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Trial

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In previous chapters, we discussed approaches for managing patent cases during the various stages of pretrial litigation. While case management during the pretrial phase goes a long way in ensuring smooth proceedings during trial, patent trials present their own distinctive challenges.

In a patent case, the involvement of a lay jury, which typically lacks knowledge concerning the complex and highly technical issues in question, colors almost all aspects of trial. Inherent complexity and inappropriate argumentation can result in unsupportable or inconsistent findings of fact by a confused jury. An inordinate amount of time and resources after trial may be spent trying to unravel and remedy such findings. Thus trial, like all other phases of a patent case, benefits from early and close judicial management to assist the fact finder to evaluate the merits.

As the Federal Circuit has remarked, a court’s “discretion is at its broadest on matters of trial management.” Mass. Inst. of Tech. v. Abacus Software, 462 F.3d 1344, 1367 (Fed. Cir. 2006). This chapter reviews the procedural and substantive considerations that factor into the exercise of the court’s discretion and discusses approaches for structuring proceedings and narrowing issues to facilitate the jury’s and the court’s fact-finding role.

8.1 Procedural Issues

Before any trial can begin, the court must define the scope of trial and the ground rules governing its proceedings, including bifurcation and trial logistics. And when a jury is involved, the court should also establish procedures for assisting the jury’s comprehension of the technologies involved. These issues must be addressed to some degree in all civil trials, but are of particular import in the patent litigation context, where cases often involve numerous complex and technical claims and defenses.

This section discusses the advantages and disadvantages of particular approaches to these process issues. Specifically, we explore when to hold separate trials for the
different issues disputed in patent cases. We discuss under what circumstances particular trial schedules and organizations work best. We then consider what procedures a court can adopt to assist the jury in understanding a patent case’s often highly technical trial presentations.

8.1.1 Separate Trials

The first question in any patent trial is whether all the issues involved should be resolved in a single proceeding. The trial court has broad discretion with regard to trial management. Federal Rule of Civil Procedure 42(b) provides:

[for convenience, to avoid prejudice, or to expedite and economize, the court may order a separate trial of one or more separate issues, claims, crossclaims, counterclaims, or third-party claims. When ordering a separate trial, the court must preserve any federal right to a jury trial.

Nonetheless, the court’s discretion is not without limits. Even if multiple actions involving the same or similar issues, such as infringement of the same patent, have been consolidated for pretrial purposes, they nevertheless must be separately tried unless:

(1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and,

(2) questions of fact common to all defendants or counterclaim defendants will arise in the action.

§ 299; see §§ 2.2.1.1, 5.1.3.8. More generally, when deciding whether issues should be separately tried, trial courts must ensure that a litigant’s constitutional right to a jury is preserved. “Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.” Dimick v. Schiedt, 293 U.S. 474, 486 (1935).

It is generally more efficient to have one trial and one appeal. See Johns Hopkins Univ. v. CellPro, 160 F.R.D. 30, 35 (D. Del. 1995). Thus, bifurcation in patent cases is the exception, not the rule, and appropriate only if it will promote judicial economy and not be inconvenient or prejudicial to the parties. See F & G Scrolling Mouse L.L.C. v. IBM Corp., 190 F.R.D. 385 (M.D.N.C. 1999) (burden on moving party to show bifurcation will (1) promote greater convenience to parties, witnesses, jurors, and the court, (2) be conducive to expedition and economy, and (3) not result in undue prejudice to any party); Spectra-Physics Lasers, Inc. v. Uniphase Corp., 144 F.R.D. 99, 101 (N.D. Cal. 1992) (denying motion to bifurcate trial into separate liability and damages phases where defendant failed to meet its burden).

Patent cases are often complex, however, sometimes involving different technologies, nonpatent claims with overlapping facts, and various legal and equitable claims and defenses. Whether all these issues should be resolved in a single trial de-
pends on the facts and circumstances of the particular case. Factors to be considered when deciding whether to bifurcate include: whether the issues, and the evidence required for each issue, are significantly different; whether they are triable by jury or the court; whether discovery has been directed to a single trial of all issues; whether a party would be prejudiced by a single or separate trials; and whether a single trial would create the potential for jury confusion. *McDaniel v. Anheuser-Busch, Inc.*, 987 F.2d 298, 305 n.22 (5th Cir. 1993); *Angelo v. Armstrong World Indus., Inc.*, 11 F.3d 957, 964 (10th Cir. 1993); *Hirst v. Gertzen*, 676 F.2d 1252, 1261 (9th Cir. 1982); *Kimberly-Clark Corp. v. James River Corp.*, 131 F.R.D. 607, 608–09 (N.D. Ga. 1989).

Ultimately, considerations regarding the manageability and comprehensibility (particularly for jurors) of the various issues presented in the case should govern the decision to bifurcate and hold separate trials. From a case-management standpoint, bifurcation can assist the court in segregating from juror consideration evidence that may be integral for one issue, but irrelevant and prejudicial for another issue in the case. Bifurcation can also assist jurors by focusing jurors’ attention on one issue at a time, helping to avoid confusion that can result from overwhelming jurors with multiple complex issues as once. At the same time, there are efficiencies that result from resolving all issues in one proceeding that should not be disregarded when deciding whether to bifurcate or even trifurcate patent cases.

### 8.1.1.1 Bifurcating Legal and Equitable Issues

Many of the defenses to a patent infringement action are equitable in nature. In addition to noninfringement and invalidity, many defendants assert inequitable conduct, patent misuse, laches, or equitable estoppel that would render an asserted patent unenforceable. There are also affirmative patent issues, such as joint inventorship, that are equitable in nature. While the facts underlying the merits of infringement and invalidity issues and defenses are within the province of a jury, equitable issues and defenses are exclusively within the court’s purview.

#### 8.1.1.1.1 When to Bifurcate

Because legal and equitable issues are decided by different fact finders, it is common and appropriate to hold separate jury and bench trials on the different issues. Separate trials are particularly appropriate where the equitable issues involve facts that are irrelevant or only marginally relevant to the liability issues to be decided by the jury, or which may prejudice a party’s case on infringement or validity. For example, allegations of inventor misconduct before the USPTO relevant to an inequitable conduct defense, while irrelevant to infringement, may influence a jury’s decision on that issue by suggesting that the inventor is untrustworthy. Separating the equitable issues for the court will avoid jury confusion and ensure that the jury’s decision is based on proper and relevant evidence.

Moreover, a separate and early trial on the equitable defenses can sometimes promote resolution of the case. *See Agfa Corp. v. Creo Prods. Inc.*, 451 F.3d 1366, 1371–75 (Fed. Cir. 2006) (affirming trial court’s discretion to conduct a bench trial on the equitable issue of unenforceability before infringement or validity are tried to
a jury (citing Gardco Mfg., Inc. v. Herst Lighting Co., 820 F.2d 1209, 1213 (Fed. Cir. 1987)). Where the alleged infringer has a strong, equitable defense, a trial on those issues may lead to an early unenforceability finding, obviating the more expensive and technically involved jury trial phase on infringement and validity.

While holding two separate proceedings can be more burdensome, there are procedures for increasing the efficiency of multiple trials. Jury trials and bench trials can be conducted in parallel to reduce the burden on witnesses who may have relevant testimony for both phases. By trying the legal issues to the jury in the morning sessions, and then conducting the bench trial in the afternoon, the court can coordinate the availability of witnesses and conserve both judicial and party resources.

Bifurcating legal and equitable claims can, however, implicate Seventh Amendment concerns if the bench trial is held prior to a jury determination of legal claims. In this circumstance, care must be taken not to impinge on a party’s right to a full jury trial on its legal claims when trying equitable claims separately. Beacon Theatres, Inc. v. Westover, 359 U.S. 500, 508 (1959). Facts relevant to a party’s legal claims must be decided by a jury. To the extent there is significant factual overlap between the legal and equitable issues, it may be improper for the court to decide the equitable issues before a jury determines the legal issues. For example, the Federal Circuit found it improper to hold a bench trial on the equitable issue of correction of inventorship before the jury could decide the state-law fraud issue of whether the patentee misrepresented being the sole inventor of the patent to the USPTO and third parties. See Shum v. Intel, 499 F.3d 1272, 1277-79 (Fed. Cir. 2007). The relationship between the equitable and legal issues is the determinative factor: whether there is commonality between the factual disputes underlying the equitable and legal issues such that determination of the equitable issue by the court effectively denies a party the right to a jury trial on the legal issues. Thus, bench trials on equitable issues can be held before a jury trial on legal issues without violating the Seventh Amendment if resolution of the respective questions turns on different factual foundations. See generally Ethicon v. U.S. Surgical Corp., 135 F.3d 1456 (Fed. Cir. 1998) (upholding district court’s finding of improper inventorship and dismissal of infringement issue because infringement question did not share common factual foundation with the inventorship issue); Paragon Podiatry Lab., Inc. v. KLM Labs., Inc., 984 F.2d 1182, 1190 (Fed. Cir. 1993) (“The defense of inequitable conduct in a patent suit, being entirely equitable in nature, is not an issue for a jury to decide . . . . A patentee has no right to a jury trial respecting the factual element of culpable intent as part of the defense of inequitable conduct.”).

Efficiency is another consideration in deciding whether to bifurcate legal and equitable issues. It may be more efficient to present all the evidence in one proceeding. For example, evidence of patent misuse, an equitable issue for determination by the judge, is often the same evidence used to support antitrust allegations, where it is used to determine factual issues by the jury. Courts should consider whether evidence that otherwise should be limited to a court hearing on equitable issues is also relevant to issues that the jury will determine. While not dispositive of the question of bifurcation, it is appropriate to consider whether efficiencies can be achieved by having the same evidence presented simultaneously to the jury and the court. Courts
should continue to consider and weigh the potential benefits of efficiency against the potential for prejudicial misuse of evidence by the jury.

8.1.1.2 Use of an Advisory Jury

Although reserved for the court, equitable issues need not be tried separately. All issues can go to the jury by consent of the parties. Fed. R. Civ. P. 39(c). Even without consent, the court may try the equitable issues with an advisory jury. Id. The jury’s verdict on the equitable issues is merely advisory, and a court may consider it but is not bound by the decision. The advantage of an advisory jury is that it enables all issues to be presented within one proceeding; a major disadvantage is that it risks contaminating the jury’s consideration of the legal issues (for example, invalidity) with evidence relevant only to the equitable claim (for example, inequitable conduct). Moreover, a jury’s fact-finding can constrain the court’s determination on equitable issues, and courts need to be conscientious not to disregard findings of fact—explicit or implicit—that implicate legal claims. See, e.g., Kinetic Concepts, Inc. v. Smith & Nephew, Inc., 688 F.3d 1342 (Fed. Cir. 2012) (implied jury factual findings within verdict of obviousness).

In light of these considerations, it is often preferred to have equitable issues, such as inequitable conduct, tried separately to the court following the jury’s consideration of the legal issues. A separate proceeding after the jury’s fact-finding provides the court the benefit of the jury’s factual determinations (avoiding any Seventh Amendment issues), while eliminating the risk of juror confusion or prejudicial misuse of evidence relevant only to the equitable issues. Only the evidence relevant to the equitable issues and not presented to the jury need be presented during the separate court proceeding. As a result, a separate court trial on inequitable conduct, for instance, typically only requires an additional one or two days. The additional time needed for a separate court trial on inequitable conduct is often counterbalanced by not having to present this additional evidence to the jury or spend time during the jury phase discussing possible limiting instructions regarding evidence relevant only to equitable issues.

8.1.2 Separate Proceeding on Willfulness

In the past, the rationale for separating willfulness was that the inquiry raised many issues that could be confusing to the jury and could improperly affect its infringement findings. Under prior law, evidence of willfulness addressed the subjective intent of the alleged infringer, which usually is not relevant to infringement. Moreover, alleged infringers often relied on opinion of counsel to defend against claims of willful infringement. Evidence obtained as a result of the corresponding waiver of the attorney-client privilege could be used to establish intent, but not as evidence of infringement.

The Federal Circuit’s decision in In re Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007) (en banc), changed the willfulness inquiry from focusing solely on subjective intent to one that also measures objective recklessness. Evidence of state of mind, which previously dominated the willfulness inquiry, is not relevant to a de-
termination of whether an alleged infringer acted despite an objectively high likelihood that its actions constituted infringement, which is the first of the two-part test for willfulness. *Id.* at 1371. This determination of objective recklessness is made by the judge, although it may depend on factual findings by the jury as to underlying issues such as obviousness or anticipation. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc.*, 682 F.3d 1003 (Fed. Cir. 2012).

Moreover, under *Seagate*, alleged infringers have no affirmative duty to investigate whether they are infringing, and under *Seagate*, as well as § 298, have no duty to obtain an opinion of counsel. Of course, to establish willfulness, the patent holder must show that the alleged infringer knew or should have known of the objective risk, so the willfulness inquiry retains some of its subjective nature. But, on balance, adjudication of willful infringement is less likely to implicate privileged information or intent issues than it was under the previous standard.

While the *Seagate* standard reduces the relevance of intent issues in determining willfulness, all of an accused infringer’s defenses, including equitable defenses, may become relevant in determining whether the accused infringer subjectively knew or should have known that its conduct was reckless. Traditional considerations of whether the prejudicial impact of evidence relating to claims of inequitable conduct will outweigh any probative value with respect to an allegation of willful infringement should continue to control a court’s decision to bifurcate adjudication of willfulness, inequitable conduct, or both.

If a court does bifurcate willfulness, it may delay determination of this issue until after resolution of an appeal of the liability determination. *Robert Borsch, LLC v. Pylon Mfg. Corp.*, 719 F.3d 1305 (Fed. Cir. 2013) (en banc).

