

DISCOVERY AND USE OF OPINIONS IN LITIGATION

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I. Introduction

A number of unique issues arise in patent litigation as a result of the reliance on opinions of counsel in defense of claims of willful infringement. These issues include possible waiver of the attorney-client privilege and work product protection covering the opinion and related subject matter, the extent and prejudice of such a waiver, and the potential disqualification of the opinion attorney as trial counsel. The skilled patent litigator must anticipate and deal with these issues, using techniques such as described in this article, in planning an effective discovery and trial strategy relating to opinion evidence.

II. Background

The Patent Act provides a very powerful weapon for patentees to use in protecting their rights: potential treble damages for willful infringement.¹ As a result, virtually every pleading that asserts patent infringement includes a charge of willful infringement. Except in those rare cases where the accused infringer is convinced that victory on the issue of liability is a certainty, an allegation of willful infringement must be countered by the production of evidence demonstrating that the accused infringer acted in “good faith” and therefore lacked the willfulness required to support the claim.

Advice of Counsel Defense

In deciding whether to award enhanced damages, the court must evaluate the conduct of the infringer under the

¹ 35 U.S.C. § 284.

“totality of the circumstances” to determine if “a reasonable person would prudently conduct himself with any confidence that a court might hold the patent invalid or not infringed.”² While courts have considered several factors to determine whether enhanced damages are warranted,³ the presence or absence of a legal opinion is often a determinative factor in a willful infringement inquiry.⁴ In this connection, the Federal Circuit has stated that a party who has actual notice of the existence of a patent “has an affirmative duty to exercise due care to determine whether or not he is infringing . . . includ[ing], *inter alia*, the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity.”⁵ Indeed, the Federal Circuit permits an adverse inference to be drawn by the trier of fact in cases where the infringer proffers no evidence of advice of counsel:

Where the infringer fails to introduce an exculpatory opinion of counsel at trial, a court must be free to infer that either no opinion was obtained or, if an

² *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1428 (Fed. Cir. 1988).

³ See *Century Wrecker Corp. v. E.R. Buske Manufacturing Co., Inc.*, 913 F. Supp. at 1286-1291 for a breakdown of case law and the factors which are considered in determining willfulness.

⁴ See *Minnesota Mining & Mfg. Co. v. Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1580 (Fed. Cir. 1992) (“[A] potential infringer . . . has an affirmative duty of due care that normally requires the potential infringer to obtain competent legal advice before infringing or continuing to infringe.”)

⁵ *Underwater Devices, Inc. v. Morrison-Knudsen Co., Inc.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983). See also *Fromson v. Western Litho Plate and Supply Co.*, 853 F.2d 1568 (Fed. Cir. 1988); *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565 (Fed. Cir. 1986), modified in part, 231 USPQ 160 (Fed. Cir. 1986), cert. den., sub nom., *Stora Kopparbergs Bergslags AB v. Crucible, Inc.*, 479 U.S. 1034 (1987).

opinion were obtained, it was contrary to the infringer's desire to initiate or continue its use of the patentee's invention.⁶

The adverse inference which may result from a failure to rely upon advice of counsel creates a dilemma for the accused infringer. The accused infringer must either: (a) assert the advice of counsel defense, which will waive the attorney-client privilege as to the opinion and may also waive both the attorney-client privilege and work-product protection on a much larger scale; or (b) not assert the advice of counsel defense and take the risk that the trier of fact will infer either that an opinion was not sought or that if it were sought, it was negative.

To plan an effective strategy for discovery and trial, it is therefore crucial to consider at the outset both the extent of the possible waiver of privilege and the techniques which may be used to minimize the impact of the adverse inference before the trier of fact.

⁶ *Fromson*, 853 F.2d at 1572-73.

Practice Note:

In *Johns Hopkins University v. CellPro*, 34 USPQ2d 1276, 1279-80 (D. Del. 1995), Judge McKelvey noted that the dilemma created by the Federal Circuit case law has changed how patent cases are litigated, such that the current convention in patent litigation strategy is as follows:

- (i) The patent owner opens with a claim for willful infringement;
- (ii) The alleged infringer answers by denying willful infringement and asserts good faith reliance on advice of counsel as an affirmative defense;
- (iii) The owner serves contention interrogatories and document requests seeking the factual basis for that good faith reliance defense and the production of documents relating to counsel's opinion;
- (iv) The alleged infringer responds by seeking to defer responses and a decision on disclosure of the opinion;
- (v) The owner counters by moving to compel discovery; and
- (vi) The alleged infringer files a cross-motion to stay discovery and bifurcate trial.

