, Inc. v. Depuy-Motech, Inc.*, 74 F.3d 1216, 1221, 37 USPQ2d 1529, 1532 (Fed. Cir. 1996) ("A trial court may exercise its discretion to interpret the claims at a time when the parties have presented a full picture of the claimed invention and prior art."). *E.g., AFG Indus., Inc. v. Cardinal IG Co., Inc.*, 375 F.3d 1367, 1373, 71 USPQ2d 1678, 1683 (Fed. Cir. 2004) (ruling that accused infringer's internal memorandum describing its product as a five-layered glass was relevant and admissible testimony on the issue of infringement even though it was created well before the court had construed the term "layer" in the claim).
- 18 *Toter Inc. v. City of Visalia*, 44 USPQ2d 1312, 1314 (E.D. Cal. 1997) (refusing defendant's motions for early *Markman* hearing and to prohibit all discovery prior to the hearing because without some discovery the parties did not even know what terms in the patent were in dispute or what prior art might be relevant to claim construction and stating that "some discovery at the very least is necessary prior to *Markman* hearing . . . an early *Markman* hearing would not promote the interest of judicial economy and [this court] refuses to schedule one.").
- 19 Nonetheless, if a party seeks to show that it suffered prejudicial error due to an erroneous jury instruction on claim construction, a party may need to show how under its claim construction it could have proved or disproved infringement or invalidity given that if an "error in a jury instruction could not have changed the result, the erroneous instruction is harmless." *NTP, Inc. v. Research in Motion, Ltd.*, ___ F.3d ___, 75 USPQ2d ___, 2005 WL 1806123, *23 (Fed. Cir. 2005). *E.g., Ecalab Inc. v. Paracalypse, Inc.*, 285 F.3d 1362, 1373, 62 USPQ2d 1349, 1356 (Fed. Cir. 2002) (reversing noninfringement verdict as to one claim and remanding because of an erroneous jury instruction on claim interpretation where under the proper claim construction sufficient evidence existed in the record to support a verdict of infringement, therefore, the error was prejudicial). Accordingly, a party may need to take discovery to support its infringement and validity contentions under its proposed construction, its adversary's proposed construction, and the construction actually rendered by the district court. *Power Mosfet Technologies, L.L.C. v. Siemens AG*, 378 F.3d 1396, 1414, 72 USPQ2d 1129, 1141 (Fed. Cir. 2004) (affirming denial of patentee's motion for a new trial and rejecting patentee's argument that patentee suffered prejudice because it did not introduce evidence on infringement under doctrine of equivalents in reliance on district court's claim construction rendered at a *Markman* hearing, and then allegedly changed by the district court at the bench trial, where the record showed that the parties recognized that the district court's earlier claim construction was not complete and even argued at trial for variations in the claim construction); *CVI/Beta Ventures, Inc. v. Tuna LP*, 112 F.3d 1146, 1161-62, 42 USPQ2d 1577 (Fed. Cir. 1997) (reversal rather than remand proper where patentee did not submit evidence to support its infringement contentions under claim construction adopted on appeal that differed from claim construction used in affirming a preliminary injunction); *Exxon Chemical Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553, 1558-60, 35 USPQ2d 1801 (Fed. Cir. 1995) (reversal, and not remand, warranted where evidence submitted by the plaintiff during the trial was insufficient to prove infringement under the proper claim construction, and the plaintiff was aware of the defendant's proposed claim construction and should have, but did not, offer proof accordingly). *Cf. Network Commerce, Inc. v. Microsoft Corp.*, No. 04-1445, ___ F.3d ___, 76 USPQ2d ___, 2005 WL ___ (Fed. Cir. Sept. 8, 2005) ("There is no requirement that the district court construe the claims at any particular time, and thus the parties are under an obligation to conduct discovery without the benefit of the district court's construction.").
- 20 Courts should not be required to hold a *Markman* hearing if the circumstances of the given case permit the court to construe the disputed claim terms on the basis of the parties' written submissions. The Federal Circuit has noted that the law does not require a district court to hold a separate claim-construction hearing.
 . . . *Markman* does not require a district court to follow any particular procedure in conducting claim construction. It merely holds that claim construction is the province of the court, not a jury. To perform that task, some courts have found it useful to hold hearings and issue orders comprehensively construing the claims in issue. Such a procedure is *not always necessary*, however. If the district court considers one issue to be dispositive, the court may cut to the heart of the matter and need not exhaustively discuss all the other issues presented by the parties. District courts have wide latitude in how they conduct the proceedings before them, and there is nothing unique about claim construction that requires the court to proceed according to any particular protocol. As long as the trial court construes the claims to the extent necessary to determine whether the accused device infringes, the court may approach the task in any way that it deems best.
Ballard Medical Prods. v. Allegiance Healthcare Corp., 268 F.3d 1352, 1358, 60 USPQ2d 1493, 1498 (Fed. Cir. 2001) (emphasis added); see also Matthews, 1 ANNOTATED PATENT DIGEST Section 3:16 Discretion on Whether to Hold a Hearing
 Given the crowded docket of the typical district court judge, it does not make sense to obligate a judge to conduct a mandatory hearing if that hearing will not provide the judge with information needed to make a claim-construction ruling that is not obtainable from the parties' written submissions. But, where a court has questions regarding the technology or the parties' position, it should have the authority to hold a hearing to obtain additional information to help it reach its ruling.
- 21 FED. R. CIV. P. 54(b) ("In the absence of such determination and direction [entering final judgment on less than all the claims] *any order or other form of decision*, however designated, which adjudicates fewer than all the claims or the rights and liabilities of fewer than all the parties shall not terminate the action as to any of the claims or parties, and the order or other form of decision is subject to revision at any time before the entry of judgment adjudicating all the claims and the rights and liabilities of all the parties." - emphasis added). See also *Jack Guttman, Inc. v. Kopykake Enterprises, Inc.*, 302 F.3d 1352, 1361, 64 USPQ2d 1302, 1308 (Fed. Cir. 2002).

Principle 9: It Is Not Wise to Couple the *Markman* Hearing with Motions for Summary Judgment as a Routine Practice

Where an issue of infringement or invalidity can be determined solely on the basis of claim construction, i.e., there are no factual disputes regarding the characteristics of the accused product or what a prior art reference teaches, then some efficiency could be achieved by coupling summary judgment motions with a *Markman* hearing.²² But if the parties dispute the characteristics of the accused product or the disclosure of the prior art, coupling a summary judgment motion with a *Markman* hearing is not likely to achieve judicial economy since a determination of the genuineness of the dispute will be needed, and if it is found, summary judgment would be precluded.

Considering the issue of whether to couple summary judgment motions with a claim-construction hearing, and concluding that judicial economy is best achieved by having summary judgment motions filed and heard after the *Markman* ruling, one district court has explained:

In the court's view, an earlier *Markman* hearing, one held before the summary judgment briefing, would bring many benefits to the court and the parties. Primarily, the summary judgment process could be narrowed and be more efficient with the benefit of the court's claim construction. A claim construction which precedes summary judgment could avoid unnecessary alternative briefing and evidentiary submissions, including expert witness testimony addressed to or based on rejected claim constructions. The narrowing of the issues could off-set any added delay posed by the separate *Markman* hearing. In addition, a more focused summary judgment process could aid the court in the ultimate goal of properly resolving the claims before it. The interest of getting it right overrides the interest of a speedier resolution. Having a *Markman* hearing and briefing separate from briefing on the summary judgment issues also avoids any risk of confusing the issues of claim construction (a matter of law) with patent infringement (a matter of fact) and sharpens the focus on the issues at hand. Finally, if the Defendants truly believe that no claim construction would allow the Plaintiffs to prevail on any of their claims, then they may so inform the court and the Plaintiffs and the case can proceed to summary judgment briefing for which the court would adopt the Plaintiffs' claim constructions.