### 8.1.1.3 Bifurcating Damages

Liability and damages issues frequently are susceptible to bifurcation. *F & G Scrolling Mouse L.L.C v. IBM Corp.*, 190 F.R.D. 385, 388 (M.D.N.C. 1999). The determination of damages presents its own set of issues separate and apart from the complexity of the liability aspects of most patent cases. Proof of lost profits or a reasonable royalty can involve voluminous data and complicated financial analysis by economic experts. This evidence can be difficult to understand and may have little relationship to patent liability issues. Separating these issues can sometimes reduce the complexity of the case while increasing the jury’s ability to understand the evidence presented.

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1. In *Octane Fitness, LLC v. Icon Health & Fitness*, Inc., 134 S. Ct. 1749 (2014), the Supreme Court altered the previously analogous standard for fee shifting in “exceptional cases” pursuant to § 285 (see § 9.2.3.2). Subsequently, in a concurring opinion, Federal Circuit Judges O’Malley and Hughes urged that this required reevaluation of the *Seagate* standard for imposition of enhanced damages pursuant to § 284. *Halo Elecs., Inc v. Pulse Elecs., Inc.*, 769 F.3d 1371, 1383 (Fed. Cir. 2014). There, however, has been no such reevaluation as of this time.
Bifurcation of damages can also expedite a trial if the alleged infringer prevails on liability. Even if the patentee prevails on liability, there is a chance that the parties will settle the remainder of the case without the need for a damages phase. The likelihood of needing to try damages may be further diminished if the court enters judgment following the liability trial, thereby allowing an appeal of the liability issues before damages are taken up. See Robert Borsch, LLC v. Pylon Mfg. Corp., 719 F.3d 1305 (Fed. Cir. 2013) (en banc).

Often, however, the patentee will seek to pursue adjudication of damages following the liability stage, which results in significant duplication of effort in staging a second trial. Furthermore, patentees have a legitimate argument that bifurcating damages can skew the verdict against them, since the jury knows it can go home earlier if it rules for the accused infringer on liability. In practice, most courts decline requests to bifurcate damages.

In some cases, resolving the damages issue likely would lead to a settlement, eliminating the need to try the lengthy panoply of liability issues. This has led some commentators and parties to suggest employing “reverse bifurcation,” in which damages are bifurcated from liability and tried first. See, e.g., In re Innovatio IP Ventures, LLC Patent Litig., 956 F. Supp. 2d 925, 929 (N.D. Ill. 2013); STC UNM v. Intel Corp., 2011 U.S. Dist. LEXIS 15439, 2011 WL 7562686 (D.N.M. Dec. 22, 2011); J. Rantanen, Reverse Bifurcation Practice, http://www.patentlyo.com/patent/2011/07/reverse-bifurcation-1.html (July 31, 2011).

### 8.1.1.4 Bifurcating Different Patents

Patent cases often involve counterclaims for patent infringement. While a plaintiff may assert one set of patents, a defendant may counterclaim for infringement of its own patents. Often the technologies between the plaintiff’s asserted patents and the defendant’s asserted patents are the same, such that trial on both sets of infringement claims would involve the same expert witnesses and the same fact witnesses. In those cases, it may be more efficient to have both the patent infringement claims and counterclaims go forward in one trial. See Hilleby v. FMC Corp., No. C-91-0568 FMS (CW), 1992 U.S. Dist. LEXIS 20835, 1992 WL 455436, at *3 (N.D. Cal. May 13, 1992).

Where the patents asserted in the counterclaim implicate different technology, different facts, different defenses, and different witnesses, trying all these issues together in one proceeding may be inappropriate. Sorting through different technologies and the different related claims and defenses can be unmanageable for both the court and the jury. In such cases, the court should consider bifurcating the plaintiff’s patent action from the defendant’s patent counterclaims and holding separate trials.

Typically, the plaintiff’s case should proceed first, with trial on defendant’s patents following. The second trial should proceed immediately after the first to avoid any unfair advantage that may result from resolving one set of patent infringement allegations before the other.
8.1.1.5 Bifurcating Nonpatent Causes of Action

In addition to patent causes of action, parties often assert related causes of action, such as antitrust, contract, and trade secret. Separate trials for the nonpatent causes can help streamline the case and make issues more comprehensible. Whether bifurcation is appropriate depends on the interrelationships of the causes of action asserted and the specifics of the case.

Antitrust counterclaims in patent infringement actions often are bifurcated. While equitable defenses to patent infringement, such as patent misuse, can implicate antitrust issues, antitrust claims often involve a different body of law and a different factual inquiry than patent infringement or invalidity. The Federal Circuit has recognized that bifurcating antitrust claims is a common and accepted practice. See In re Innotron Diagnostics, 800 F.2d 1077, 1086 (Fed. Cir. 1986). When bifurcating antitrust claims, it is usually advisable to try the patent allegations first. The outcome of the antitrust trial will often depend on the resolution of the patent cause of action. Moreover, parties often assert antitrust claims in patent cases for the purpose of gaining leverage in the litigation. Resolution of the patent case will often lead the parties to settle the antitrust suit, eliminating the need for the court to expend time and resources considering claims that are of collateral or secondary importance.

Nonpatent causes of action based on contract and trade-secret law are sometimes less amenable to bifurcation. When patents are the subject of a licensing agreement or some other contract, resolution of the patent cause of action is often dispositive or at least relevant to the contract cause of action. And where a trade secret claim involves arguments that either one of the parties misappropriated closely related technology, it will usually make sense to try the causes of action together. However, if the collateral cause of action is that the patent itself resulted from a theft of secrets, it may be more sensible to try the trade-secret-misappropriation cause of action first.

8.1.1.6 Bifurcating to Aid Juror Comprehension

As discussed in §§ 8.1.1.1–8.1.1.5, the decision to bifurcate any particular issue should balance the interests of the parties, the efficiencies in holding one proceeding, the court’s ability to manage the case, and the practical ability of the jury to comprehend the complex issues in the case. Not only is the number of patent cases increasing in recent years, but so is the number of defendants named as alleged infringers in each case. As this trend continues, concerns over the jury’s ability to keep track of the patent technology and the technology of each of the many accused products will weigh more heavily in the bifurcation calculus. Naturally, the more complex the case, the more bifurcation will become a necessity to ensure manageability and juror comprehension. In very complex cases (involving multiple defendants and multiple patents), courts are now considering bifurcating not only the issues discussed in §§ 8.1.1.1–8.1.1.5, but also the issue of infringement and validity, as well as holding separate trials for separate defendants. Note that the AIA now restricts the defendants who can be joined in a single infringement case. See § 299; § 2.2.2.1.1.
In a one-patent, one-defendant case, the overall balance of interests usually disfavors bifurcating the jury’s determination of infringement from its determination of patent validity. When multiple defendants and multiple patents are involved, however, a jury will be asked to evaluate the various patented inventions against numerous accused products. That undertaking, combined with the introduction of numerous prior art references relevant to the validity inquiry, can be overwhelming, particularly when the asserted patents implicate complicated technology. In such cases, any economic benefit to having only one proceeding is significantly outweighed by the likelihood of juror confusion. In many complex cases, courts are now considering trying infringement separate from validity. The court can maintain some degree of consistency and efficiency by trying the issues to the same jury while allowing the jury to focus on one issue at a time through separate proceedings. With the same jury impaneled, the parties need not duplicate presentation of evidence relevant to both infringement and validity. In addition, this process may encourage settlement, as it affords the parties an opportunity to evaluate their case at each stage.

Similarly, in cases in which a plaintiff has named multiple defendants, courts may elect to hold separate trials, especially on infringement issues for individual defendants or separate groups of defendants with similar infringement issues. This will assist the jury in keeping track of the various accused products and technologies implicated by the lawsuit. Moreover, codefendants can disagree on trial strategies, and separate proceedings will enable each defendant to control its defense.

While bifurcating or trifurcating cases into more manageable units assists in juror comprehension, the associated costs to holding separate trials make bifurcation a practice best reserved for the most complex cases.

### 8.1.2 Trial Logistics

Whatever the scope of the trial, it is the court’s responsibility to set and enforce the guidelines that govern its proceedings. Effective management of patent trials includes establishing reasonable time limits, maintaining a daily trial schedule, and outlining the order of the parties’ presentations. With an established protocol, the parties are better able to structure and streamline their presentations to fit the court’s schedule, resulting in a more understandable and efficient dispute resolution process.

#### 8.1.2.1 Time Limits

A trial court’s inherent power to control cases includes the broad authority to impose reasonable time limits during trial to focus the parties’ presentation of evidence and prevent undue delay, waste of time, or needless presentation of cumulative evidence. Fed. R. Civ. P. 16(c)(15); see also Apelera Corp. v. MJ Research Inc., 389 F. Supp. 2d 344, 348 (D. Conn. 2005); Motorola v. Interdigital Tech. Corp., 930 F. Supp. 952, 983 (D. Del. 1990) (“The Court’s inherent power to control cases before it includes the power to set time limits for a trial.”). Time limits have been recognized as a trial technique that enhances the quality of justice and improves the administra-
tive aspects of any civil trial. *Amgen, Inc. v. Hoechst Marion Roussel, Inc.*, 339 F. Supp. 2d 202, 298 (D. Mass. 2004) (citing *The Vanishing Trial*, Discussion at the ABA Section on Litigation Symposium (Dec. 12–14, 2003)). They force the parties to evaluate what is and is not important to their case. Time limits are particularly appropriate in patent cases, where the issues are complex, and an unduly long trial would unnecessarily burden jurors and the court. *Applera*, 389 F. Supp. 2d at 348.

### 8.1.2.1.1 Determining the Length of Trial

What is a reasonable time for trial depends on the particulars of a case. The number of patents at issue, the complexity of the technology, the nature and number of any associated nonpatent claims, and whether issues are being bifurcated should all be taken into consideration when determining the length of trial.

To account for all these factors, a court’s limits on the length of trial should be set after an informed analysis based on a review of the parties’ proposed witness lists and proffered testimony, as well as their estimates of trial time. See *Duquesne Light Co. v. Westinghouse Elec. Corp.*, 66 F.3d 604, 610 (3d Cir. 1995). Time limits that are reasonable are (1) established in consultation with the parties; (2) allocated even-handedly; (3) allotted to whatever evidence the parties deem appropriate; and (4) applied flexibly. *Id.*

Whatever the specifics of the case, a limit on the total amount of time for trial is advisable in almost every patent case. An open-ended case schedule quickly can become unmanageable in the face of so many complex issues, and imposes an unnecessary and unreasonable burden on the jury impaneled to hear the case. Therefore, the court should adopt an absolute limit on the length of trial based on input from the parties and the court’s own evaluation of the case. Experience has shown that most patent cases can be fully tried within two weeks, allocating approximately twenty hours to each side, beginning with opening statements and continuing through closing arguments. (Procedures conducted by the court, mainly voir dire and instructions, typically are not clocked.)

### 8.1.2.1.2 Allocation of Trial Time

In general, trial time should be split evenly between the parties. The nature of patent cases is such that the burden of presenting evidence falls roughly equally on the parties. The presumed equal allocation can be adjusted for any demonstrable difference in the complexity of issues. Any time spent questioning witnesses, either on direct or cross-examination, should be counted against the questioning party, as would time spent reading that party’s designated deposition transcripts into the record. *Duquesne Light Co.*, 66 F.3d at 610 (expressing concern over the district court’s “puzzling” calculation of time by attributing the defendant’s cross-examination of plaintiff’s witnesses against plaintiff’s trial time); *Applera*, 389 F. Supp. 2d at 347–48.

The key is to provide some temporal framework to motivate the parties to use trial time efficiently. How structured of a framework is required depends on the specifics of the case. In some cases, it is enough to inform the parties of their total time for trial and leave it to their discretion to determine how to utilize their time. In oth-
er cases, it may be appropriate for the court to allocate time for each phase of trial, placing time limits on opening and closing statements and each witness examination.

### 8.1.2.1.2.1 Time Limits on Witness Examinations

A highly managed approach with set time limits for each witness examination should be reserved for the most complex cases involving multiple patents and multiple different claims and defenses. These cases are often lengthy and have the greatest risk of jury confusion. Extending trial beyond the initial estimate can pose an undue hardship on jurors. Limiting the time for each phase of trial helps to regulate the parties’ use of time, ensuring that they will stay within the time allotted for trial. Setting and requiring the parties to meet interim time limits also compels them to assess their case and the importance of each witness for each phase of the trial, which leads to clearer and more targeted presentations and examinations for the fact finder.

The difficulty with this approach, however, is that trial is a fluid process. Rigid time limits restrict the parties’ ability to react to events and revelations that occur during the trial. During trial, the parties often drop witnesses or make changes to their examinations. It is harder to adapt to these changes in a case that has already divided the trial time for different witnesses. Indeed, the imposition of time limits for individual witnesses often invites additional disputes and requests during trial for adjustment of time allotments. As a result, a tool that should help a trial proceed more smoothly will, in fact, stymie the orderly progression of trial.

In almost all cases, it is sufficient to allow the parties to determine how much time to spend examining particular witnesses from their general time allotment. Permitting flexibility in witness examinations allows the parties to adjust their presentations to highlight witnesses that prove more critical and to follow up on testimony elicited during trial. Counsel in patent cases are often litigators with enough experience to manage their time without the need for limits on individual witness examinations. Thus, this type of high-level management is far more likely to promote an efficient trial and avoid ongoing requests for time adjustments.

### 8.1.2.1.2.2 Time Limits on Opening and Closing Statements

Time limits on opening and closing statements are more common and more feasible than trying to predict how much time is necessary and appropriate for each witness. Many courts have established time limits for opening and closing statements.

Typical time limits are less applicable in the patent context, however. Due to the complexity and the number of issues involved, opening and closing statements in a patent case usually require more time than those in a typical civil case. It is not unusual for the parties in a patent case to spend from one to two hours on an opening or closing statement. More commonly, opening arguments in patent cases fall within the thirty- to forty-five-minute range and closings from forty to sixty minutes (including rebuttal).
Thus, the ten- to thirty-minute time limit sometimes imposed in civil cases is generally not appropriate in a patent trial. The amount of time needed for useful opening and closing statements in patent cases approaches the practical time limit dictated by a jury’s attention span. Thus, a fair and appropriate time limit on opening and closing statements is often superfluous, as parties rarely extend statements beyond that.

8.1.2.1.3 Modification of Time Limits

Whatever approach is taken, time limits should not be applied so rigidly as to “sacrifice justice in the name of efficiency.” Navellier v. Sletten, 262 F.3d 923, 941 (9th Cir. 2001). Strict adherence to time limits that prejudice a party’s case can lead to new trial motions and grounds for appeal.

To ensure that the time limits imposed are reasonable, the court should monitor how much time is charged to each party and provide periodic updates to the parties. Giving periodic updates allows the parties to reassess case strategy and their allocation of time, if necessary.

It is advisable to have court staff act as the official timekeepers to avoid disputes or uncertainty that can result if the parties are left to the task. Court oversight of the trial clock enables the court to evaluate the progress of the case and ensure that the parties are on schedule. Based on the continued reassessment of the case, the court can determine if a party’s request for additional time is warranted. Courts should exercise some flexibility in modifying time limits where the parties have been conscientious and expeditious in their use of time. Where, however, the lack of time available at the end of the case is the consequence of a party’s mismanagement, it is not an abuse of discretion to refuse additional time. See, e.g., Gen. Signal Corp. v. MCI Telecomms. Corp., 66 F.3d 1500, 1508–09 (9th Cir. 1995).

While the court need not grant additional time, it should not reduce a party’s time without good cause. “[A]n allocation of trial time relied upon by the parties should not be taken away easily and without warning.” Duquesne, 66 F.3d at 610. The parties plan trial strategy based on their time allotment. Action taken to reduce the allotment during trial leaves little opportunity to reassess trial plans. Therefore, modifications of time limits that reduce time allotment should rarely be made, and only when a party is abusing trial time. Even then, a party should be given clear warning and indication of the consequences of its trial behavior before action is taken.

As time estimates are subject to modification, the jury should not be informed of specific time limits. It is usually advisable to inform the jurors of how long the trial is expected to last to determine whether they will be able to serve and to allow them to make necessary arrangements. See Ninth Circuit Jury Trial Improvement Committee, Second Interim Report: Recommendations and Suggested Best Practices, Recommendation II (October 2006). Discussions regarding specific interim time limits, however, are not information jurors need to perform their duty.

While it can be a tactic used to motivate the parties to operate within time limits, making the jury conscious of time can draw attention away from the merits of the presentation. Clocks can become a distraction and interfere with the jury’s role as a
neutral fact finder. Furthermore, the jury may become biased against a party that uses or requests more time. Accordingly, discussions regarding time should also be conducted outside the presence of the jury.

### 8.1.2.2 Procedures for the Presentation of Evidence

In addition to time limits, the court must also determine how the presentation of evidence is going to proceed during trial. The court needs to set a schedule that will facilitate the timely completion of trial. It also needs to establish the order in which the parties will use their time to present the various issues. The court should consider what will assist the jury in understanding the evidence to ensure that presentations and arguments are helpful.

#### 8.1.2.2.1 Trial Schedule

The trial schedule adopted by the court will affect how long trial will last, and should be taken into consideration when setting time limits for trial. The trial schedule should also take into consideration the jury’s attention span. Many factors go into determining an appropriate trial schedule: the potential burden on the jury, the court’s availability, witness availability, holidays, and the issues being tried.

It may seem most efficient to complete trial by holding all-day proceedings five days a week. The court’s obligation to other matters, however, may make it difficult to accommodate such a demanding schedule. Furthermore, many other practical considerations may make a full-time schedule infeasible, and in some cases less efficient.

Later in this chapter, we discuss the types of evidentiary issues that may arise during a patent trial. These issues must be resolved outside the presence of the jury. A full-day trial schedule leaves little time available for the court to consider disputes that arise during the course of trial. As a result, with full-day schedules, the jury may have to be kept waiting while the court resolves evidentiary or legal disputes. A half-day schedule allows the court to consider legal issues in the afternoon without wasting juror time. A court can also use the afternoon to try equitable issues without the jury. Having the jury and bench trials proceed in parallel can help conserve resources as equitable issues often involve overlapping facts and witnesses. The advantages and disadvantages of holding parallel proceedings versus a separate bench trial following the jury trial are discussed more fully in the section on bifurcation. See § 8.1.1.1.

There are several additional benefits to adopting a half-day schedule that increase both the overall efficiency and quality of proceedings. The real advantage of a half-day schedule is that it allows jurors to arrange their schedules so that they can serve on the jury and still attend to their jobs or family responsibilities, reducing the hardship that would otherwise result from lengthy trials. The attention of the jury also wanes during long trial days. A half-day schedule also gives the parties more time to make their disclosures and prepare their presentations. In an abundance of caution, parties are often overinclusive in their presentations. Having more time to refine their case can eliminate a lot of needless evidence and corresponding disputes, increasing the overall efficiency of proceedings. See Ninth Circuit Jury Trial Im-
provement Committee, *Second Interim Report: Recommendations and Suggested Best Practices, Recommendation III*. Judges report that they accomplish as much, if not more, in a compressed scheduled day as in a regularly scheduled trial day, and that attorneys are usually better prepared.

Whether court is in session for four or five days a week, the goal of a trial schedule is to balance efficiency with quality. Holding full-day proceedings can certainly help to complete the trial faster. Such a rigorous schedule is best suited for shorter trials. Full-day schedules, however, can become overly demanding and burdensome for longer trials. In practice, it is rare for a typical patent trial to last for more than two weeks, particularly in light of the time limits that are becoming more common. Even for a trial that lasts two weeks or less, it is often advisable to hold at least one or two half-days during the trial week so that the court and the parties have built-in time to address evidentiary and trial logistics issues outside the presence of the jury.

8.1.2.2.2 Order of Trial Presentations

Once the trial time and schedule are set, the court should establish guidelines on how the time will be used. The court has discretion to control the order in which the parties will present proof. In typical cases, the plaintiffs go first because they bear the burden of proof. In patent cases, however, the burden of proof is shared by the parties. While plaintiffs bear the burden of proof on infringement, for example, defendants bear the burden of proof on invalidity. Therefore, the order of trial presentation and closing statements should take into account the various issues being tried.

8.1.2.2.2.1 Evidentiary and Witness Presentation

The parties’ presentations should begin with the patentee’s case-in-chief. As some cases are declaratory judgment actions, the patentee may not always be the plaintiff in the action. It nonetheless makes sense to have the patent owner’s infringement case presented first as it is the rights conferred to a patentee that form the basis of all patent suits. The patentee must present all of its evidence on matters on which it bears the burden of proof in its case-in-chief, including evidence of infringement and any other additional non-patent claims.

At the close of the patentee’s case, the alleged infringer will put on its case. In addition to responding to the patentee’s evidence on infringement and willfulness, the alleged infringer must also present evidence on the claims on which it bears the burden of proof, such as invalidity and inequitable conduct (if tried together). Where infringement is not disputed, the defendant should usually proceed first on its invalidity defenses.

After the alleged infringer rests its case, the patentee should be allowed to present evidence restricted to responding to the alleged infringer’s affirmative case (i.e., invalidity and/or inequitable conduct).

8.1.2.2.2 Closing Statements

Closing arguments should be structured similarly to the order of trial presentation. It is customary for the party with the burden of proof to open and close the ar-
arguments. See, e.g., Moylan v. Meadow Club, Inc., 979 F.2d 1246, 1251 (7th Cir. 1992). With the burden of proof shifting for different claims, patent cases usually require four closing statements.

Again, the patentee usually begins, summarizing the evidence presented on its affirmative claims of infringement and damages, along with any other nonpatent causes of action. The alleged infringer then presents its closing remarks, summarizing its response to the patentee’s claims and presenting its arguments on invalidity. The patentee then rebuts on infringement and damages and responds on invalidity. In some courts, the alleged infringer is allowed a final statement, restricted to rebuttal on invalidity.

8.1.2.2.3 Openness of Courtroom

8.1.2.2.3.1 Exclusion of Witnesses

The court’s power to control and shape trial includes the power to sequester witnesses before, during, and after their testimony. Geders v. United States, 425 U.S. 80, 87 (1976). At the request of a party, the court must exclude witnesses so that they cannot hear the testimony of other witnesses. Fed. R. Evid. 615. The purpose is to prevent witnesses who have yet to testify from tailoring their testimony to that of earlier witnesses, and to increase the likelihood that testimony will be based on a witness’s own recollection. Id.; Advisory Committee Notes.

The Federal Rules of Evidence, however, exempt a party or party representative from exclusion. Id. Therefore, a witness who has been designated as a company’s corporate representative at trial is not excludable. The court should have the parties designate corporate representatives before the start of trial so that any issues regarding the designee’s possible role as a witness can be resolved prior to trial.

The Federal Rules of Evidence also provide that a person whose presence is shown to be essential to the presentation of the party’s cause should not be excluded. Id. This exception is most often applied to expert witnesses, but a showing that the expert’s presence is essential to the case is still required. See Malek v. Fed. Ins. Co., 994 F.2d 49, 53–54 (2d Cir. 1993); Morvant v. Constr. Aggregates Corp., 570 F.2d 626, 629–30 (6th Cir. 1978). To avoid disputes, the court should encourage the parties to reach an agreement as to whether expert witnesses can remain in the courtroom during testimony of other witnesses.

8.1.2.2.3.2 Exclusion of Public

Separate from the issue of witness exclusion is the issue of whether the public will be excluded from the courtroom during trial. Patent cases often require presentation of confidential and proprietary technical information of a company, sometimes including third-parties’ information. Protective orders governing the use of confidential competitive information are in place in almost all patent cases. Before trial begins, the court should decide what protective orders are necessary to protect trade-secret evidence introduced at trial.

While the public has a limited interest in information produced by parties during discovery, it has a strong right of access to information and documents intro-
duced at trial. See In re Adobe Sys., Inc. Sec. Litig., 141 F.R.D. 155, 165 (N.D. Cal. 1992). In general, trials should remain open and accessible to the public.

A courtroom should not be closed simply because a company’s proprietary technology is involved. The public should be excluded only where there is a showing of a compelling interest in maintaining the confidentiality of documents or revelation of proprietary information through testimony. To the extent confidential documents or information are extensively and genuinely part of the case, they should be part of the public record. Id. at 161. The court should, however, protect against the entry of confidential information into the trial record for the sole purpose of damaging an opponent’s business.

In contrast to some other areas of law in which secrecy is sought, the kind of information that the parties may want to protect in patent litigation is much more likely to be legitimate technical data that should be protected. If the court makes clear that it will grant sealing requests only when the requesting party has made an effort to “cluster” the offered evidence (so that the courtroom has to be cleared a minimum number of times), the problem becomes self-enforcing and inappropriate closure is avoided.

8.1.2.3 Procedures for Managing the Jury

While the court’s decisions regarding trial logistics should always take into consideration the role of the jury, there are specific procedural mechanisms by which the court can directly address the issues of ensuring jury comprehension and guiding the conduct of the jury.

8.1.2.3.1 Jury Selection and Voir Dire

Like any other civil trial, patent jury trials are governed by the Federal Rules of Civil Procedure, which require that a jury be impaneled with a minimum of six and a maximum of twelve jurors. See Fed. R. Civ. P. 48. The decision as to how many jurors will be impaneled should be finalized prior to the first day of trial and the start of the jury selection process.

As patent trials can take longer than other civil trials and are often more complex, it may prove difficult to find jurors able to commit the necessary time and attention. Such considerations weigh against impaneling a twelve-member jury. On the other hand, it is advisable to impanel more than the minimum six jurors to ensure a verdict can be taken if one or two jurors become unable to serve during trial.

The voir dire process in a patent trial is largely similar to that in other civil cases. However, given the specialized nature of the case, it is appropriate to question prospective jurors on their experience with the technology underlying the patents, experience with the patent system, and their feelings regarding patent protection.

Because both parties are likely to be interested in eliciting such information, the voir dire process can be streamlined by having the prospective jurors complete questionnaires ahead of time. The court should encourage the parties to settle on a juror questionnaire covering the information both sides are interested in eliciting before
the start of trial. The parties and the court can determine whether any jurors should be excused for cause based on the responses to the juror questionnaire.

Thereafter, the court should explain the voir dire process to the prospective jurors, and allow each side a reasonable amount of time to conduct focused voir dire.

8.1.2.3.2 Timing of Jury Instructions

In the previous chapter, we discussed the process of preparing jury instructions for patent trials. Jury instructions are designed to explain the trial process to the jury and educate jurors on the law governing the issues they will be deciding. The parties have a right to have the jury instructed on the general law applicable to the case. See Williams v. Jader Fuel Co., Inc., 944 F.2d 1388, 1402 (7th Cir. 1992); H.H. Robertson Co., Cupples Prods. Div. v. V.S. DiCarlo Gen. Contractors, Inc., 950 F.2d 572, 578 (8th Cir. 1991). Indeed, the court has an independent duty to instruct the jury. Belotte v. Zayre Corp., 531 F.2d 1100, 1102 n.1 (1st Cir. 1976).

Jury instructions must be set before closing arguments begin. Fed. R. Civ. P. 51(b). The court must allow the parties to object to instructions before the jury is instructed and before closing arguments. Id. Indeed, a party must object to an instruction before it can later claim an instruction was given in error. Id. In the past, this general rule was applied to jury instructions pertaining to the court’s claim constructions. See, e.g., Serio-US Indus., Inc. v. Plastic Recovery Techs. Corp., 459 F.3d 1311, 1317 (Fed. Cir. 2006) (holding that appellant failed to timely object to claim-construction jury instruction); NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1312 (Fed. Cir. 2005) (recognizing defendant made a timely objection to claim-construction jury instruction) (citing Advanced Display Sys., Inc. v. Kent State Univ., 212 F.3d 1272, 1281 (Fed. Cir. 2000)). The Federal Circuit has since held that a party need not renew its objections to the court’s claim construction when the claim-construction jury instruction is given if the party’s position was previously made clear to the court. O2 Micro Int’l Ltd. v. Beyond Innovation Tech., 521 F.3d 1351, 1359 (Fed. Cir. 2008).