Magarl, L.L.C. v. Crane Co., No IP 02-0478-C-T/L, 1:03-CV-01255-JDT-TW, 2004 WL 2750252, *15 (S.D. Ind. Sept. 29, 2004) (citations omitted) (granting patentee's motion to set a *Markman* hearing before summary judgment briefing).²³

In view of the foregoing, it may not be best to mandate that summary judgment motions must accompany a *Markman* brief. Indeed, if a court holds a claim-construction hearing in the early stages of the proceeding, summary judgment may not be proper if the parties have not had adequate time for discovery.²⁴

22 See *Desper Products, Inc. v. QSound Labs, Inc.*, 157 F.3d 1325, 1332, 48 USPQ2d 1088 (Fed. Cir. 1998) ("Often, as in this case, the composition of the allegedly infringing process or product is undisputed. In such case, literal infringement collapses into claim construction - a matter of law - amenable to summary judgment."); *Beckson Marine, Inc. v. NFM, Inc.*, 292 F.3d 718, 723, 63 USPQ2d 1031, 1033 (Fed. Cir. 2002) ("[A] district court properly may grant summary judgment on obviousness or anticipation only when the underlying factual inquires present no lingering genuine issues."); e.g., *K-2 Corp. v. Salomon S.A.*, 191 F.3d 1356, 1362, 52 USPQ2d 1001, 1004 (Fed. Cir. 1999) (affirming summary judgment of no literal infringement and no infringement under the doctrine of equivalents since "the relevant aspects of the accused device's structure and operation are undisputed in this case, [and therefore] the question of whether Salomon's TR skate literally infringes the asserted claims of the '466 patent turns on the interpretation of those claims.").

23 See also *GT Development Corp. v. Temco Metal Products Co.*, No. C04-0451Z, 2005 WL 2138546, *1 (W.D. Wash. Aug. 31, 2005) ("Early motions for summary judgment in patent cases are generally disfavored where they prematurely raise issues of claim construction. This Court's standard patent scheduling order-used in this case-specifically instructs parties that early summary judgment motions which raise issues of claim construction will not be considered unless special circumstances warrant and leave of Court is obtained in advance of the filing."); *Digi Intl, Inc. v. Lantronix, Inc.*, No. Civ.04-1560(DWF/JSM), 2005 WL 1397010, *3 (D. Minn. June 13, 2005) (denying accused infringer's motions for summary judgment on the issue of anticipation and ruling that the motions were premature where they were filed before the scheduled *Markman* hearing and the parties disputed the construction of key limitations that were relevant to the motions).

24 *Vivid Technologies, Inc. v. American Science & Engineering, Inc.*, 200 F.3d 795, 810, 53 USPQ2d 1289, 1299 (Fed. Cir. 1999) (reversing summary judgment of noninfringement because district court abused its discretion in improperly denying the patentee the opportunity to take any discovery as to the accused product and improperly resolved material factual disputes regarding the characteristics of the accused product); *Rhine v. Casio, Inc.*, 183 F.3d 1342, 1346, 51 USPQ2d 1377, 1380 (Fed. Cir. 1999) (refusing to consider as a corollary to a claim-construction dispute an accused infringer's argument that the claim must also be held invalid if construed broadly because district court had not done a full-blown validity analysis and patentee alleged he had been denied the opportunity to conduct discovery on the validity issue). See generally, Matthews, 6 ANNOTATED PATENT DIGEST Section 40:33 Sufficiency of the Opportunity for Discovery and Rule 56(f).

Principle 10: While It Is Proper for the Trial Judge to Be Aware of the Nature of the Accused Items, It is Generally Not Advisable to Require Submission of Contingent Summary Judgment Motions With the *Markman* Submissions

Case law holds that claim constructions should not depend on the characteristics of the accused products.²⁵ Accordingly, a summary judgment motion regarding the issue of infringement, and contingent on whether the district court adopts a particular proposed construction, should have little relevance in a claim-construction analysis since it will tend to focus on the application of a proposed claim construction to the accused product or process. Further, to the extent that factual disputes regarding the characteristics of the accused product or process exist, a contingent summary judgment motion would not likely lead to judicial economy since it could not be granted.

Similarly, a summary judgment motion on a validity issue dependent on a particular claim construction generally should have little relevance to a claim-construction analysis. This follows from the principle that where a claim term has an unambiguous meaning in view of the intrinsic evidence, validity considerations cannot trump that unambiguous meaning.²⁶ In other words, a court construing a claim must not “put the validity cart before the claim construction horse.”²⁷

Given the foregoing, the submission of contingent summary judgment motions does not appear helpful to the claim-construction process. Further, while some judges may wish to understand the ultimate impact of the claim construction ruling on the case, they most likely do not need a formal brief to obtain this information. Contentions regarding the impact of a particular construction on the issue of validity or infringement can, in many circumstances, be sufficiently conveyed in the body of a supporting claim-construction brief. Putting the parties to the expense of drafting a formal brief, which is contingent on a proposed claim construction that may be adopted by the district court wholly, in part, or not at all, seems to be an unnecessary added expense to the cost of patent litigation.

Principle 11: Regardless of the Format of the *Markman* Hearing, the Federal Rules of Evidence Should Not Be Strictly Applied

The Federal Circuit and numerous courts have described a *Markman* hearing as an “evidentiary hearing,” which suggests that the FRE may apply. See, e.g., *EMI Group North America, Inc. v. Intel Corp.*, 157 F.3d 887, 891-92 (Fed. Cir. 1998); *Ecolab, Inc. v. Amerikem Labs., Inc.*, 98 F. Supp. 2d 569, 572 n.5 (D.N.J. 2000). At least one court has explicitly applied the FRE to *Markman* hearings as they would to a trial, excluding deposition testimony from “available” witnesses. See *U.S.A. Kaifia Tech., Inc. v. New Focus, Inc.*, Case No. C-99-5208 MMC (N.D. Cal. 1999). We believe that the better practice is to permit a relaxed application of the FRE in a *Markman* hearing for at least the following reasons:

²⁵ *SRI Int'l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118, 227 USPQ 577, 583 (Fed. Cir. 1985) (*en banc*) (“A claim is construed in the light of the claim language, the other claims, the prior art, the prosecution history, and the specification, *not* in light of the accused device. Contrary to what MEI’s [the patentee] counsel wrote the district court, claims are not construed “to cover” or “not to cover” the accused device. That procedure would make infringement a matter of judicial whim. It is *only* after the claims have been construed *without reference to the accused device* that the claims, as so construed are applied to the accused device to determine infringement.”)(emphasis in original).

²⁶ *Phillips v. AWH Corp.*, 415 F.3d 1303, 1327-28, 75 USPQ2d 1321, 1336-37 (Fed. Cir. 2005) (*en banc*) (rejecting accused infringer’s argument the claim term should be construed narrowly otherwise it would be invalid because the term was not ambiguous and noting that “[w]hile we have acknowledged the maxim that claims should be construed to preserve their validity, we have not applied that principle broadly, and we have certainly not endorsed a regime in which validity analysis is a regular component of claim construction. Instead, we have limited the maxim to cases in which the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous.”)(internal quotation omitted); *accord Karsten Mfg. Corp. v. Cleveland Golf Co.*, 242 F.3d 1376, 1384, 58 USPQ2d 1286, 1292 (Fed. Cir. 2001) (“The claims can not be rewritten by the court to avoid the impact of newly discovered prior art, for the role of ‘claim construction’ is to describe the claim scope as it was intended when examined and obtained by the applicant, not as it might have been limited upon a different record of prosecution and prior art.”). E.g., *Chief Am., Inc. v. Lamb-Weston, Inc.*, 358 F.3d 1371, 1374, 69 USPQ2d 1857, 1859-60 (Fed. Cir. 2004); *Elekta Instrument S.A. v. O.U.R. Scientific Int'l, Inc.*, 214 F.3d 1302, 54 USPQ2d 1910 (Fed. Cir. 2000); *Process Control Corp. v. Hydroclaim Corp.*, 190 F.3d 1350, 1357, 52 USPQ2d 1029, 1034 (Fed. Cir. 1999). See generally, Mathews, 1 ANNOTATED PATENT DIGEST SECTIONS 7:22-39.