The court otherwise has discretion as to when it instructs the jury. Fed. R. Civ. P. 51. The timing of jury instructions can affect how useful the instructions are in educating the jury and assisting them in understanding the case.

Particular issues concerning preliminary and final jury instructions on substantive issues of law, including the requirement to instruct the jury on the court’s claim constructions, are discussed in the previous chapter. See § 7.3. Here, we discuss jury management issues and techniques that can be employed during trial to assist the jury and improve their comprehension, including admonitions, jury binders and note-taking, and allowing juror questions and transitional statements by counsel.

8.1.2.3.2.1 Jury Admonitions

Besides preliminary and final jury instructions, there are limited instructions that the court should give to the jury during the presentation of evidence. Occasionally, evidence will be introduced for a limited purpose or through means other than witness testimony. During trial, the court should explain when the parties stipulate
to testimony or facts or introduce evidence through discovery. In addition, instructions regarding the limited purpose of evidence should be given during trial at the time the evidence is introduced.

Other than that, the main instructions given during trial are admonitions to the jury. The court should inform the jurors that whenever they are allowed to separate (during breaks or at the end of each day), they should not discuss the case with anyone and should immediately inform the court if approached by anyone regarding the case. Typically, the admonition is given as part of the preliminary instructions. It is useful to remind the jury of this duty once trial begins, although it may not be necessary to admonish the jurors before each separation.

The prohibition against communications regarding the case typically extends to discussions between the jurors as well, barring any discussions of evidence until formal deliberations. The concern is that jurors may form an opinion before consideration of all evidence. Adherence to early formed beliefs is thought to prejudice defendants as plaintiffs put their case on first.

Recent studies, however, indicate that discussions before final deliberations do not lead to early verdicts. See Ninth Circuit Jury Trial Improvement Committee, Second Interim Report: Recommendations and Suggested Best Practices, Recommendation XV. Permitting jurors to discuss evidence during the course of trial can improve juror comprehension and reduce requests for read-back of testimony. Interim discussions also allow the jurors to clarify misunderstandings when they arise. Because private conversations between small groups of jurors can become divisive, interim discussions should only be allowed when all jurors are present.

Jury comprehension is of particular concern in patent matters. For that reason, interim jury deliberations can be a useful tool in maximizing jury comprehension. See Comments to Instruction 1.12, Ninth Circuit Model Jury Instructions. As the risk of prejudice falls more on one party than another, however, the court should consider the parties’ positions on the matter before allowing interim jury discussions. In any event, the court should caution jurors to remain open-minded and not to make a decision until all the evidence is presented. United States v. Klee, 494 F.2d 394 (9th Cir. 1974).

8.1.2.3.3 Juror Binders

The court can also improve the jury’s understanding of the case by providing written information for the individual jurors to take with them to the jury room. The information presented in a patent case can be difficult to digest and remember. Providing jurors with binders containing key information can enhance jurors’ memory and their deliberations. See Ninth Circuit Jury Trial Improvement Committee, Second Interim Report: Recommendations and Suggested Best Practices, Recommendation X.

The information contained in the binders should include a copy of the preliminary jury instructions. Having a copy of the preliminary instructions enables the jurors to refer back to the rules that guide their conduct and outline their duties during trial. The binders can also be updated with the final jury instructions once they are given, so that the jurors will have them as reference during deliberations. The bind-
ers can also be used as a tool to aid the jurors’ memory. The parties may often refer back to the testimony of certain witnesses. Having photographs of the witnesses in the jury binders will help the jurors remember who the parties are talking about.

In a patent trial, it is also helpful to include copies of the patent at issue so that the jurors may review it during testimony or when otherwise necessary. The meaning of the terms in the patent claims are determined by the court and central to many of the issues the jury must resolve. Accordingly, a copy of the court’s claim construction should also be included to assist the jurors’ reading of the patent. The patent and the parties’ presentations will likely include other technical terminology. It is therefore advisable for the parties to identify and prepare jointly a glossary of technical and legal terms to be included as reference.

Jury instructions, photographs, the patents, and a glossary are relatively non-partisan items that the parties can agree to include in the jury binders. The inclusion of key trial exhibits can also be helpful to the jury. Reaching agreement on a reasonable set of exhibits to include, however, may be difficult. Individual exhibits can be voluminous, and narrowing down specific exhibits can become contentious as each side will want to ensure its preferred exhibits are included. Identification and inclusion of the principal prior art references can be similarly challenging. If the parties can agree to a reasonable set, then exhibits and prior art should also be included in the binders. Otherwise, it may be best to limit the juror binder items to less controversial information.

8.1.2.3.4 Jury Note-Taking

The court should allow, even encourage, the jurors to take notes by providing notepads and pencils. Given the length and technical nature of most patent trials, having notes to review will help the jurors understand and remember the case. See, e.g., Ninth Circuit Jury Trial Improvement Committee, Second Interim Report: Recommendations and Suggested Best Practices, Recommendation X. It also helps to focus the jurors’ attention during the proceedings.

Jury notes are confidential and should not leave the courtroom during trial. The court should instruct the jury to leave their notes in the jury room when court is not in session. The jurors should also be discouraged from sharing their notes with one another. See United States v. Balsam, 203 F.3d 72, 86 (1st Cir. 2000). Notes reflect individual impressions and jurors should not rely on other people’s interpretation of the evidence. Indeed, jurors should be admonished not to put too much emphasis on even their own notes. United States v. Rhodes, 631 F.2d 43, 46 (5th Cir. 1980); Ninth Circuit Model Jury Instruction 1.11. With proper restrictions in place, however, juror note-taking can be a useful and beneficial practice in a patent jury trial.

8.1.2.3.5 Allowing Juror Questions

Courts can also allow jurors to submit questions to improve the jury’s level of attentiveness and comprehension during trial. United States v. Huebner, 48 F.3d 376, 382 (9th Cir. 1994), cert. denied, 516 U.S. 816 (1995). Some courts discourage juror
questioning as it risks the jury’s neutrality. See, e.g., United States v. Richardson, 233 F.3d 1285, 1290 (11th Cir. 2000); United States v. Ajmal, 67 F.3d 12, 14 (2d Cir. 1995); United States v. Sutton, 970 F.2d 1001, 1005 (1st Cir. 1992); DeBenedetto v. Goodyear Tire & Rubber Co., 754 F.2d 512, 516 (4th Cir. 1985). Allowing questions also risks the jurors’ making premature decisions regarding the evidence.

If the court allows juror questioning, it should establish procedures to protect against these concerns. The court can ensure the propriety of juror questions by requiring any questions the jury may have for a witness to be submitted to the court in writing first. See, e.g., Ninth Circuit Model Jury Instruction 1.15. The questions should then be submitted to counsel outside the presence of the jury so that the jury will not attribute any changes to, or rejection of, their questions to a particular party. The court should hear from counsel before deciding whether to ask the question, reject the question, or modify it as appropriate.

The procedures for juror questions, if permitted, should be included in the preliminary jury instructions. The court should make clear that questions should be reserved for extraordinary circumstances, and that numerous questions can slow down proceedings.

8.1.2.3.6 Transition Statements by Counsel to the Jury

The court can allow counsel to make interim statements to the jury to help explain the significance of the evidence and testimony presented. The presentation of evidence in a jury trial cannot always be organized discretely by the issues the jurors must decide. It can, therefore, be difficult for jurors to synthesize information and identify the significance of evidence presented, particularly in lengthy and complex cases.

Interim attorney statements can serve as signposts for the jury, explaining the purpose of testimony and how the evidence fits into a party’s overall case. Allowing counsel before or after a witness examination to clarify the purpose of the testimony will help jurors understand the facts. This approach can be especially helpful when there is extensive expert testimony broken up into different infringement and invalidity issues.

To guard against misuse of attorney argument, the court should limit the amount of time the parties can use for such statements and should caution against argument. See, e.g., Ninth Circuit Jury Trial Improvement Committee, Second Interim Report: Recommendations and Suggested Best Practices, Recommendation XV (recommending fifteen minutes per side to use as they wish during trial).

8.1.2.3.7 Jury Education and Tutorials

Because of the complexity of patent and technological issues at play, jury education is a serious concern in patent trials. Not only must the jury be educated in the applicable patent law, but it must also learn about the technology of the patents involved. To the extent the parties can agree on neutral tutorials, the court should encourage their use.
As noted in § 7.3.1, a video produced by the Federal Judicial Center, which provides an overview of the patent process, together with a mock sample patent for distribution to prospective jurors, has been used as part of the preliminary jury instructions to introduce patent procedure and patent law to the jury. The FJC updated that video in 2013 to address changes to patent law and implementation of the America Invents Act. This video, “The Patent Process: An Overview for Jurors,” can be found here: https://www.youtube.com/watch?v=ax7QHQTbKQE.

Alternatively, the court might consider requiring the parties to prepare a preliminary instruction that provides a fair and accurate overview of the current state of the law. The parties and the court can use the Northern District of California’s Preliminary Instruction A.1 (“What A Patent Is And How One Is Obtained”) as a guide in crafting such an instruction. See Model Patent Jury Instructions (May 2014). These instructions can be found in Appendix E. See also Federal Circuit Bar Association, Model Jury Instructions (Jan. 2016) (contained in Appendix E).

Neutral technology tutorials have historically been difficult to procure. Parties are rarely able to prepare and agree on nonargumentative technology tutorials. Even when the parties agree on a joint tutorial, there is risk that one party is being taken advantage of and that the tutorial is not neutral. More often, the parties will insist on presenting separate tutorials. Competing tutorials are not any more helpful to the jury than having the parties explain the technology through their witness examinations.

**8.1.2.4 Special Masters, Court-Appointed Experts, or Technical Advisors**

Often in patent litigation a judge needs help understanding the technology involved. The simplest solution is for the parties’ attorneys or experts to provide a tutorial on the technology. If this is not sufficient, the court has several means of obtaining more direct expert assistance: appointing a special master, appointing a court expert, or appointing a technical advisor. We previously touched on this topic with regard to claim construction in § 5.1.2.2.2.

A special master renders initial decisions for the court on technical matters. The special master is appointed pursuant to Federal Rule of Civil Procedure 53 and can hear evidence and argument from the parties and render an initial decision on substantive matters, such as claim construction or summary judgment. The initial decision is made in the form of a report or recommendations, which are provided to the parties and the court. The parties then must be given an opportunity to make objections to the special master’s report, and the report and any objections are reviewed by the court. In this process, the court may, but is not required to, receive additional evidence. The court finally adopts, rejects, or modifies the special master’s report, applying a de novo standard to factual and legal decisions and an abuse-of-discretion standard to procedural decisions.

A court expert, like party experts, ultimately provides the court with expert testimony to be taken into account along with other evidence in rendering a decision. The court expert is appointed pursuant to Federal Rule of Evidence 706 and, as re-
quired by that rule, must be provided with initial written instructions by the court. See generally Regents of the Univ. of Cal. v. Oncor Inc., No. C-95-3084-VRW, 1997 U.S. Dist. LEXIS 15068, 1997 WL 670674, at *18 (N.D. Cal. Aug. 19, 1997). After completing an analysis, the expert provides findings to the parties and the court, much like any expert’s report. Any party may then depose the expert. Finally, the expert provides the court and, if present, the jury with the results in the form of expert testimony, subject to the same cross-examination as party experts. The Federal Circuit affirmed a district court’s use of a court-appointed expert pursuant to Federal Rule of Evidence 706 in Monolithic Power Sys., Inc. v. O2 Micro Int’l Ltd., 558 F.3d 1341 (Fed. Cir. 2009). The district court had allowed the parties to show cause why an expert should not be appointed, allowed the parties to mutually agree on an expert, provided detailed written instructions to the expert, and ordered the expert to make himself available for depositions and examination at trial. In addition, the court allowed the parties to continue to have their own experts and specifically instructed the jury not to assign the court-appointed expert any greater weight. Because the district court properly administered the standards set by Federal Rule of Evidence 706, the Federal Circuit held there was no abuse of discretion. The Federal Circuit noted, however, that the “predicament inherent in court appointment of an independent expert and revelations to the jury about the expert’s neutral status trouble [the] court to some extent,” and admonished that use of court-appointed experts should be limited to the rare and exceptional cases. For similar reasons, parties usually will not favor allowing a court-appointed expert to testify to a jury, and if the expert does testify, will not favor identifying the expert as “court-appointed” or “neutral.”

A technical advisor functions as an advisor to the judge on technical matters in a manner often analogized to a law clerk, although case law views the analogy as imperfect. The advisor is appointed pursuant to the court’s inherent power. It is a power to be used “sparingly,” but appointment is proper in any highly technical case where the science or technology is well beyond the experience of the judge. Importantly, if the advisor provides no evidence to the court, Federal Rule of Evidence 706 does not apply and, as a result, the parties have no right to a deposition or other disclosure of the advisor’s opinions or communications with the court. Alternatively, a person can be appointed as both a court expert and an advisor, in which case Federal Rule of Evidence 706 applies.

Best practices for use of technical advisors are set out in a quartet of appellate court cases: FTC v. Enforma Natural Products, Inc., 362 F.3d 1204, 1213–15 (9th Cir. 2004); TechSearch LLC v. Intel Corp., 286 F.3d 1360, 1378–79 (Fed. Cir. 2002) (applying Ninth Circuit law); Association of Mexican-American Educators v. California, 231 F.3d 572, 611–14 (9th Cir. 2000) (en banc) (Tashima, J., dissenting); and Reilly v. United States, 863 F.2d 149 (1st Cir. 1988). See generally § 5.1.2.2.2.1. These cases focus on several procedural aspects of the technical advisor process to ensure the technical advisor does not improperly introduce new evidence unknown to the parties or influence the court’s resolution of factual disputes. First, the court should assure a fair and open procedure to appoint a neutral advisor. Second, the advisor explicitly should be given a clearly defined, proper role that ensures there is no im-
To ensure fairness in the appointment, the court should identify the proposed advisor to the parties in advance of the appointment. This process can involve inviting the parties to propose advisors, either separately or together after consultation. If the parties are asked to provide potential advisors, the court should establish, in advance, limits on the contact the parties may have with prospective advisors. Alternatively, the court can identify a proposed advisor to the parties—potentially, an advisor the judge worked with previously—without prior consultation. In either case, the parties should be allowed to challenge the advisor’s bias, partiality, or lack of qualification. If any challenge is raised, the court should address it on the record.

The proper role of the advisor is to be a sounding board or tutor who aids the judge’s understanding of the technology. This includes an explanation of the jargon used in the field, the underlying theory or science of the invention, or other technical aspects of the evidence presented by the parties. The advisor can also assist the judge’s analysis by helping think through critical technical problems. In this latter function, case law admonishes that the court must be careful to assure that the decision making is not delegated to the advisor. Although in form much like the interaction between a judge and law clerk, the situation is different in that, because of a judge’s knowledge of law, a clerk cannot usurp the judicial role; in contrast, a technical advisor in an area of science unfamiliar to the judge potentially could.

Within these parameters, the advisor properly can aid the judge’s understanding and analysis throughout a patent case. This can include helping the judge understand the patent specification and claims, expert affidavits and testimony provided by the parties, and scientific articles that may be offered as prior art. Proper subjects for consultation with the advisor include whether technical facts are in dispute in a summary judgment motion, claim interpretation, validity and infringement questions, the proper articulation of technical issues for jury instructions, and the admissibility of proffered scientific evidence under Daubert. The advisor, however, may not provide evidence, either documentary or testimony, without compliance with Federal Rule of Evidence 706. The advisor’s advice therefore cannot be based on extra-record information (except the use of technology-specific knowledge and background used to educate the judge), and the advisor cannot conduct any independent investigation. Particularly in situations in which the advisor assists the judge’s efforts to resolve factual conflicts, the judge and advisor should be vigilant to avoid the advisor unduly influencing the judge’s decision making. In no circumstance, of course, should the advisor become an advocate for any party or position.

The court or advisor should confirm that the advisor’s work is done within proper parameters for the benefit of both the parties and appellate review. There is no fixed requirement how this should be accomplished. Proper means include supplying a transcript of the advisor’s communications with the judge, providing a report by the advisor of the work performed and any communications had with the judge, or obtaining an affidavit from the advisor at the outset of the work committing to perform within a description of a proper scope of work and procedures (as
8.2 General Evidentiary Issues

In every trial, it is inevitable that the court will have to resolve evidentiary issues. The parties may dispute whether a witness's testimony is appropriate, whether certain exhibits should be admitted, and the proper use of demonstratives. In this section, we discuss the typical evidentiary issues that arise in a patent case and the considerations the court should keep in mind when deciding these issues.

8.2.1 Witnesses

8.2.1.1 Patent Law Experts

Parties sometimes propose presenting expert testimony regarding patent law, procedures of the USPTO, patent terminology, the prosecution history, and specific substantive (e.g., anticipation) and procedural (e.g., what a “reasonable patent examiner” would find material) issues through a patent attorney or former USPTO employee. In support of this testimony, parties often point out that the evidence rules specifically permit opinions on ultimate issues (Fed. R. Evid. 704) and the presentation of testimony without first specifying underlying facts or data (Fed. R. Evid. 705).

Testimony on issues of law by a patent law expert—as contrasted with a general description of how the patent process works—is usually deemed inadmissible. Just as in any other field, it is exclusively for the court, not an expert, to instruct the jury regarding underlying law. See, e.g., Burkhart v. Wash. Metro. Area Transit Auth., 112 F.3d 1207, 1213 (D.C. Cir. 1997). Testimony regarding the procedures and terminology used in patents and file histories, on the other hand, often is allowed. See, e.g., Bausch & Lomb, Inc. v. Alcon Labs., Inc., 79 F. Supp. 2d 252, 255–58 (W.D.N.Y. 2000). In many cases, however, this testimony might be redundant in light of a preliminary jury instruction explaining those procedures. Because a jury instruction is likely to be more neutral, it usually will be a preferable means of providing this information to the jury. An instruction, however, may lack sufficient specificity to explain a USPTO procedural event relevant in a particular case, and in that circumstance, expert testimony is more likely to be appropriate and helpful to the jury.

The admissibility of proffered patent expert testimony on ultimate issues will often depend on whether the expert is doing anything more than applying patent law to a presumed set of facts, essentially making the jury’s determination. This particularly is true if the proffered patent expert has no relevant technical expertise. Thus, a patent expert’s opinion regarding such matters as infringement, obviousness, and anticipation based on technical conclusions that are assumed or provided by a different expert is usually improper. Similarly, testimony applying patent law to issues intertwined with patent procedure, but dependent on technical conclusions supplied by others, such as the appropriate priority date of a claim in a continuation application, is usually inappropriate. On the other hand, if the patent expert also has rele-
vant technical expertise, he or she should be equally able to provide expert testimony within that expertise as would be any nonlegal expert with similar technical expertise.

In trials to the court, when there is no concern regarding jurors’ overreliance on expert testimony, courts more freely admit the testimony of patent law experts. This includes, for example, testimony regarding whether a reasonable patent examiner would deem particular prior art or statements important in an inequitable conduct determination. Courts have found such testimony helpful and allowed it. See, e.g., Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc., 326 F.3d 1226, 1238 (Fed. Cir. 2003); PerSeptive BioSystems, Inc. v. Pharmacia Biotech, Inc., 12 F. Supp. 2d 69, 74 (D. Mass. 1998), aff’d, 225 F.3d 1315 (Fed. Cir. 2000).

Finally, testimony is sometimes offered regarding the abilities of patent examiners, their workloads, time spent on applications, or similar matters. This testimony, which is meant to bolster or undermine the statutory presumption of validity, is improper. § 282; see also Applied Materials, Inc. v. Advanced Semiconductors Materials Am., Inc., No. 92-20643, 1995 U.S. Dist. LEXIS 22335, 1995 WL 261407 (N.D. Cal. Apr. 25, 1995). The deference the jury should give to the actions of the patent examiners is an issue of law like any other. See A & L Tech. v. Resound Corp., Case No. C 93-00107 CW, 1995 U.S. Dist. LEXIS 22443, at *11, 1995 WL 415146 (N.D. Cal. June 29, 1995) (“As a matter of law, a patent examiner is presumed to have conducted her own independent analysis of the prior art and drawn her own conclusions.”); see also Al-Site Corp. v. VSI Int’l Inc., 174 F.3d 1308, 1323 (Fed. Cir. 1999); Am. Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1359 (Fed. Cir. 1984). The appropriate-ness of that deference is not an issue for jury resolution.

8.2.1.2 Inventor and Other Technical Party Employee Testimony

Inventors and other technical employee witnesses often testify at trial regarding the invention and other technical matters. These witnesses frequently qualify as experts, and if properly disclosed as testifying experts, appropriately may provide expert testimony. Because their duties likely do not “regularly involve giving expert testimony,” no expert report is required by such employees absent special order; however, ordering such a report usually is appropriate and is a provision that might be included in the case-management conference order. See Fed. R. Civ. P. 26(a)(2)(B); § 2.6.

If inventors and other technical employees are not disclosed as experts, difficult line-drawing can arise regarding their testimony. For example, when an inventor or co-employee testifies regarding the invention to a jury, it usually is necessary to accompany the testimony regarding historical acts with an explanation of the technology involved. These explanations are sometimes challenged as undisclosed expert testimony. Other testimony that often draws a challenge is inventor or employee testimony regarding the nature of the prior art at the time the invention was made. While testimony about the invention and about the prior art may be highly technical, it may involve the description of historical facts without the expression of opinion. In that event, the testimony is proper without expert disclosure. Such testi-
mony, however, is sometimes employed to attempt to introduce undisclosed opinion testimony. A similar issue is presented by testimony aimed at teaching the relevant science to a jury; this, too, may be appropriate testimony without expert disclosure, but also is an opportunity sometimes used to attempt to introduce undisclosed expert testimony.

### 8.2.2 Exhibits

Due to the technical nature of patent cases, the number of potential exhibits can be substantial. Parties tend to be overinclusive with their exhibit lists to minimize the risk that they will later be precluded from using a particular document during trial. A final decision on whether an exhibit will be used is often not made until the middle of trial. The sheer volume of exhibits makes it difficult for the parties and the court to arrive at any meaningful refinement of exhibits prior to trial.

In general, resolving all evidentiary issues and preadmitting exhibits prior to trial saves trial time and reduces the burden on the jurors who would otherwise have to wait while the court resolves exhibit disputes with the parties. One way the court can achieve this end is by placing the burden of agreeing on exhibits on the parties. The court can deem all exhibits admitted, unless a party raises specific objections with the court in advance of trial. The burden of having to articulate specific and defensible objections to the court often compels parties to act reasonably when conferring with the opposing side, leaving only genuine disputes for the court.

This approach, however, requires the parties and the court to expend a significant amount of time deciding the admissibility of an exhibit that the parties may ultimately never use at trial. Another approach is to defer decision on exhibits until a party intends to introduce them. The court should have the parties adopt an exhibit disclosure schedule that provides enough time for the parties to confer over objections and raise issues with the court in advance. Typically, a party should identify the exhibits it intends to use two days in advance, giving the court a day to consider the issue if the parties cannot resolve it on their own.

A copy of any exhibits admitted into evidence should be provided to the jurors during deliberations. The court should keep a record of exhibits admitted into evidence and order the parties to prepare a set for the jury room.

Another issue that often arises in patent cases in the context of trial exhibits is the authentication of exhibits used as prior art. With the proliferation of information on the Internet, litigants often rely on prior art references located on the Internet. These prior art references are still subject to usual rules of authentication. *In re Wyer*, 655 F.2d 221, 227 (CCPA 1981) (party seeking to introduce a reference as prior art must "produce sufficient proof of its dissemination or that it has otherwise been available and accessible to persons concerned with the art to which the documents relates").

As litigants increasingly rely on the Internet to uncover articles, papers, manuals, and other publications that they intend to rely on as prior art, disputes over authenticity are becoming more frequent. Typically publication in a scientific journal is enough to establish a reference’s date of availability to the public and status as prior
art. Duramed Pharm. Inc. v. Paddock Labs, Inc., 644 F.3d 376, 1382 n.2 (Fed. Cir. 2011), citing In re Lister, 583 F.3d 1307, 1313 (Fed. Cir. 2009). Other types of publications retrieved from Internet sources, however, require authentication of the date of publication. A date on a document, with nothing more, is usually insufficient to authenticate the document as prior art. See ResQNet.com, Inc. v. Lansa, Inc., 533 F. Supp. 2d 397, 414 (S.D.N.Y. Feb. 1, 2008) (disregarding a publication as prior art where no witness testified and no evidence was presented as to date of publication other than a date on the document itself). Some evidence from a witness or a library setting forth procedures and date of cataloging is needed for authentication. In re Enhanced Security Research, LLC, 739 F.3d 1347, 1354–55 (Fed. Cir. 2014) (dated software manual authenticated as prior art only when taken into consideration with declaration of software company’s CEO attesting to date of publication); In re NTP, Inc., 654 F.3d 1279, 1294–1296 (reference was authenticated based on attestation of university library that date-stamped and catalogued the reference).

In recent years, there has been an increased reliance on early web pages retrieved from the Wayback Machine (available at http://archive.org/web/) to establish prior art systems or disclosures. The Wayback Machine is operated by a company called the Internet Archive which seeks to catalogue all websites on the Internet. Party attestations as to the retrieval of screenshots, disclosures, or webpages from the Wayback Machine is insufficient to authenticate such exhibits as prior art. Instead, most courts require an affidavit from a representative of the Internet Archive with personal knowledge of the specific contents of the Internet archive at issue. See Specht v. Google, Inc., 758 F. Supp. 2d 570, 580 (2010); see also United States v. Bansal, 663 F.3d 634, 667–68 (3d Cir. 2011) (requiring testimony on how the Wayback Machine works, its reliability, and comparison of screenshots before authenticating screenshots obtained from the Wayback Machine as evidence).

### 8.2.3 Demonstratives

Demonstratives can be especially useful tools in patent cases. They help the parties explain background technology to the court and the jury. Because demonstratives are not evidence, however, they are not admitted into the record and do not need to meet admissibility requirements. There must, nonetheless, be a foundation for the use of demonstratives. Specifically, demonstratives can be used if they are fair representations and assist the jury in understanding a witness’s testimony.

A court has broad discretion in managing the use of demonstratives. A court can preclude the use of a demonstrative if its utility in illustrating concepts to the jury is outweighed by the risk of unfair prejudice, confusion to the jury, or undue delay of time. Fed. R. Evid. 403. As with exhibits, the court should require the parties to exchange demonstratives in advance of their intended use in court. If the parties cannot resolve any objections, the court can then decide whether any proposed demonstratives advance inappropriate arguments or are unduly prejudicial before they are presented to the jury.

Because demonstratives are not evidence, they are excluded from the jury room during deliberations. A party may, on occasion, ask that a demonstrative be admitted
into evidence. Courts have discretion to admit into evidence demonstratives that summarize admissible evidence. Fed. R. Evid. 1006. The court should encourage the parties to confer about what demonstratives can be admitted into evidence.

**8.2.4 Limits on Attorney Argument**

Because patent trials typically are longer and more complex than most other cases, the court should take proactive measures to discourage the parties from prolonging trial with unnecessary and contentious arguments. Due to the massive amounts of evidence involved in patent cases, disputes over arguments and objections to evidence during trial is unavoidable. The court can, however, make efforts to minimize sidebars and improper attorney argument.