²⁷ *Nazomi Communications, Inc. v. ARM Holdings, PLC.*, 403 F.3d 1364, 1368-69, 74 USPQ2d 1458, 1461 (Fed. Cir. 2005) (ruling that district court erred in basing its claim construction analysis on the presumption that it had to construe the claim so as not to read on the prior art and stating “In thus focusing on validity, this limited approach glosses over, if it does not ignore entirely, the intrinsic evidence - the claims, specification, and prosecution history - that must inform the court’s claim construction. It is an old axiom that patents are to receive a liberal construction, and under the fair application of the rule, *ut res magis valeat quam pereat*, are, if practicable, to be so interpreted as to uphold and not to destroy the right of the inventor. However, the phrase ‘if practicable’ cannot be ignored, and courts should not rewrite claims to preserve validity. In sum, it is essential to understand the claims before their breadth is limited for purposes of preserving validity. Otherwise the construing court has put the validity cart before the claim construction horse.”).

- Efficiency - formal presentation of live testimony takes additional time
- Expense - the FRE requires attendance of witnesses, if available, authentication of documents, and adherence to various other evidentiary rules that increase expense of an already expensive undertaking
- Expertise - the Court has expertise that obviates the need for the various protections of the FRE

Principle 12: The Hearing Should Include Consideration of Extrinsic Evidence Which May Be Considered If Not Inconsistent With the Intrinsic Evidence

A review of relevant law²⁸ reveals that the intrinsic record includes:

1. the patent-in-suit and prosecution history, including any reexamination or reissue;
2. related patents (i.e., claiming priority to a common ancestor) and prosecution histories;
3. prior art cited in the patent-in-suit and its prosecution history, or in ancestor patents and their prosecution histories;
4. prior art or patent applications incorporated by reference into the patent-in-suit, except for new matter added to a patent application subsequent to its incorporation.

Under *Phillips*, it is clearly permissible for a district court, in its sound discretion, to consider extrinsic evidence. 415 F.3d at 1318-19. For example, extrinsic evidence is permissible to “explain relevant scientific principles, the meaning of technical terms, and the state of the art.” *Phillips* at 1314 (quoting *InnovalPure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 381 F.3d 1111, 1116 (Fed. Cir. 2004)). The Court also permits litigants to use extrinsic evidence “to provide background on the technology at issue, to explain how an invention works, to ensure that the court’s understanding of the technical aspects of the patent is consistent with that of a person of skill in the art, or to establish that a particular term in the patent or the prior art has a particular meaning in the pertinent field.” *Id.* at 1318.

In the past, some courts have expressed the view that extrinsic evidence should not be considered unless the intrinsic evidence met some threshold level of ambiguity. We believe the better practice is not to follow this procedure but to consider proffered extrinsic evidence, giving it the weight to which it is entitled, which will vary from case to case.

Principle 13: The Parties Should be Able to Present Live Testimony in the District Court’s Discretion

Parties should have the ability to present witness testimony in a *Markman* hearing if useful to the court. In keeping with having a closing-argument type format for the hearing as proposed in Principle 7, witness testimony preferably should be presented by way of declaration and deposition testimony.²⁹ Where circumstances warrant, a district court has discretion to permit or order live witness testimony, as would be appropriate under alternative Principle 7.

²⁸ See, e.g., *Goldenberg v. Cytogen, Inc.*, 373 F.3d 1158, 1167 (Fed. Cir. 2004); *Microsoft Corp. v. Multi-Tech Systems, Inc.*, 357 F.3d 1340, 1349 (Fed. Cir. 2004); *Biavital Corp. Intern. v. Andrx Pharmaceuticals, Inc.*, 239 F.3d 1297, 1301 (Fed. Cir. 2001); *Elkay Mfg. Co. v. Ebo Mfg. Co.*, 192 F.3d 973, 980 (Fed. Cir. 1999), cert. denied, 529 U.S. 1066 (2000). But see *Biogen, Inc. v. Berlex Labs, Inc.*, 318 F.3d 1132, 1139 (Fed. Cir. 2003) (“arguments made in a related application do not automatically apply to different claims in a separate application”); *Abtox, Inc. v. Exivron Corp.*, 122 F.3d 1019, 1027 (Fed. Cir. 1997) (limiting effect of statements regarding one technology upon claims covering other technology in divisional application).

²⁹ See Principle 5, *supra*.

Principle 14: Testimony from the Inventor Should Be Limited, with Little or No Weight Given to the Inventor's Statements Concerning the Meaning of Claims

For the plaintiff, inventor testimony should generally be limited to an explanation of the technology, the problems to be solved, and what was invented. *Voice Techs. Group, Inc. v. VMC Systems Inc.*, 164 F.3d 605, 615 (Fed. Cir. 1999). An inventor's self-interested post-issuance testimony regarding the meaning of claims, is given little or no weight. *Honeywell Intern.*, 66 Fed.Cl. at 426; *Vehicular Techs. Corp. v. Titan Wheel Intern.*, 141 F.3d 1084, 1092 (Fed. Cir. 1998); *Bell & Howell Document Mgmt Prods. Co. v. Altek Systems*, 132 F.3d 701, 706 (Fed. Cir. 1997).

For the defendant, admissions against interest during inventor depositions should be received and considered. *Smith & Nephew, Inc. v. Ethicon, Inc.*, 276 F.3d 1304, 1309-10 (Fed. Cir. 2001); *Bristol-Myers Squibb Co. v. Teva Pharmaceuticals USA, Inc.*, 288 F. Supp. 2d 562, 586 (S.D.N.Y. 2003). The Court however, may decide what weight to give such statements. *Oakley, Inc. v. Sunglass Hut Intern.*, 316 F.3d 1331, 1341 n.2 (Fed. Cir. 2003) ("Sunglass Hut argues that [the inventor] admitted during his deposition that the terms 'vivid' and 'strong' are synonymous. We consider that testimony to be of little value in the definiteness analysis or claim construction.").

Principle 15: Testimony from Experts or Percipient Witnesses Is Appropriate

Expert testimony may be appropriate "to provide background on the technology issue, to explain how an invention works, to ensure that the court's understanding of the technical aspects of the patent is consistent with that of a person of skill in the art, or to establish that a particular term in the patent or the prior art has a particular meaning in the pertinent field." *Phillips* at 1318. In some cases witnesses may be persons having the knowledge of those with "ordinary skill in the relevant art" but not be individuals whose background and experience meets the standards required for expert testimony under *Daubert v. Merrell Dow Pharmaceuticals*, 509 U.S. 579 (1993). The Federal Circuit has not yet been asked to decide whether the so-called PHOSITA witness must first be qualified as an expert under *Daubert*. Given the fact that Markman issues are never decided by juries and the policies behind both the *Markman* and *Daubert* decisions, it would seem that PHOSITA witnesses need not meet the strict requirements for expert testimony.

Principle 16: Testimony from Patent Law Experts Should Be received Only in Rare Cases

A patent law expert may be useful to illuminate arcane aspects of patent prosecution. However, the Federal Circuit very recently "caution[ed] the district court regarding its reliance on testimony from any patent attorney on technical issues, as opposed to issues concerning legal procedure. In particular, a patent expert should not be permitted to construe claim terms unless he is first qualified as an expert in the pertinent art." *Landers v. Sideways, LLC*, No. 04-1510, -1538, 2005 WL 1772692, at *4n.3 (Fed. Cir. 2005) (non-precedential).

Principle 17: Testimony from a Court-appointed Expert should be Used Sparingly

The law permits a district court to appoint an expert when circumstances warrant,³⁰ and if a district court opts to appoint an expert that expert's testimony should be heard at a *Markman* hearing. However, the circumstances in which a district court finds the need to appoint an expert in addition to the experts proffered by the parties should be the exception and not the norm. Should a court appoint an expert for purposes of claim construction, that expert should be required, before the due date for the claim construction briefs, to submit an expert report regarding his or her opinions on the construction of the disputed claim terms, be deposed by both parties, and then at the hearing the parties may introduce the relevant portions of the expert's report and deposition testimony.

³⁰ FED. R. EVID. 706(a). See generally, Matthews, 1 ANNOTATED PATENT DIGEST Section 3:21 Court-Appointed Experts (collecting cases where district courts appointed experts for purposes of claim construction).

Principle 18: The Court May Consider Evidence Beyond the Intrinsic Record

In addition to the intrinsic evidence, evidence that is typically offered during a *Markman* hearing includes dictionary definitions, treatises, prior art, articles, witness testimony, the Manual for Practice Examination Procedure, usage in the field, foreign patents and foreign file histories. This evidence usually comprises or reflects information publicly available to the hypothetical person of ordinary skill. In some cases, non-public information, such as lab notebooks or internal company documents, may be useful to demonstrate how the inventor used the disputed terms, to impeach witness testimony, or to demonstrate that a proposed construction is otherwise consistent or inconsistent with the meaning of the term to a skilled artisan. See *ASM America, Inc. v. Genus, Inc.*, 401 F.3d 1340, 1347 (Fed. Cir. 2005); *Bancorp Serv., L.L.C. v. Hartford Life Ins. Co.*, 359 F.3d 1367, 1375-76 (Fed. Cir. 2004) (proper to consider accused infringer's use the disputed claim term even though such use was not a public use).

Principle 19: Evidence of the Accused Device or Process Should Be Permitted

In construing claims, it is important to remember that “[c]laim construction ... is a contextual interpretation of language. The scope of patent claims can neither be broadened nor narrowed based on abstract policy considerations regarding the effect of a particular claim meaning. For this precise reason, this court has repeatedly stated that a court must construe claims without considering the implications of covering a particular product or process.” *SmithKline Beecham Corp. v. Apotex Corp.*, 365 F.3d 1306, 1314 (Fed. Cir. 2004). However, this is not to say that the accused device or process should be completely ignored in claim construction. There has been some controversy among district courts regarding whether an accused device or process should be taken into account at all in construing patent claims. Some courts, relying on the Federal Circuit's admonishment that “claims may not be construed with reference to the accused device,” have refused to even consider the accused device or process. See *NeoMagic Corp. v. Trident Microsystems, Inc.*, 287 F.3d 1062, 1074 (Fed. Cir. 2002) (citing *SRI Int'l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985) (en banc)). This reluctance to consider accused devices goes too far. As the Federal Circuit recently clarified, the *SRI* rule “does not forbid awareness of the accused product or process to supply the parameters and scope of the infringement analysis, including its claim construction component.” *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, --- F.3d ---, 2006 WL 722127, slip op. at 7 (Fed. Cir. Mar. 23, 2006); see also *Lava, Inc. v. Sonic Trading Mgmt., LLC et al.*, --- F.3d ---, slip op. at 3 (Fed. Cir. Apr. 19, 2006) (“Without knowledge of the accused products, this court . . . lacks a proper context for an accurate claim construction.”) District court judges should use accused devices to provide context and to frame the issues surrounding claim construction. Otherwise, they may arrive at constructions for claims that are completely divorced from the real-world circumstances that give those claims relevance.

Principle 20: Receipt of Prior Art Should Be Permitted, but the Weight to be Given Varies

Evidence of the prior art should be permitted. The weight given to a piece of prior art or to a prior art event should be determined by 1) whether it is intrinsic or extrinsic evidence, and 2) the extent to which it either reflects, or affected, the meaning of the disputed term to one of ordinary skill.³¹

As part of the prosecution history, cited prior art is intrinsic evidence that has particular weight. *Phillips* 415 F.3d at 1317.³² Uncited prior art, however, may also be “relevant evidence to determine how a term or phrase has been used or understood by one skilled in the art.” *Honeywell*

³¹ See Generally, Matthews, 1 ANNOTATED PATENT DIGEST Section 7:15 Reliance on Prior Art in Construing Claims

³² But see *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, 320 F.3d 1339, 66 USPQ2d 1961, 1966, (Fed. Cir. 2003) (“[W]hile references submitted during prosecution may shed light on the ordinary and accustomed meaning of a claim term, a patentee does not renounce the ordinary meaning of a term merely by submitting a reference that employs a different meaning. Absent a reliance on the narrower meaning by the patentee during prosecution, the references’ use of ‘isolating’ in a narrower sense does not preclude the claim term from also encompassing steps subsequent to the initial isolation.”); *PIN/NIP, Inc. v. Platte Chemical Co.*, 304 F.3d 1235, 1244, 64 USPQ2d 1344, 1350 (Fed. Cir. 2002) (“Although the construction of a term in a patent claim is a highly contextual exercise that is dependent upon the content of the particular patent in which the term appears, and one cannot always apply the construction of a claim term from one patent to an unrelated patent in an unrelated lawsuit, the basic definition of the term ‘composition’ is well-established, was well-expressed in *Exxon*, and is applicable to this case.”).

Intern., 66 Fed.Cl. at 425; *see, also Arthur A. Collins, Inc. v. Northern Telecom Ltd.*, 216 F.3d 1042, 1044-45 (Fed. Cir. 2000) (“Even when prior art is not cited in the written description or prosecution history, it may assist in ascertaining the meaning of a term to a person skilled in the art.”).³³

The weight attached to a piece of extrinsic prior art should be determined by 1) the extent to which it would have been known to the skilled artisan (widely distributed articles and heavily cited patents should be given more weight than obscure art, for example); and 2) by the degree to which the art reflects the common usage of the term by skilled artisans (the agreed meaning of a term in an industry standard that had many contributors deserves great weight, for example). Some prior art may deserve little or no weight - a single offer for sale of a failed device to a foreign customer may be unknown to others and reflect only the seller’s understanding of a term and not the understanding of one of ordinary skill in the art.

PART III. THE *MARKMAN* RULING ITSELF

Principle 21: Courts Should Usually Not Issue Tentative Markman Rulings in Advance of the *Markman* Hearing

Some trial and appellate courts have developed a practice of offering tentative rulings to focus the parties’ presentation. However, in a patent case it seems unlikely that district court judges, already overburden with other civil and criminal cases, would want to take the time to issue a prehearing “tentative” claim construction ruling to enable the parties to better focus their presentations at the *Markman* hearing. Hence, from a practical view of the time constraints district court judges must operate under, the practice of issuing tentative rulings does not appear realistically feasible in all but the most extraordinary circumstance.

If such a practice were adopted, it seems more likely that the “tentative” ruling, made without the benefit of the full presentation of evidence relevant to the claim construction issues would all too often become the final claim construction. The party suffering what it perceives to be an adverse ruling with then have to overcome the inertia of the judge’s initial ruling at the *Markman* hearing.

Further, some judges permit parties to provide a “tutorial” on the technical subject matter as part of, or in connection with, the *Markman* hearing. Imposing an obligation for a district court judge to issue a tentative claim construction ruling may result in the court attempting to issue the ruling without the benefit of the tutorial. This could cause the judge to waste time in trying to understand aspects of the technology on his or her own. Potentially, it could cause the judge to turn more often to special masters or technical advisors to help with the tentative and final claim constructions.³⁴

Principle 22: The *Markman* Construction Ruling Should Be Prepared as a Well-reasoned Opinion that can be Expressed in Understandable Jury Instructions

Typically district courts should provide well-reasoned opinions rather than just articulate a claim construction for use in a jury instruction. Pragmatically, parties will better understand a district court’s claim-construction ruling if they understand the reasons the court relied on in reaching its construction. This can help the parties better prepare their proofs for trial and arguments for appeal. Legally, the law requires that a district court provide sufficient reasons to enable the Federal Circuit to review the construction.³⁵ Recently, the Federal Circuit instructed that even though it reviews a

33 *Accord Vitronics Corp. v. Conceptronic, Inc.* 90 F.3d 1576, 1585 (Fed. Cir. 1996) (“Even in those rare instances [where extrinsic evidence is appropriate to aid in claim construction], prior art documents and dictionaries, . . . are more objective and reliable guides [than expert testimony]. Unlike expert testimony, these sources are accessible to the public in advance of litigation.”) *E.g. Plant Genetic Sys., N.V. v. DeKalb Genetics Corp.*, 315 F.3d 1335, 1346 (Fed. Cir. 2003) (district court properly relied on post-filing extrinsic evidence showing that at the time of the application a particular process could only be carried out with one type of plant to support claim construction restricting claim to that type of plant).