To discourage extended attorney argument while the jury is present, the court should charge any time spent in sidebars and arguing objections to the party that loses the argument. The court should also remind the parties to refrain from extended argument when making objections. Giving the parties an outlet to make interim attorney arguments can reduce the likelihood that they will make improper or protracted arguments at other times during the trial.

During the course of a witness’s testimony, a party may object to a particular subject of examination. The court should encourage the examining party to focus on another topic, if possible, until the jury is released. The court can then resolve the issue with the parties without wasting the jury’s time.

**8.3 Specific Substantive Issues**

In addition to general evidentiary issues, patent trials present the court with substantive issues unique to patent law. The court must be familiar with considerations that arise in the context of proving infringement or invalidity. The patent law also provides a patent owner with remedies other than compensatory damages that are within the court’s discretion to award. This section will discuss substantive proof issues that the court should be aware of when presiding over a patent trial.

**8.3.1 Limitations on the Number of Asserted Claims**


While limiting the number of asserted claims may be necessary for effective and efficient case management, care must be given to avoid violating a patentee’s due process rights with respect to nonselected claims. Specifically, where nonselected claims present distinct issues of infringement and invalidity not addressed by the asserted claims, a patentee should be given an opportunity to litigate those patent claims on the merits. See In re Katz Interactive Call Processing Patent Litig., 639 F.3d 1303, 1312–13 (Fed. Cir. 2011) (suggesting that an order refusing to allow a plaintiff to add claims after a showing that such claims presented unique issues as to liability or damages may be subject to review or reversal). A plaintiff should furthermore be afforded sufficient opportunity to determine (through discovery or otherwise) whether particular claims may raise distinct issues of infringement and invalidity before the court imposes any claim selection order. Id. at 1313 n.9.

Where a plaintiff is given an opportunity, but fails either to assert or demonstrate that the nonselected claims raised issues that are not duplicative of the issues raised by the selected claims, a court is free to enter final judgment as to all claims based only on adjudication of the selected claims. Id. at 1313.

Where a plaintiff demonstrates that nonselected claims present unique liability or damages issues, however, the court should either sever and stay proceedings with respect to the nonselected claims or dismiss the nonselected claims without prejudice to plaintiff’s ability to reassert them in a subsequent lawsuit. In the event a plaintiff decides to pursue the unselected claims, it may be more judicially efficient to sever and stay proceedings, allowing the parties and the court to retain the benefit of earlier proceedings in adjudicating the unselected claims. The parties may furthermore be able to resolve issues involving the unselected claims as part of resolution of the rest of the case.

In contrast, dismissal of unselected claims without prejudice may remove the threat of those claims from the immediate litigation, but may lead to redundant proceedings if the plaintiff elects to pursue claims in a subsequent lawsuit. With the unselected claims removed from the scope of the litigation, they are also less likely to be useful as leverage in resolving the case at hand.

### 8.3.2 Indirect Infringement

Patent infringement must be proven by a preponderance of evidence. The Federal Circuit requires proof of infringement to include an element-by-element analysis for each asserted claim in the patent and the accused product. In many patent cases, patent owners not only allege direct infringement, but that a defendant contributes to or induces another’s infringement. The direct infringement underlying a contributory infringement or inducement claim is usually committed by a nonparty to the action. Disputes can arise during trial as to whether the evidence of the underlying direct infringement is sufficient to submit the issue to the jury.

While there must be evidence of underlying direct infringement, a nonparty’s direct infringement can be proven through direct or circumstantial evidence.
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*Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1271 (Fed. Cir. 1986). Circumstantial evidence of the indirect infringer’s sales and dissemination of instructions for operation in an infringing manner can support a finding of direct infringement by customers. *Id.* Furthermore, there need not be evidence showing that every customer infringes; it is sufficient that the patentee present evidence from which the jury can infer that at least one customer directly infringes.

Inducement of infringement also requires proof that the alleged infringer intended to induce infringement by others. This includes proof of the infringer’s actual knowledge or “willful blindness” to the existence of the patent and that the induced acts constitute infringement. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011). Whether the infringer deemed the patent valid, however, is irrelevant. *Commil USA, LLC v. Cisco Systems, Inc.*, 135 S. Ct. 1920 (2015). Proof of intent can be inferred from the conduct of the alleged infringer. As a result, evidence that may otherwise be prejudicial for purposes of proving infringement may be admissible to show intent. If such evidence is admitted, the court should take care to give limiting instructions explaining the purpose of such evidence. Similarly, the alleged infringer may attempt to disprove an intent to infringe a valid patent with evidence from incomplete proceedings in the USPTO in which an interim ruling has found the relevant claims invalid. Evidence of such interim PTAB rulings generally is inadmissible to prove invalidity, because its probative value is substantially outweighed by the risk of unfair prejudice to the patentee (see § 7.5.4.5), and for the same reason it may be excluded as evidence of an alleged inducer’s lack of intent. *See VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1324–25 (Fed. Cir. 2014).

### 8.3.3 Invalidity

#### 8.3.3.1 Presumption of Validity

Like infringement, proof of invalidity must include an element-by-element analysis. Invalidity, however, must be shown by clear and convincing evidence as the law provides that patents are presumed valid. § 282; *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2242 (2011) (holding that § 282 requires an invalidity defense to be proved by clear and convincing evidence); § 7.3.4.3. This is often phrased as requiring evidence that convinces the trier of fact that it is “highly probable” that the patent is invalid. *See, e.g., Buildex, Inc. v. Kason Indus., Inc.*, 849 F.2d 1451, 1463 (Fed. Cir. 1988).

The jury does not have the discretion to disregard the presumption of validity. During trial, it is the alleged infringer’s burden to present evidence and argue that the presumption is rebutted. A party cannot argue that the presumption should not apply. *See Am. Hoist*, 725 F.2d at 1360 (stating that the statutory presumption of validity imposes a burden that “is constant and never changes and is to convince the court of invalidity by clear evidence”).

Where the prior art in question was before the USPTO during prosecution, the patent holder will argue that the presumption of validity is “especially difficult” to rebut. *See Glaxo Group Ltd. v. Apotex, Inc.*, 376 F.3d 1339, 1348 (Fed. Cir. 2004).
Where the prior art in question was not considered by the USPTO during prosecution, the alleged infringer will argue that the presumption carries little weight. The burden of proof, however, remains the same regardless of whether the prior art reference was before the USPTO during prosecution. See Microsoft Corp. v. i4i, 131 S. Ct. at 2250 (rejecting fluctuating standard of proof based on whether evidence was considered by USPTO during prosecution). Where the evidence being considered was not before the USPTO during prosecution, it may “carry more weight” in meeting a defendant’s burden of proof, but it does not change the standard. Id. at 2251. Therefore, in both circumstances, the court should instruct the jury that an alleged infringer has the burden of presenting clear and convincing evidence before a patent can be found invalid. However, as discussed in § 7.3.4.3, the court should not instruct the jury about the presumption of validity itself—the court’s instruction that the jury is to weigh invalidity evidence according to a clear-and-convincing standard incorporates this presumption and is itself sufficient; advising the jury that there is a presumption risks jury confusion that the presumption is a separate hurdle, in addition to the burden of proof, that must be overcome to establish invalidity.

8.3.3.2 Obviousness

Claims of invalidity based on obviousness, in particular, often raise unique issues that require court resolution during trial. The ultimate conclusion of obviousness is a question of law, but it is premised on underlying findings of fact. See KSR Int’l, Co. v. Teleflex, Inc., 550 U.S. 398, 404 (2007) (“The ultimate judgment of obviousness is a legal determination.”); § 7.3.4.4. Thus, while the ultimate conclusion rests with the court, resolution of the factual inquiries rests with the jury. The most common factual questions, known as the Graham factors, are: (1) the scope and content of the prior art; (2) the differences between the prior art and the claims at issue; (3) the level of ordinary skill in the art; and (4) objective evidence of nonobviousness. Graham v. John Deere Co., 383 U.S. 1, 17–18 (1966). Establishing trial procedures that will assist the court in rendering a decision on obviousness will help to resolve later disputes regarding the propriety of the jury’s verdict on obviousness.

The Federal Circuit has held that submission to the jury of a question of law that is based on underlying facts, like obviousness, is proper when accompanied by appropriate instructions. White v. Jeffrey Mining Co., 723 F.2d 1553, 1558 (Fed. Cir. 1983). Many courts follow this course in determining obviousness. When the jury is asked to determine obviousness, it is preferred that the jury be provided with special interrogatories regarding the Graham factors relevant to the case so that the jury’s underlying factual findings are known. See Agrizap, Inc. v. Woodstream Corp., 520 F.3d 1337, 1343 n.3 (Fed. Cir. 2008). With the benefit of the answers to the special interrogatories, the district court on a renewed motion for judgment as a matter of law and the Federal Circuit on appeal can then review the jury’s ultimate conclusion on obviousness in light of its underlying factual determination. As explained by Justice Breyer:

Courts can help to keep the application of [the] “clear and convincing” standard within its proper legal bounds by separating factual and legal aspects of an invalidity claim, say, by using instructions based on case-specific circumstances that help the
jury make the distinction or by using interrogatories and special verdicts to make clear which specific factual findings underlie the jury’s conclusions . . . . By isolating the facts (determined with help of the “clear and convincing” standard), courts can thereby assure the proper interpretation or application of the correct legal standard (without use of the “clear and convincing” standard). By preventing the “clear and convincing” standard from roaming outside its fact-related reservation, courts can increase the likelihood that discoveries or inventions will not receive legal protection where none is due.

_Microsoft Corp. v. i4i Ltd.,_ 131 S. Ct. 2238, 2253 (Breyer, J., concurring); see § 7.3.4.3. Formulating special interrogatories regarding all the relevant _Graham_ factors sometimes can be difficult, for example, if multiple prior art references are asserted in multiple combinations. Because the alleged infringer usually will greatly prefer submitting special interrogatories to the jury, however, it generally is possible to negotiate with the parties a manageable number of special interrogatories for submission.

Alternatively, the court can submit only the relevant _Graham_ factors to the jury for its determination through special interrogatories, with or without an advisory verdict on the legal question of obviousness, and then determine the ultimate question of obviousness itself based on the jury’s factual determinations. The model instructions of the Northern District of California (see Instruction No. 4.3b), for example, adopt this approach.

### 8.3.4 Patent Damages

A patent owner is entitled to monetary damages to compensate for the infringement, as well as to the court’s consideration of equitable remedies to prevent further infringement. In cases of willful infringement, the court has further discretion to increase damages to punish the infringer. Each of these remedies presents unique issues for the court. This section focuses on evidentiary issues relating to patent damages that may arise at trial. A fuller discussion of patent damages is set forth in §§ 14.4.3.2, 7.3.4.7, 7.4.3.3.2–3. We discuss enhanced damages for willful infringement or bad faith in § 9.2.2, which is addressed through a posttrial motion.

Section 284 provides that a patent owner is entitled to “damages adequate to compensate for the infringement, but in no event less than a reasonable royalty.” Even if both parties’ damages evidence is rejected, the fact finder must still determine what constitutes a reasonable royalty from the evidence. _Apple, Inc. v. Motorola, Inc.,_ 757 F.3d 1286, 1327–28 (Fed. Cir. 2014) (quoting _Dow Chem. Co. v. Mee Indus., Inc._, 341 F.3d 1370, 1381–82 (Fed. Cir. 2003)); see also _Info-Hold, Inc. v. Muzak LLC_, 783 F.3d 1365 (Fed. Cir. 2015) (reversing a summary judgment of zero damages even though the patentee’s damages expert’s report properly was struck

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3. The Northern District of California’s Model Patent Jury Instructions are available online at http://www.cand.uscourts.gov/cand/ForAttys.nsf/d07d1927bb07c86c88256d6e005ce658/4ed41e5a5972b27a88256d6e005cee5d/$FILE/NDmodel.101007.pdf.
“because there was no evidence of record supporting a zero royalty and the evidence of record which could be used to determine a non-zero royalty was ignored”.

The jury has wide discretion in awarding monetary damages within the evidentiary bounds set by the court. While the Federal Circuit has emphasized that any factual disputes relating to damages—including disputed facts within expert testimony, an expert’s choice of one of several acceptable methodologies, and issues relating to an expert’s credibility—are to be resolved by the jury, Apple Inc. v. Motorola, Inc., 757 F.3d at 1313–20, the court has in recent years substantially enhanced the court’s gatekeeping role to ensure that a party’s proof of damages is not based on improper “principles and methodology, or legally insufficient facts and data,” id. at 1314, or a royalty base that is likely to mislead a jury, see Ericsson, Inc. v. D-Link Sys., Inc., 773 F.3d 1201, 1226–27 (Fed. Cir. 2014). A patent owner can recover lost profits or a reasonable royalty or, in appropriate circumstances, a combination of the two.

### 8.3.4.1 Lost Profits

As set forth more fully in § 14.4.3.2.1.1, the patentee must prove a causal relationship between the infringement and its lost profits, encompassing the so-called DAMP factors: (1) demand for the patented product; (2) absence of acceptable non-infringing substitutes; (3) manufacturing and marketing capability to exploit the demand; and (4) profit he or she would have made. Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1545 (Fed. Cir. 1995) (en banc) (citing Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152, 1156 (6th Cir. 1978)). The loss can include conveyed sales (nonpatented products and services) and price erosion owing to competition from the infringing products.