34 *See TechSearch, L.L.C. v. Intel Corp.*, 286 F.3d 1360, 1378, 62 USPQ2d 1449, 1461 (Fed. Cir. 2002) (“A district court’s appointment of a technical advisor, outside of the purview of Rule 706 of the Federal Rules of Evidence, falls within the district court’s inherent authority[.]”). *See generally*, Matthews, 1 ANNOTATED PATENT DIGEST Sections 3:17-34 (discussing trial court’s power to use special masters, court appointed experts, and technical advisors as part of the claim construction process).

35 *See MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1329, 74 USPQ2d 1225, 1230 (Fed. Cir. 2005, (rev’d on other grounds, 547 U.S. ___ 2006) (“A district court’s *Markman* order is an explanation to the parties of the reasoning behind its claim construction.”)

district court's claim construction *de novo*, in its role as an appellate court, it relies on the district court's initial analysis of the claim construction issues and does not view itself as performing the function of rendering an independent first analysis when it reviews claim constructions.³⁶

Accordingly, where a district court's claim construction fails to identify the reasons as to why the court reached a particular claim construction in a sufficient manner for the Federal Circuit to review the construction, the Federal Circuit may simply vacate the claim construction ruling and remand for the district court to redo the construction and provide more detailed reasons for its construction.³⁷

Other cases from the Federal Circuit note the need for an adequately developed record for construing claim terms, which record should include the district court's reasons for its construction.³⁸ Indeed, Judge Plager has commented that "common sense dictates that the trial judge's view will carry weight," but that weight "will vary depending on the care, as shown in the record, with which that view was developed and the information on which it is based." *Cybor Corp.*, 138 F.3d at 1462, 46 USPQ2d at 1180 (Plager, J., *concurring*).

At the same time the courts understand that they have the exclusive responsibility to construe a claim term and provide that construction in a jury instruction comprehensible by the lay juror.³⁹ The Federal Circuit made this clear by instructing that "the district court normally will need to provide the jury in a patent case with instructions adequate to ensure that the jury fully understands the court's claim construction rulings and what the patentee covered by the claims." *Sulzer Textil A.G. v. Picanol N.V.*, 358 F.3d 1356, 1366, 69 USPQ2d 1961, 1968 (Fed. Cir. 2004) (holding that it is the "duty of trial courts in patent cases in which claim construction rulings on disputed claim terms are made prior to trial and followed by the parties during the course of the trial to inform jurors both of the court's claim construction rulings on all disputed claim terms and of the jury's obligation to adopt and apply the court's determined meanings of disputed claim terms to the jury's deliberations of the facts").

As previously noted, the *Phillips* opinion suggest that it would be entirely proper for a trial judge to take testimony from persons having ordinary skill in the relevant art, regardless of whether those individuals were *Daubert*-qualified experts, as to the meaning of claim terms. As long as that testimony was not inconsistent with the intrinsic evidence, it could be considered by the court, subject to the caution noted by the Court of Appeals.

Principal 23: The Significance of the Claim Construction, Coupled With a Comparatively High Appellate Reversal Rate May Warrant Consideration of a New Mechanism for Interlocutory Appeals from *Markman* Rulings

Claim construction orders are interlocutory in nature and typically cannot be challenged on appeal until the entry of a final judgment that resolves all disputed issues in the case. Such a requirement is intended to guard against the inefficiencies that arise with piecemeal appellate review. *Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368, 374 (1981). Consequently, the parties typically

³⁶ *Nazomi Communications, Inc. v. ARM Holdings, PLC.*, 403 F.3d 1364, 1371, 74 USPQ2d 1458, 1462-63 (Fed. Cir. 2005).

³⁷ *Nazomi*, 403 F.3d at 1371, 74 USPQ2d at 1463 ("This court rarely remands the issue of claim construction. . . . Nonetheless [the district court's claim construction] analysis is inadequate because it does not supply the basis for its reasoning sufficient for a meaningful review."). While the Federal Circuit requires that the district court provide its reasons for its construction in the record, a district court is not obligated to include those reasons in the instructions it gives to the jury. *MercExchange*, 401 F.3d at 1329, 74 USPQ2d at 1230 (rejecting infringer's argument that the district court committed prejudicial error by not including in the jury instruction on claim construction the court's reasons for some of its claim constructions where that omission allegedly allowed the jury to apply an erroneously broader claim construction and stating "We also agree with the district court that it was not necessary for the court to include excerpts from its *Markman* order in the jury instructions. A district court's *Markman* order is an explanation to the parties of the reasoning behind its claim construction. The court's analysis need not be part of the jury instructions.").

³⁸ See *Apex, Inc. v. Rarian Computer, Inc.*, 325 F.3d 1364, 1374, 66 USPQ2d 1444, 1452 (Fed. Cir. 2003) ("While this court is plainly aware that claim construction is a question of law, we decline to construe every claim limitation because the record has not been sufficiently developed. . . . In particular, the record should reflect the ordinary meaning of the claim limitations, as a whole, and whether these limitations suggest sufficiently definite structure to one of ordinary skill in the art."); *Metalluc Sys. Co. v. Cooper*, 100 F.3d 938, 939, 40 USPQ2d 1798 (Fed. Cir. 1996) ("we are likely to construe claims better when considering, rather than wanting, a developed record"), *overruled on other grounds*, *Cybor Corp. v. FAS Technologies*, 138 F.3d 1448, 1456, 46 USPQ2d 1169 (Fed. Cir. 1998) (*en banc*).

³⁹ E.g. *Control Resources, Inc. v. Delta Elec., Inc.*, 133 F. Supp. 2d 121, 127 (D. Mass. 2001) ("Although claim construction is [a] matter of law, and thus lies within the sole province of a judge, this Court is cognizant of the eventual involvement of a jury. In the end, claim construction must result in a phraseology that can be taught to a jury of lay people. It is not enough simply to construe the claims so that one skilled in the art will have a definitive meaning. The claims must be translated into plain English so that a jury will understand. Thus, accurate words that convey the essence of the invention are needed. To minimize the risk of imprecision of language leading to misconceptions, it is appropriate to recite for the parties the claim construction as near as possible to the language intended for the jury and to give the parties an opportunity to comment. . . . This protocol was followed here.")

must proceed to final judgment under the district court's claim construction to achieve an opportunity for appellate review of the claim construction.

The central role of claim construction combined with the higher than normal reversal rate by the Court of Appeals of the Federal Circuit⁴⁰ suggest that in some cases interlocutory appeal of claims construction decisions might result in a more efficient and economical disposition of the litigation. When a trial judge's claim construction is reversed on appeal after final judgment and the case remanded, many of the actions of the trial court must then be repeated under the new construction approved by the Court of Appeals for the Federal Circuit, resulting in added time and expense for all parties.

The Court of Appeals for the Federal Circuit has authority to consider interlocutory judgments and orders of the district court under 28 U.S.C. 1292(b), (c)(1), if the district court certifies that each issue on appeal "involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation . . ." *Taylor v. PPG Indus., Inc.*, 256 F.3d 1315, 1317 (Fed.Cir. 2000).) The Court of Appeals of the Federal Circuit must also exercise its discretion to accept such an appeal, and it has rarely chosen to approve such appeals. *Nystrom v. TREX Co., Inc.*, 339 F.3d 1347, 1351 (Fed.Cir. 2003). In declining the opportunity for interlocutory review the Court of Appeals for the Federal Circuit has determined that the benefits of reviewing the claim construction in the context of the full record of the case outweighs any inefficiencies that may arise in the event that the claim construction is reversed and remanded to the district court for reconsideration. A more expansive opportunity for interlocutory appeal may also shift the dynamics of patent litigation in the district courts in ways that delay settlement discussions and the ultimate resolution of the case.

The opportunity for appellate review of judgments on distinct multiple claims or multiple parties offers some relief from the strict application of the final judgment rule. The Court of Appeals for the Federal Circuit has authority to consider an appeal upon the entry of final judgment "as to one or more but fewer than all the claims or parties" under Federal Rule of Civil Procedure 54(b). Such appeals require an express determination by the district court judge that there is no just reason for delay and direction for the entry of judgment for those distinct portions of the case eligible for appellate review. *Trilogy Communications, Inc. v. Tiomes Fiber Communications Inc.*, 109 F.3d 739, 745 (Fed.Cir. 1997). A claim construction order will rarely meet such standards. It may be appropriate to consider a new procedure for interlocutory review of Markman rulings similar to the recent rules amendment dealing with class action certifications.

Principal 24: The Court Should Inform the Jury of Its Claim Construction Decisions through Written Jury Instructions

Generally, the court should inform the jury of its claim construction decisions through written jury instructions that identify the claim term or terms in dispute and the court's construction of that term or those terms. The court should consider including this information in those portions of the instructions where the court is identifying for the jury the patents and claims in issue. The court should consider including this information in written instructions given to the jury, in the form of a glossary included with preliminary as well as final instructions. Other jury trial innovations, such as permitting note taking and questions by jurors, providing early written instructions, allowing interim summaries of the evidence, scheduling expert testimony by both sides before moving to the next issue, and allowing jurors to discuss the case among themselves before the conclusion of the trial can strengthen the ability of the jury to decide factual issues in a manner that is faithful to the instructions containing the claim construction.⁴¹

⁴⁰ Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?* 9 Lewis & Clark L. Rev. 231, 238 (2005) (reporting that the Court of Appeals for the Federal Circuit "determined that the district court wrongly interpreted 34.5% of all claim terms that were appealed," resulting in 29.7% of the cases being reversed or vacated and remanded).

⁴¹ Muntersman, G. Thomas, Paula L. Hannaford and G. Marc Whitehead, eds. *Jury Trial Innovations*. Williamsburg, VA: National Center

Principal 25: The Court's Claim Construction Opinion Should Generally Not Be Offered or Received into Evidence

From time to time, one party or the other will seek to put the court's claim construction opinion into evidence. Courts should generally avoid admitting the opinion into evidence, with the understanding that the decisions the court reached will be implemented by instructing the jury on the construction of the terms in dispute.

Principal 26: The Parties Should Generally Not Be Allowed to Use the Court's Claim Construction Opinion During Examination or Cross-Examination of Witnesses

From time to time, a party will seek to use the court's claim construction decision during trial. For example, a party might seek to use the court's decision, statement or findings to undermine an opponent's case by showing the court has previously rejected that opponent's claim construction, to impeach a witness by showing the court had rejected that witness's opinion on a claim construction issue, or to demonstrate that an opponent's view of the facts or a witness's testimony has already been advanced to and rejected by the court in the context of resolving disputes as to claim construction. Courts should inform counsel that they are precluded from using the court's opinion at trial for these or similar purposes. At the same time, the courts should offer counsel a meaningful opportunity through motion practice to preclude a party from making arguments and offering testimony that were rejected by or are inconsistent with the court's claim construction decision and the matters the court resolved in reaching those constructions. Further, in certain circumstances, the courts may find it helpful to review with the jury the basis for the court's constructions.

APPENDIX A. COMPLEX CASE MANAGEMENT ORDER
 PROPOSED DEADLINES TO BE DISCUSSED AT THE SCHEDULING CONFERENCE

<p>Not later than fifteen (15) days prior to the initial case management conference</p>	<p style="text-align: center;"><u>Initial Case Management Conference</u></p> <p>In addition to the matters covered by FRCivP 26, the parties must discuss and address in the Case Management Statement filed pursuant to FRCivP 26(f), the following topics:</p> <p>(1) Proposed modification of the deadlines provided for in this Order and the effect of any such modification on the date and time of the Claim Construction Hearing, if any;</p> <p>(2) Whether the Court will hear live testimony at the Claim Construction Hearing;</p> <p>(3) When the Court would like to receive tutorial presentations, and whether those presentations will be live or will be written (or electronic) submissions;</p> <p>(4) The need for any specific limits on discovery relating to claim construction, including depositions of witnesses, including expert witnesses;</p> <p>(5) The order of presentation of the Claim Construction Hearing;</p> <p>(6) The need for appointment of a neutral expert or technical assistant pursuant to F.R.E. 706 or otherwise; and</p> <p>(7) The scheduling of a Claim Construction Prehearing Conference to be held after the Joint Claim Construction and Prehearing Statement provided for herein has been filed.</p>
<p>Ten (10) days prior to the initial case management conference</p>	<p>The parties shall file a joint Case Management Statement. Preliminary Infringement Contentions</p>
<p>Ten (10) days after the initial case management conference</p>	<p>A party claiming patent infringement must serve on all parties a “Disclosure of Asserted Claims and Preliminary Infringement Contentions.” Separately for each opposing party, the “Disclosure of Asserted Claims and Preliminary Infringement Contentions” shall contain the following information:</p> <p>(a) Each claim of each patent in suit that is allegedly infringed by each opposing party;</p> <p>(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, if known, or by any product device, or apparatus which, when used, allegedly results in the practice of the claimed method or process;</p>

(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. Section 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 limitation 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.

With the “Disclosure of Asserted Claims and Preliminary 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. Section 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 subsection (e) above, whichever is earlier; and

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

Fifty-five (55) days after the initial case management conference

Preliminary Invalidity Contentions

Each party opposing a claim of patent infringement, shall serve on all parties its “Preliminary Invalidity Contentions” which must contain the following information:

(a) The identity of each item of prior art that allegedly anticipated 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. Section 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. Section 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. Section 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 application(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 limitation of each asserted claim is found, including for each limitation that such party contends is governed by 35 U.S.C. Section 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. Section 112(2) or enablement or written description under 35 U.S.C. Section 112(1) of any of the asserted claims.

With the “Preliminary 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 limitations of an Accused Instrumentality identified by the patent claimant in its Preliminary Infringement Contentions chart; and

(b) A copy of each item of prior art identified in the Preliminary Invalidity Contentions 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.

Sixty-five (65) days after the initial case management conference

List Of Disputed Claim Terms

(a) 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 limitation which the party contends should be governed by 35 U.S.C. Section 112(6); and

(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.

Eighty-five (85) days after the initial case management conference

Preliminary Claim Construction And Extrinsic Evidence

(a) 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 limitation which any party contends is governed by 35 U.S.C. Section 112(6), identify the structure(s), act(s), or material(s) corresponding to that limitation;

(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; and

(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.

Forty (40) days after service of the Statement of Preliminary Claim Construction and Extrinsic Evidence

Joint Claim Construction And Prehearing Statement

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, the subject matter of their testimony, and for each expert, a summary of each opinion to be offered, and the bases therefore, in sufficient detail to permit a meaningful deposition of that expert;

(e) The need for a report by the neutral expert or technical assistant (if applicable) in connection with the Claim Construction Hearing; and

	<p>(f) 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.</p>
<p>Fourteen (14) days after service and filing of the Joint Claim Construction and Prehearing Statement</p>	<p>The parties shall serve upon one another any rebuttal expert report with respect to claim construction issues.</p> <p>Simultaneous with the filing of the Joint Claim Construction and Prehearing Statement, the parties shall serve upon one another reports sufficient to meet the requirements of Rule 26 with respect to the opinions of any expert whom they intend to offer on any claim construction issue.</p>
<p>Forty-five (45) days after service and filing of the Joint Claim Construction and Prehearing Statement</p>	<p>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.</p>
<p>Prior to Markman Hearing, at a time set by the Court</p>	<p style="text-align: center;"><u>Tutorial</u></p> <p>The parties shall provide the Court a tutorial on the technology at issue at a time and place to be set by the Court. The tutorial should focus on the technology in issue and should not be used to argue the parties' claims construction contentions. If the parties choose to submit their tutorials in written or electronic form, they may if appropriate be filed under seal as part of the Court's file, subject to any protective order in effect. Each party may comment, in writing (in no more than 5 pages) on the opposing party's tutorial submission. Any such comment shall be filed within ten (10) days of submission of the tutorials.</p>
<p>Sixty (60) days after service and filing of the Joint Claim Construction and Prehearing Statement</p>	<p style="text-align: center;"><u>Claim Construction Briefing</u></p> <p>(a) The party claiming patent infringement shall serve and file an opening brief and any evidence supporting its claim construction;</p> <p>(b) Not later than 21 days after service upon it of an opening brief, each opposing party shall serve and file its responsive brief and supporting evidence; and</p> <p>(c) Not later than 14 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.</p> <p>(d) At least 10 days before the Claim Construction Hearing, the parties shall jointly submit a claim construction chart on computer disk in WordPerfect format or in such other format at the Court may direct.</p> <p>(1) Said chart shall have a column listing the 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.</p>