The first factor focuses on economic analysis of market conditions for the patented product. The second factor examines market definition and patent scope. With regard to the second factor, the Federal Circuit has cautioned against allowing lost profits analyses to turn into separate full-blown infringement analyses on numerous other collateral products. See Micro Motion, Inc. v. Kane Steel Co., 894 F.2d 1318, 1324 (Fed. Cir. 1990). Thus, while there needs to be at least some circumstantial evidence of the absence of noninfringing alternatives, such evidence need not include testimony by technical experts. Dow Chem. Co. v. Mee Indus., 341 F.3d 1317, 1372 (Fed. Cir. 2003); Northlake Mktg. & Supply, Inc. v. Glaverbel, S.A., 72 F. Supp. 2d 893, 898–99 (N.D. Ill. 1999). The question for the court is whether there is some evidence from which a jury can reasonably infer that there are no noninfringing alternatives, and that lost profits therefore are appropriate. Inventor testimony and claim charts, evidence that the alleged infringer failed to switch to noninfringing alternatives, and customer motivation to purchase the patented features have all been held sufficient. Standard Havens Prods., Inc. v. Gencor Indus., Inc., 953 F.2d 1360, 1373 (Fed. Cir. 1991); Kaufman Co. v. Lantech, Inc., 926 F.2d 1136, 1141–42 (Fed. Cir. 1991); Datascope Corp. v. SMEC, Inc., 879 F. Supp. 820, 825 (Fed. Cir. 1991) (inventor testimony and claim charts sufficient for the jury to infer that substitutes were infringing).

The third factor focuses on engineering and marketing capacity.
The fourth factor—profit that would have been made, but for the infringement—is relatively straightforward when a single patent covers the entirety of a product, such as a drug, but can become complicated when the patent relates to but one component of a multicomponent product and is not the sole or predominant basis for consumer demand. In the latter circumstance, the loss to the patent holder must be apportioned between the patented and other features using "reliable and tangible" evidence. See Ericsson, Inc. v. D-Link Sys., Inc., 773 F.3d 1201, 1226 (Fed. Cir. 2014) (citing Garretson v. Clark, 111 U.S. 120, 121 (1884)).

8.3.4.2 Reasonable Royalty

The reasonable royalty measure provides a floor for patent damages. It is typically the sole measure of monetary damages in cases involving non-practicing entities, but can also arise in litigation between competitors where lost profits are difficult to prove or are an incomplete measure of the harm.

Patent law has long struggled to deal with apportioning patent value where a patent covers only one component of a larger product. See Cincinnati Car Co. v. New York Rapid Transit Corp., 66 F.2d 592, 593 (2d Cir. 1933) (Learned Hand, J.) (observing that the allocation of profits among multiple components "is in its nature unanswerable"). The problem has become particularly acute in modern patent litigation as a result of the growing use of juries called on to apportion value based on complex and often widely divergent economic expert analyses.

As set forth more fully in § 14.4.3.2.1.4, a reasonable royalty may be derived from an established royalty (if one exists) or, more commonly, a hypothetical negotiation between the patentee and the infringer when the infringement began. The hypothetical negotiation, during which the asserted patent claims are assumed to be valid, infringed, and enforceable, seeks "to recreate the ex ante licensing negotiation scenario and to describe the resulting agreement." Lucent Techs. v. Gateway, Inc., 580 F.3d 1301, 1325 (Fed. Cir. 2009). For nearly half a century, courts have employed the vague and open-ended fifteen-factor test set forth in Georgia-Pacific Corp. v. U.S. Plywood Corp., 318 F. Supp. 1116 (S.D.N.Y. 1970). See § 14.4.3.2.1.4.

The Federal Circuit has sought to prevent outsize damage awards by enhancing the judge’s gatekeeping role along several dimensions: focusing the jury’s attention on a royalty base that is closely connected to the patented component of a product, excluding unreliable damage theories, scrutinizing the admissibility of various forms of evidence, and providing limiting jury instructions.

In general, a patent holder seeking a reasonable royalty must provide substantial evidence supporting both its choice of royalty base and royalty rate. “[W]here multi-component products are involved, the governing rule is that the ultimate combination of royalty base and royalty rate must reflect the value attributable to the infringing features of the product, and no more.” Ericsson, Inc. v. D-Link Sys., Inc., 773 F.3d 1201, 1226 (Fed. Cir. 2014) (citing VirnetX, Inc. v. Cisco Sys., Inc., 767 F.3d 1308 (Fed. Cir. 2014)). “As a substantive matter, it is the ‘value of what was taken’ that measures a ‘reasonable royalty’ under § 284. What is taken from the owner of a utility patent (for purposes of assessing damages under § 284) is only the patented tech-
nology, and so the value to be measured is only the value of the infringing features of an accused product.” *Ericsson*, 773 F.3d at 1226 (quoting *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 648 (1915)).

### 8.3.4.2.1 Royalty Base

The royalty base has emerged as a critical part of reasonable royalty analysis. Where a single patent is the sole or predominant basis for consumer demand for a product, the royalty base is the value of the entire market for the product. See *Fonar Corp. v. Gen. Elec. Co.*, 107 F.3d 1543, 1552 (Fed. Cir. 1997) (citing *Rite–Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1549 (Fed. Cir. 1995) (en banc)).

Problems arise when the patent covers but one component of a complex product that cannot be shown to be the predominant driver of consumer demand for the product. In theory, the court could use the entire market value as the base and apply a sufficiently discounted royalty rate. But as the Federal Circuit has warned, “reliance on the entire market value might mislead the jury, who may be less equipped to understand the extent to which the royalty rate would need to do the work in such instances.” *Ericsson*, 773 F.3d at 1227 (citing *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 67, 68 (Fed. Cir. 2012) (barring the use of too high a royalty base—even if mathematically offset by a “‘low enough royalty rate’”—because such a base “carries a considerable risk” of misleading a jury into overcompensating, stating that such a base “‘cannot help but skew the damages horizon for the jury’” and “make a patentee’s proffered damages amount appear modest by comparison” (quoting *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1320 (Fed. Cir. 2011))). The plaintiff's expert in *Uniloc* posited a royalty base of $19.28 billion (the entire market for Microsoft Office and Windows) to justify a reasonable royalty of over half a billion dollars for a patent on a product activation method.

To cabin the risk of outsize awards in multicomponent cases, the Federal Circuit has pushed the royalty base toward the smallest salable patent-practicing unit (SSP-PU). In *Cornell University v. Hewlett-Packard Co.*, 609 F. Supp. 2d 279 (N.D.N.Y. 2009), the patent at issue related to software that issued multiple processor instructions at once, thereby increasing processor performance. It functioned as part of the instruction record buffer of a processor within a central processing unit (CPU) module of a CPU brick within a server—much like the flea on the hair of the tail of the dog. The plaintiff’s damages expert used the CPU brick as the royalty base, resulting in a royalty base of $184 million. Judge Rader, sitting by designation, issued judgment as a matter of law reducing the jury’s damage award on the ground that the trial record contained “insufficient evidence to establish the required nexus between the patented aspect of the infringing processors and the entire CPU brick.” *Id.* at 292. Judge Rader remitted the jury award based on a royalty base derived from the market for the processor ($53.4 million). While still above the instruction record buffer, the processor was the smallest saleable component relating to the patented invention.

The Federal Circuit embraced the SSP PU framework in *LaserDynamics Inc. v. Quanta Computer, Inc.*, 694 F.3d 51 (Fed. Cir. 2012), holding that “it is generally required that royalties be based not on the entire product, but instead on the ‘smallest
salable patent-practicing unit.” . . . The entire market value rule is a narrow exception to this general rule.” Id. at 67; see also Commonwealth Scientific and Indus. Research Organisation v. Cisco Sys., Inc., 809 F.3d 1295, 1301-1304 (Fed. Cir. 2015) (“CSIRO”); VirnetX, Inc. v. Cisco Sys., Inc., 767 F.3d 1308, 1328-29 (Fed. Cir. 2014); LaserDynamics, Inc. v. Quanta Computer, Inc., 694 F.3d 51, 66-70 (Fed. Cir. 2012); Uniloc USA, Inc. v. Microsoft Corp., 632 F.3d 1292, 1320 (Fed. Cir. 2011); Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1336 (Fed. Cir. 2009).

More generally, the ultimate award “must be based on the incremental value that the patented invention adds to the end product.” Ericsson, 773 F.3d at 1226. Therefore, the patent holder must provide evidence that the claimed royalty base is a reasonable estimate—using such approximation as is necessary—of the value directly attributable to the elements of the product infringing one or more of the asserted patents, whether or not separately saleable. See id. at 1226-27; CSIRO, 809 F.3d at 1301-02; VirnetX, 767 F.3d at 1327-29; Apple, Inc. v. Motorola, Inc., 757 F.3d at 1317-18. To avoid misleading the jury by placing undue emphasis on the value of the entire product, evidence of the loss to the patent holder or the gain to the alleged infringer from the entire market value of the product usually is inadmissible. See Ericsson, 773 F.3d at 1226-27; LaserDynamics, 694 F.3d at 68; Uniloc, 632 F.3d at 1320. This rule, however, is inapplicable when prior negotiations of a royalty rate for the patent at issue or comparable patents is offered, and those rates are based on the end product. CSIRO, 809 F.3d at 1302-04.

8.3.4.2.2 Royalty Rate

Beyond calibrating the royalty base to the scale of the patent practicing unit, the court must also ensure that the royalty rate is based on sound economic methodology and grounded in reliable and pertinent evidence. To establish an appropriate royalty rate, the patent owner often will “posit a ‘hypothetical negotiation’ between the patentee and adjudicated infringer and . . . ‘attempt[] to ascertain the royalty upon which the parties would have agreed had they successfully negotiated an agreement just before infringement began.’” Aqua Shield v. Inter Pool Cover Team, 774 F.3d 766, 770 (Fed. Cir. 2014) (quoting Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1324 (Fed. Cir. 2009)). The proof of an appropriate royalty rate using this method allows for necessary “approximation and uncertainty.” Id. at 771 (quoting Lucent Techs., 580 F.3d at 1325). Nevertheless, it must be supported by substantial evidence, which usually will be based on the application of the relevant, but not necessarily the complete, list of fifteen Georgia-Pacific factors. See WhitServe, LLC v. Computer Packages, Inc., 694 F.3d 10, 31-32 (Fed. Cir. 2012).

The open-ended Georgia-Pacific framework affords economic experts substantial leeway in determining a royalty rate. The most pertinent evidence is analogous license agreements. In many cases, however, the technology either has not been previously licensed or the licenses cover a broader range of technologies than the patented invention and/or multiple products or product components.

The most pertinent evidence for establishing a royalty rate will be past licenses to the infringing or comparable technology, the value of comparable features in the marketplace, an estimate of the value of the benefit provided by the infringed fea-
turers by comparison to noninfringing alternatives, or an estimate of the cost to design around the patent. See Ericsson, 773 F.3d at 1227 (citing Monsanto Co. v. McFarling, 488 F.3d 973, 978 (Fed. Cir. 2007) (“An established royalty is usually the best measure of a ‘reasonable’ royalty for a given use of an invention . . . .”)); Georgia-Pacific Corp. v. U.S. Plywood Corp., 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970) (finding that “royalties received by the patentee for the licensing of the patent in suit” is a relevant factor for the jury to consider); VirnetX, 767 F.3d at 1330–31; Apple, Inc. v. Motorola, Inc., 757 F.3d at 1315, 1329; ResQNet.com, Inc. v. Lansa, Inc., 594 F.3d 860, 871 (Fed. Cir. 2010); Lucent Techs., 580 F.3d at 1327–28. The Federal Circuit noted, however, that “[p]rior licenses . . . are almost never perfectly analogous to the infringement action,” Ericsson, 773 F.3d at 1227 (citing VirnetX, 767 F.3d at 1330), but such differences “generally go[] to the weight of the evidence, not its admissibility,” id. (citing Apple, 757 F.3d at 1326).

Substantial evidence must explain why a license is sufficiently analogous to associate its royalty rate to a hypothetical license solely to the infringing technology if a purportedly comparable license is not to the infringing technology; it also includes other patents, other intellectual property, or physical products; or it was entered based on different economic circumstances. See Ericsson, 773 F.3d at 1227–28; Uniloc, 632 F.3d at 1316; WordTech Sys. Inc. v. Integrated Networks Sols., 609 F.3d 1308, 1322, 1327 (Fed. Cir. 2010); Lucent Techs., 580 F.3d at 1327–28. A prior license to the infringed patent with a royalty rate based on the entire market value of the product must be supported by testimony explaining how to discount the rate to account only for the value attributed to the licensed technology. Moreover, when such a license is admitted, if requested, the court should give a cautionary instruction explaining that it is for the limited purpose of helping to determine an appropriate royalty rate after apportionment to the incremental value of the product’s patented features. See Ericsson, 773 F.3d at 1227–28.

A license resulting from settlement of prior litigation usually is not admissible, but it can be admitted in the limited circumstance that it is the most reliable evidence available. See LaserDynamics, 694 F.3d at 77–78; ResQNet.com, 594 F.3d at 870–72. An example of this exception is a settlement that occurred after a finding that the patent is infringed. Such a settlement may be highly probative of a reasonable royalty, because its circumstance duplicates the hypothetical royalty assumptions that a patent is valid and infringed. Astrazeneca AB v. Apotex Corp., 782 F.3d 1324, 1336–37 (Fed. Cir. 2015).

8.3.4.2.1 Rejection of General, Simplistic Apportionment Rules

As an alternative or shortcut to considering the Georgia-Pacific factors, some patentees have put forward general royalty theories such as the 25% rule and the Nash Bargaining Solution (50% split of net product value). The Federal Circuit has rejected the application of these generalized “rules of thumb.” See Apple, 757 F.3d at 1324–25; VirnetX, 767 F.3d at 1331–34 (rejecting the Nash Bargaining Solution); Uniloc, 632 F.3d at 1312 (rejecting the “25% rule”). Such evidence is inadmissible.
8.3.4.2.2 Consumer Surveys and Conjoint Analysis


8.3.4.2.2.3 FRAND/Standard Essential Patents

A growing number of technologies arise within the context of network industries in which standard protocols and interfaces promote technological innovation and greater consumer value. Industry standard-setting organizations such as the Institute of Electrical Electronics Engineers (IEEE) and the International Telecommunication Union (ITU) bring together company representatives to develop industry standards. To ensure that the industry standards reflect the best technologies while avoiding (or at least postponing) licensing disputes, the participants typically commit to license standard essential patents (SEPs) on “reasonable and non-discriminatory” (“RAND”) or “fair, reasonable and non-discriminatory” (“FRAND”) terms. The standard setting organizations have typically left the parameters for determining FRAND license terms undefined, see Mark A. Lemley, Intellectual Property Rights and Standard-Setting Organizations, 90 Cal. L. Rev. 1889, 1906 (2002), leaving courts
with the difficult task of determining licensing rates for highly complex products involving potentially hundreds of patents.