	<p>Additionally, the charge shall also direct the Court's attention to the patent and claim number(s) where the disputed term(s) appear(s).</p> <p>(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.</p> <p>(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.</p>
<p>Within One hundred and twenty (120) days after service of filing the Joint Claim Construction and Prehearing Statement</p>	<p>The Claim Construction Hearing shall be conducted.</p>
<p>Not later than Thirty (30) days after service of Court's Claim Construction Ruling</p>	<p style="text-align: center;"><u>Revised Infringement Contentions</u></p> <p>If a party claiming patent infringement believes in good faith that (1) the Court's Claim Construction Ruling or (2) the documents produced in connection with claim construction proceedings so require, that party may serve "Revised Infringement Contentions" without leave of court that amend its "Preliminary Infringement Contentions" with respect to the information required by subsections (c) and (d) of the Preliminary Infringement Contentions.</p>
<p>Not later than Fifty (50) days after service of Court's Claim Construction Ruling</p>	<p style="text-align: center;"><u>Revised Invalidity Contentions</u></p> <p>Each party opposing a claim of patent infringement may serve "Revised Invalidity Contentions" without leave of court that amend its "Preliminary Invalidity Contentions" if:</p> <p>(1) a party claiming patent infringement has served "Revised Infringement Contentions", or</p> <p>(2) the party opposing a claim of patent infringement believes in good faith that the Court's Claim Construction Ruling so requires.</p>
<p>Not later than Fifty (50) days after service of Court's Claim Construction Ruling</p>	<p style="text-align: center;"><u>Notice Of Reliance On Opinions Of Counsel</u></p> <p>Each party opposing a claim of patent infringement that will rely on an opinion of counsel as part of a defense to a claim of willful infringement shall:</p> <p>(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</p>

(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.

**APPENDIX B. COMPLEX CASE MANAGEMENT ORDER
LESS COMPLEX CASE MANAGEMENT ORDER**

<p>Not later than fifteen (15) days prior to the initial case management conference</p>	<p style="text-align: center;"><u>Initial Case Management Conference</u></p> <p>In addition to the matters covered by FRCivP 26, the parties must discuss and address in the Case Management Statement filed pursuant to FRCivP 26(f), the following topics:</p> <ol style="list-style-type: none"> (1) Proposed modification of the deadlines provided for in this Order 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) When the Court would like to receive tutorial presentations, and whether those presentations will be live or will be written (or electronic) submissions; (4) The need for any specific limits on discovery relating to claim construction, including depositions of witnesses, including expert witnesses; (5) The order of presentation of the Claim Construction Hearing; (6) The need for appointment of a neutral expert or technical assistant pursuant to F.R.E. 706 or otherwise; and
<p>Ten (10) days prior to the initial case management conference</p>	<p>The parties shall file a joint Case Management Statement.</p>
<p>Ten (10) days after the initial case management conference</p>	<p style="text-align: center;"><u>Preliminary Infringement Contentions</u></p> <p>A party claiming patent infringement must serve on all parties a “Disclosure of Asserted Claims and Preliminary Infringement Contentions.” Separately for each opposing party, the “Disclosure of Asserted Claims and Preliminary Infringement Contentions” shall contain the following information:</p> <ol style="list-style-type: none"> (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, 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. Section 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 limitation 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.

With the “Disclosure of Asserted Claims and Preliminary 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. Section 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 subsection (e) above, whichever is earlier; and

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

Fifty-five (55) days after the initial case management conference

Preliminary Invalidity Contentions

Each party opposing a claim of patent infringement, shall serve on all parties its “Preliminary Invalidity Contentions” which must contain the following information:

(a) The identity of each item of prior art that allegedly anticipated 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. Section 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. Section 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. Section 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 application(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 limitation of each asserted claim is found, including for each limitation that such party contends is governed by 35 U.S.C. Section 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. Section 112(2) or enablement or written description under 35 U.S.C. Section 112(1) of any of the asserted claims.

With the “Preliminary 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 limitations of an Accused Instrumentality identified by the patent claimant in its Preliminary Infringement Contentions chart; and

(b) A copy of each item of prior art identified in the Preliminary Invalidity Contentions 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.

180 days prior to trial

Expert Disclosures
(Fed.R.Civ.P. 26(a)(2))

Unless otherwise agreed to by the parties, they shall file their initial Federal Rule of Civil Procedure 26(a)(2) disclosures of expert testimony, and file a supplemental disclosure to contradict or rebut evidence on the same subject matter identified by another party 150

	<p>days before trial. To the extent any objection to expert testimony is made pursuant to the principles announced in <i>Daubert v. Merrell Dow Pharm., Inc.</i>, 509 U.S. 579 (1993), it shall be made by motion no later than the deadline for dispositive motions set forth herein, unless otherwise ordered by the Court.</p>
120 days prior to trial	<p style="text-align: center;"><u>Discovery Cut-Off</u></p> <p>All discovery shall be initiated so that it will be completed on or before this date. The Court encourages the parties to serve and respond to contention interrogatories early in the case. Unless otherwise ordered by the Court, the limitations on discovery set forth in the Local Rules shall be strictly observed.</p>
120 days prior to trial	<p style="text-align: center;"><u>Claim Construction Issue Identification</u></p> <p>If the Court does not find that a limited earlier claim construction would be helpful in resolving the case, the parties shall exchange, no later than this date, a list of those claim term(s)/phrase(s) that they believe need construction and their proposed claim construction of those term(s)/phrase(s). This document will not be filed with the Court. Subsequent to exchanging that list, the parties will meet and confer to prepare a Joint Claim Construction Chart to be submitted to the Court. The parties Joint Claim Construction Chart should identify for the Court the term(s)/phrase(s) of the claim(s) in issue, and should include each party's proposed construction of the disputed claim language with citation(s) only to the intrinsic evidence in support of their respective proposed constructions. A copy of the patent(s) in issue as well as those portions of the intrinsic record relied upon are to be submitted with this Joint Claim Construction Chart. In this joint submission, the parties shall not provide argument.</p>
Prior to <i>Markman</i> Hearing, at a time set by the Court	<p style="text-align: center;"><u>Tutorial</u></p> <p>The parties shall provide the Court a tutorial on the technology at issue at a time and place to be set by the Court. The tutorial should focus on the technology in issue and should not be used to argue the parties' claims construction contentions. If the parties choose to submit written or electronic tutorials, they may if appropriate be filed under seal as part of the Court's file, subject to any protective order in effect. Each party may comment, in writing (in no more than 5 pages) on the opposing party's tutorial submission. Any such comment shall be filed within ten (10) days of submission of the tutorials.</p>
90 days prior to trial	<p style="text-align: center;"><u>Notice Of Reliance On Opinions Of Counsel</u></p> <p>Each party opposing a claim of patent infringement that will rely on an opinion of counsel as part of a defense to a claim of willful infringement shall:</p> <p style="padding-left: 40px;">(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</p>

(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.

90 days prior to trial

Case Dispositive Motions

All case dispositive motions, an opening brief, and affidavits, if any, in support of the motion shall be served. Briefing will be presented pursuant to the Court's Local Rules.

90 days prior to trial

Claim Construction Briefing

(a) The party claiming patent infringement 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; and

(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.