The valuation of SEPs presents distinct problems. Industry standards can encompass hundreds of patented technologies of varying significance. Not surprisingly, owners of patents within a SEP pool often see their patents as particularly valuable, thereby risking hold-up and undue royalty-stacking. The challenge lies in separating the value of the particular technology from the often tremendous value of standardization. Once consumers adopt a product, they become locked into the standard to varying degrees. This could provide the patentee tremendous leverage in a negotiation. With potentially hundreds of SEPs and dozens of patent owners, the problem becomes intractable if patent owners stake out aggressive positions or refuse to propose licensing terms.

In a series of recent cases, courts have surmounted this challenge by interpreting the principal goal of standard-setting agreements to be widespread adoption of the standard by barring RAND licensors from capturing the coordination and network value of the standard. See § 14.4.3.2.1.4.2; Microsoft Corp. v. Motorola, Inc., No. C10-1823JLR, 2013 U.S. Dist. LEXIS 60233, 2013 WL 2112117 (W.D. Wash. Apr. 25, 2013); see also Ericsson, 773 F.3d at 1229–35; In re Innovatio IP Ventures LLC Patent Litig., No. 11 C 9308, 2013 U.S. Dist. LEXIS 144061, 2013 WL 5593609 (N.D. Ill. Oct. 3, 2013). The courts have adapted the Georgia-Pacific factors to serve the standard-setting context.

In such cases, the jury should be instructed as to what FRAND commitments have been made by the patent holder and the jury’s obligation to take those commitments into account when determining the royalty award, the need to apportion the value of the patented feature from any value added by adoption of the standard, those Georgia-Pacific or similar factors relevant (but only those relevant) in light of the evidence presented, and, if supported by the evidence, the issues of potential royalty-stacking and patent hold-up. This might include directing the jury to consider a hypothetical negotiation date prior to adoption of the standard rather than at the time infringement began.

### 8.3.4.2.2.4 Indirect Infringement

There also are further complications when a patentee’s damages are based on indirect infringement—such as the use of the patented invention by the alleged infringer’s customers—particularly when the accused product is capable of non-infringing modes of operation. To recover damages based on use by customers, there need not be a one-to-one correspondence between the number of accused products sold and direct infringement by customers. Lucent Techs., 580 F.3d at 1323–24; Hillgraeve, Inc. v. Symantec Corp., 272 F. Supp. 2d 613, 621 (E.D. Mich. 2003); Imagexpo, L.L.C. v. Microsoft Corp., 284 F. Supp. 2d 365, 370 (E.D. Va. 2003); Black & Decker v. Bosch, No. 04 C 7955, 2006 U.S. Dist. LEXIS 94556, at *6, 2006 WL 3883286 (N.D. Ill. Dec. 18, 2006). The patent owner, however, must present evidence sufficient for a jury to extrapolate or infer the extent of the customers’ direct infringement. Imagexpo, 284 F. Supp. 2d at 370. Whether a party’s experts’ opinions comply with the requirements to prove or disprove damages often is—and may be required to be (see
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Versata Software, Inc. v. SAP, Inc., 717 F.3d 1255, (Fed. Cir. 2013)) tested in a pretrial Daubert motion. See § 7.4.3.3.2.1. Whether as the result of such a motion or at trial, however, if a party fails to adhere to these standards, a court must be prepared to preclude testimony—including all of an expert’s testimony, if necessary—or correct an award. See Ericsson, 773 F.3d at 1229–35; ePlus, Inc. v. Lawson Software, Inc., 700 F.3d 509, 522–23 (Fed. Cir. 2012); LaserDynamics, 694 F.3d at 66–71; Whitserve, LLC v. Comput. Packages, Inc., 694 F.3d 10 (Fed. Cir. 2012); Uniloc, 632 F.3d at 1319–20.

8.4 Motions for Judgment as a Matter of Law

As in any jury trial, once a party has completed its case-in-chief as to an issue, the party’s opponent can move for judgment as a matter of law as to the issue. Fed. R. Civ. P. 50. Such motions are decided under the law of the circuit in which the district court sits. See, e.g., Orion IP, LLC v. Hyundai Motor Am., 605 F.3d 967, 973 (Fed. Cir. 2010). The usual standard is that judgment will be denied if, “viewing the evidence in the light most favorable to the nonmoving party, and giving the nonmovant the benefit of all reasonable inferences, there is sufficient evidence of record to support a jury verdict in favor of the nonmovant.” Honeywell Int’l Inc. v. Hamilton Sundstrand Corp., 370 F.3d 1131, 1139 (Fed. Cir. 2004) (en banc). These motions and their appellate implications, however, take on special significance in patent cases where each side has important claims and defenses as to which it bears the burden of proof, and where claim-construction issues often play a pivotal role.

The Federal Circuit applies the usual rule that, absent a Rule 50 motion before the case is submitted to the jury, specifically addressed to an issue, no argument can be made in posttrial motions or on appeal that the evidence is insufficient to support the jury’s verdict as to that issue. Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc., 546 U.S. 394, 398 (2006) (“A post-trial motion for judgment can be granted only on grounds advanced in the pre-verdict motion”); Microsoft Corp. v. i4i Ltd. P’ship, 598 F.3d 831, 857 (Fed. Cir. 2010), aff’d on other grounds, 131 S. Ct. 2238, (2011). The specificity of the predeliberations motion must be sufficient to alert the opponent as to the evidence that is omitted so that, if necessary, it may seek to reopen and provide that evidence. In the patent law context, this may require, for example, that a Rule 50 motion by an accused infringer specify the particular claim or claims as to which it asserts no infringement has been proven or the particular prior art references it contends render the patent obvious or anticipated, and that a motion by a patent owner specify the particular invalidity bases it asserts have not been proven. Duro-Last, Inc. v. Custom Seal, Inc., 321 F.3d 1098, 1105–09 (Fed. Cir. 2003); Union Carbide Chem. & Plastics Tech. Corp. v. Shell Oil Co., 308 F.3d 1167, 1187 (Fed. Cir. 2002); Sw. Software, Inc. v. Harlequin Inc., 226 F.3d 1280, 1290 (Fed. Cir. 2000).

Circumstances in particular cases, however, may make much more cryptic motions sufficient if, in context, it is clear that the court and opposing party understood what was intended. See, e.g., Western Union Co. v. MoneyGram Payment Sys., 626 F.3d 1361, 1367–68 (Fed. Cir. 2010) (holding that even a cursory motion suffices so long as it alerts the court and opposing party to the party’s position); Orion IP, LLC, 605 F.3d at 973–74 (“[W]e seek partial judgment as a matter of law based on prior
art. And the Court has heard testimony and the argument about that” sufficient given context of motion.); Blackboard, Inc. v. Desire2Learn, Inc., 574 F.3d 1371, 1379–80 (Fed. Cir. 2009) (cursory motion for anticipation and obviousness sufficient given context and court’s prompt that the motions would be taken under advisement). A predeliberations motion challenging the sufficiency of damages evidence is necessary for a posttrial objection to the reasonableness of a jury’s royalty award. Compare Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1311–16 (Fed. Cir. 2009), with Wordtech Sys., Inc. v. Integrated Networks Sols., Inc., 609 F.3d 1308, 1318 (Fed. Cir. 2010), and i4i Ltd. P’ship v. Microsoft Corp., 598 F.3d 831, 856–57 (Fed. Cir. 2010).

8.5 Jury Deliberations

Once the case is submitted to the jury for deliberations, there is little for the court or the parties to do except to reduce the hardship on the jury and make sure it has all the information it needs to make its decision.

8.5.1 Schedule of Deliberations

While the jury is deliberating, court is not in session. Therefore, the court should be open to modifying the daily schedule for deliberations to meet the needs of the jurors. There is no longer the need to maintain time outside the jury’s presence to resolve legal issues. Therefore, if the jurors agree, the court can allow full-day deliberations even when trial proceeded on a half-day schedule. The jurors, however, should be informed that they are under a continuing duty to serve, and the court should not adopt irregular schedules.

In multiphase trials, issues are usually phased to separate presentation of issues to prevent jury confusion. If the jury did not deliberate until all phases were conducted, that would defeat much of the purpose of separating the proceedings. The jury should deliberate immediately after each phase of the trial.

8.5.2 Claim-Construction Considerations

Jury deliberations are restricted to issues of fact. Therefore, the court should make clear that the jury is not to make any determination regarding claim construction. Markman v. Westview Instr., Inc., 52 F.3d 967, 976 (Fed. Cir. 1995), aff’d, 517 U.S. 370 (1996). Indeed, the parties cannot even argue claim-construction disputes to the jury. Cytologicix Corp. v. Ventana Med. Sys., Inc., 424 F.3d 1168, 1172 (Fed. Cir. 2005). Claim-construction arguments may confuse jurors and lead them to believe they should be making claim-construction determinations. The court should instruct the jury on the proper construction of claims and emphasize that it is bound by the court’s construction. Structural Rubber Prods. Co. v. Park Rubber, 749 F.2d 707, 723 (Fed. Cir. 1984).
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8.5.3 Jury Access to Evidence

During deliberations, the jurors may need additional information to arrive at a decision, whether it is exhibits, testimony, or further instructions on the law. All juror communications should be conducted through the courtroom deputy in writing, with requests passed on to the judge. Before acting on any request, the court should inform the parties and allow them to be present.

8.5.3.1 Exhibits and Demonstratives

As noted above, access to evidence admitted during trial can assist the jurors in their deliberations. A copy of the exhibits introduced at trial should be provided to the jurors in the jury room. Demonstratives, however, are not evidence. Therefore, the jurors should not be given access to them. Only demonstratives admitted into evidence as an exhibit during trial should be considered by the jurors during deliberations.

8.5.3.2 Testimony

As memories fade and disagreement may arise between jurors regarding a witness’s testimony, jurors may sometimes request to have testimony read during deliberations. While allowing testimony to be read to the jury is in the court’s discretion, the practice can be problematic and should not be exercised routinely. See Dabney v. Montgomery Ward & Co., Inc., 761 F.2d 494, 499 (8th Cir. 1985); Mayeaux v. Am. Mut. Liberty Ins. Corp., 409 F.2d 508, 509 (5th Cir. 1969).

Unlike exhibits, which are complete and available in their entirety for review, reading portions of testimony is incomplete and may give a skewed presentation of evidence. It becomes difficult to draw the line as to what testimony should be read to the jury. Jurors are often unable to articulate clearly what specific testimony they are interested in, which can lead to requests for testimony on broad subject matters. Catering to such requests is neither practical nor helpful.

Testimony should be read to jurors only in circumstances when the jurors can identify the specific testimony in which they are interested to resolve a disagreement between the jurors. In such cases, the parties should be informed of the request and the court should consider counsels’ request to have other portions of testimony read for fairness.

8.5.3.3 Juror Questions During Deliberations

Questions may arise during jury deliberations. The court should be wary of providing answers to requests for factual information and should only do so in the presence of and after consultation with the parties. Fact-finding is reserved for the jury, and neither the court nor the parties should usurp that role.

Courts are duty-bound to provide jurors with further legal instructions when requested to do so. The court should inform the parties of the question and give the parties an opportunity to jointly propose an appropriate instruction. It may be ap-
propriate to give additional instructions or clarifying instructions to provide a full and fair response. Care should be taken, however, to avoid overinstructing and confusing the jury.

8.5.4 Verdict Forms

8.5.4.1 General Verdict Forms

Use of general verdict forms in patent cases is discouraged. The jury is charged with deciding several interrelated and complex issues. General verdict forms do not assist the jury in understanding the applicable law and maintaining consistency in its findings. A general verdict is inseparable; a single error completely destroys it. Richardson-Vicks v. Upjohn Co., 122 F.3d 1476, 1485 (Fed. Cir. 1997). As a result, a significant amount of resources is spent reviewing decisions made by general verdict.

8.5.4.2 Special Verdict Forms and Special Interrogatories

The court can help guide the jury in proper application of the law and ensure consistency in its findings by using special verdict forms. Fed. R. Civ. P. 49(a). Special verdicts require a jury to make specific findings of fact from which the court applies the applicable law. Patent cases are particularly well suited for special verdicts. Richardson-Vicks, 122 F.3d at 1485, citing Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 39 (1997). For example, if the jury finds that an independent claim of a patent is not infringed, then it cannot find the dependent claims infringed. Use of a special verdict form allows the court to ensure consistency between findings on independent and dependent claims. A model sample verdict form for patent cases is now available as Appendix C.3 to the Model Patent Jury Instructions for the Northern District of California.

A court can also use a general verdict form with special interrogatories. Fed. R. Civ. P. 49(b). Use of special interrogatories differs from special verdicts only in that the jury, rather than the court, makes the ultimate decision when general verdicts with special interrogatories are used. There is still risk that the jury will make a decision inconsistent with its findings. In such cases, the federal rules permit the court to enter judgment consistent with the jury’s findings notwithstanding the verdict. Id. Where the findings are inconsistent and do not support the verdict, the court can recall the jury for further consideration or order a new trial.

8.6 Bench Trials

A court may try a patent case without a jury where the parties have waived the right to a jury trial or when equitable issues have been bifurcated for the court’s consideration. Waiver is rare. Most often, bench trials are held to try equitable defenses such as inequitable conduct, laches, and estoppel.

As the court is the fact finder in bench trials, there is less of a need for extensive judicial management. The court must make specific findings of facts and conclusions
of law when rendering its decision. Fed. R. Civ. P. 52. It can, however, be less stringent with issues of admissibility and evidentiary objections as it is both the arbiter of those issues and the ultimate fact finder. There is less of a concern that the court will be prejudiced by certain evidence.