30 days prior to trial

Case Dispositive Motions/Claim Construction Hearing

The Court will hear evidence and argument on claim construction and summary judgment concurrently.

APPENDIX C: WORKING GROUP MEMBERS, PARTICIPANTS & OBSERVERS

James R. Adams
TAEUS International
101 North Cascade, Suite 400
Colorado Springs, CO 80903
Member

Kenneth C. Bass, III
Sterne Kessler Goldstein & Fox, PLLC
1100 New York Avenue, NW
Washington, DC 20005
Steering Committee Co-Chair

David Berten
Competition Law Group
120 South State St.
Suite 300
Chicago, IL 60603
Participant

Paul E. Burns
Steptoe & Johnson LLP
201 E Washington Street
Suite 1600
Phoenix, AZ 85004
Member

Joe Cecil, PhD, J.D.
Federal Judicial Center
Thurgood Marshall Federal Judiciary Building
One Columbus Cir NE
Washington, DC 20002-8003
Observer

Peter N. Detkin
Intellectual Ventures
171 Main Street, #271
Los Altos, CA 94022
Participant

Q. Todd Dickinson
Vice President & Chief Intellectual
Property Counsel
General Electric Company
3135 Easton Turnpike
Fairfield, CT 06828
Participant

Mark E. Ferguson
Bartlit, Beck, Herman, Palenchar & Scott LLP
Courthouse Place
54 West Hubbard Street
Chicago, IL 60610
Participant

Hon. Susan Illston
United States District Court for the Northern
District of California
450 Golden Gate Avenue
San Francisco, CA 94102
Observer

Mark Kessler
JP Morgan Chase & Co.
1 Chase Manhattan Plaza
Legal Department, 25th Floor
New York, NY 10018
Participant

F. Scott Kieff
Associate Professor of Law
Washington University School of Law
1 Brookings Drive
St. Louis, MO 63130
Participant

Rachael Krevans
Morrison & Foerster
425 Market Street
San Francisco, CA 94105-2482
Steering Committee Member

Kenneth E. Krosin
Foley & Lardner
3000 K Street, N.W.
Washington, DC 20007
Participant

William F. Lee
Wilmer, Cutler, Pickering, Hale & Dorr LLP
60 State Street
Boston, MA 02109
Participant

George C. Lombardi
Winston & Strawn LLP
35 W Wacker Drive
Chicago, IL 60601-9703
Participant

Steven McCann
124 13th Street, S.E.
Washington, DC 20003
Participant

Hon. Roderick McKelvie
Covington & Burling
1201 Pennsylvania Ave., NW
Washington, DC 20004-2401
Steering Committee Member

James Morando
Farella Braun & Martel LLP
235 Montgomery Street
18th Floor
San Francisco, CA 94104
Member

Robert C. Morgan
Ropes & Gray
1251 Avenue of the Americas
New York, NY 10020-1104
Participant

Gerald J. Mossinghoff
Oblon, Spivak, McClelland, Maier &
Neustadt, PC
1940 Duke Street
Alexandria, VA 22314
Participant

Hon. Pauline Newman
United States Court of Appeals for
The Federal Circuit
717 Madison Place NW
Washington, DC 20439
Steering Committee Member/Observer

Art Nutter
President and CEO
TAEUS
101 North Cascade Avenue
Colorado Springs, CO 80903
Participant

B. Todd Patterson
Moser Patterson & Sheridan, LLP
3040 Post Oak Blvd, Suite 1500
Houston, TX 77056-6582
Participant

Edward G. Poplawski
Partner
Sidley, Austin, Brown & Wood LLP
555 West Fifth Street
Los Angeles, CA 90013
Participant

Frank P. Porcelli
Fish & Richardson P.C.
225 Franklin Street
Boston, MA 02110-8906
Participant

Joseph M. Potenza
Banner & Witcoff
1001 G Greet, NW, Suite 1100
Washington, DC 20001
Participant

Matthew D. Powers
Weil, Gotshal & Manges
201 Redwood Shores Parkway
Redwood Shores, CA 94065
Participant

Richard L. Rainey
Covington & Burling
1201 Pennsylvania Ave, NW
Washington, DC 20004
Participant

Daniel B. Ravischer
Executive Director
The Public Patent Foundation, Inc.
1375 Broadway, Suite 600
New York, NY 10018
Participant

Kevin Rivette
IBM
2165 Waverly Street
Palo Alto, CA 94301
Participant

Hon. Sue L. Robinson
United States District Court for the District of
Delaware
J. Caleb Boggs Federal Building
844 N. King Street
Wilmington, DE 19801
Observer

Steven Rodgers
Intel Corporation
5000 W. Chandler Blvd.
Chandler, AZ 85226-3699
Tel: 480-715-0597
Fax: 480-715-7738
Participant

Victor G. Savikas
Jones Day
555 West 57th St., Suite 4600
Los Angeles, CA 90013-1025
Participant

Christopher N. Sipes
Covington & Burling
1201 Pennsylvania Ave., N.W.
Washington, DC 20004
Participant

Robert G. Sterne
Sterne Kessler Goldstein & Fox, PLLC
1100 New York Avenue, NW
Washington, DC 20005
Steering Committee Co-Chair

Jennifer Tegfeldt
Genzyme Corporation
500 Kendall Street
Cambridge, MA 02142
Participant

Jay R. Thomas
Professor of Law
Georgetown University
600 New Jersey Ave., N.W.
Washington, DC 20001
Participant

Robert A. Van Nest
Keker and Van Nest LLP
710 Sansome Street
San Francisco, CA 94111
Steering Committee Member

APPENDIX D: THE SEDONA CONFERENCE WORKING GROUP SERIES & WGSSM MEMBERSHIP PROGRAM

The Sedona Conference Working Group Series (“WGSSM”) represents the evolution of The Sedona Conference[®] from a forum for advanced dialogue to an open think-tank confronting some of the most challenging issues faced by our legal system today.

The WGSSM begins with the same high caliber of participants as our regular season conferences. The total, active group, however, is limited to 30-35 instead of 60. Further, in lieu of finished papers being posted on the website in advance of the Conference, thought pieces and other ideas are exchanged ahead of time, and the Working Group meeting becomes the opportunity to create a set of recommendations, guidelines or other position piece designed to be of immediate benefit to the bench and bar, and to move the law forward in a reasoned and just way. Working Group output, when complete, is then put through a peer review process, including where possible critique at one of our regular season conferences, hopefully resulting in authoritative, meaningful and balanced final papers for publication and distribution.

The first Working Group was convened in October 2002, and was dedicated to the development of guidelines for electronic document retention and production. The impact of its first (draft) publication—*The Sedona Principles; Best Practices Recommendations and Principles Addressing Electronic Document Production* (March 2003 version)—was immediate and substantial. *The Principles* was cited in the Advisory Committee on Civil Rules Discovery Subcommittee Report on Electronic Discovery less than a month after the publication of the “public comment” draft, and was cited in a seminal e-discovery decision of the SDNY less than a month after that. As noted in the June 2003 issue of Pike & Fischer’s *Digital Discovery and E-Evidence*, “*The Principles*...influence is already becoming evident.”

The WGSSM Membership Program was established to provide a vehicle to allow any interested jurist, attorney, academic or consultant to participate in Working Group activities. Membership provides access to advance drafts of Working Group output with the opportunity for early input, and to a Bulletin Board where reference materials are posted and current news and other matters of interest can be discussed. Members may also indicate their willingness to volunteer for special Project Team assignment, and a Member’s Roster is included in Working Group publications. The annual cost of membership is only \$295, and includes access to the Member’s Only area for one Working Group; additional Working Groups can be joined for \$100/Group.

We currently have active Working Groups in the areas of 1) electronic document retention and production; 2) protective orders, confidentiality, and public access; 3) the role of economics in antitrust; 4) the intersection of the patent and antitrust laws; 5) *Markman* hearings and claim construction; (6) international e-information disclosure and management issues; and (7) Sedona Canada: electronic document retention and production in Canada. See the “Working Group Series” area of our website for further details on our Working Group Series and the Membership Program.