Willfulness Standard

The scope of discovery relating to attorney opinions can vary greatly depending upon the standard applied by the court to determine willfulness. The courts have yet to reach a consensus on whether willfulness should be determined based on a subjective standard or an objective standard. Under the subjective standard, the only relevant issue is the infringer's state of mind; evidence or facts not considered by the infringer are irrelevant and inadmissible. Under the objective standard, all evidence and facts relating to the opinion are considered to determine whether the infringer's reliance on the opinion was reasonable and proper.

The Federal Circuit has not brought uniformity to this area of patent law. On the one hand, the Federal Circuit has stated that whether an infringer acted willfully or wantonly is a question of fact that rests on a determination of the infringer's state of mind.⁷ Several district courts have followed this standard, i.e., the subjective standard, and have limited the willfulness inquiry to evidence that relates to the infringer's state of mind.⁸

However, at other times, the Federal Circuit has permitted a more expansive scope of discovery, ruling that it is proper to explore not only the infringer's state of mind, but also the substance of the opinion upon which the infringer

⁷ *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 828 (Fed. Cir. 1992).

⁸ See e.g. *Thorn EMI N. Am. v. Micron Technology, Inc.*, 837 F.Supp. 616, 621 (D. Del. 1993) ("Facts of consequence to the determination of a claim of willful infringement relate to the infringer's state of mind. Counsel's mental impressions, conclusions, opinions, or legal theories are not probative of that state of mind unless they are communicated to that client."); see also *Steelcase, Inc. v. Haworth*, 954 F.Supp. 1195 (W.D. Mich. 1997).

relied.⁹ The patent opinion must “constitute [an] authoritative opinion ‘upon which a good faith reliance on invalidity and non-infringement may be founded.’”¹⁰ In order to determine the reasonableness of the infringer’s reliance on the opinion, courts have considered many different factors going to the adequacy of the opinion, including: (1) whether the opinion letter is objective and concludes that the patent claims are invalid or unenforceable, and/or that the subject activity is non-infringing, and/or suggests non-infringing alternatives;¹¹ (2) whether the opinion was authored by a patent attorney;¹² (3) whether letter was authored by in-house or outside counsel and the familiarity of the opinion’s author with the relevant art;¹³ (4) whether there was a thorough analysis of the patent claims, specification, and prosecution history and a sufficient prior art search underlying the opinion letter.¹⁴

By permitting, indeed at times encouraging, trial courts to look beyond the infringer’s state of mind with respect to the opinion letter and analyze the context of the opinion letter as well as the background and underlying analysis of the attorney issuing the opinion letter, the Federal

⁹ See e.g. *Read Corp.*, 970 F.2d at 828-29; *Kori Corp. v. Wilco Marsh Buggies 7 Dragonlines Inc.*, 761 F.2d 649, 656-57 (Fed. Cir. 1985); *Central Soya Co. v. George A. Hormel & Co.*, 723 F.2d 1573, 1577 (Fed. Cir. 1983).

¹⁰ *Bott v. Four-Star Corp.*, 807 F.2d 1567, 1572 (quoting *Kori Corp.*, 761 F.2d at 656).

¹¹ *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1572-73 (Fed. Cir. 1996).

¹² *Underwater Devices*, 717 F.2d at 1390.

¹³ *Studiengesellschaft Kohle, M.B.H. v. Dart Indus.*, 862 F.2d 1564, 1574-75 (Fed. Cir. 1988).

¹⁴ *Westvaco Corp. v. International Paper*, 991 F.2d 735, 744 (Fed. Cir. 1993).

Circuit has opened Pandora's Box. As will be demonstrated below, the scope of discoverable material can vary greatly depending upon the standard for willfulness applied by the court.

III. Discovery

Rule 26(b)(1) of the Federal Rules of Civil Procedure sets the general parameters of permissible discovery. Under 26(b)(1) parties may obtain discovery regarding "any matter, not privileged, which is relevant to the subject matter involved in the pending action, whether it relates to the claim or defense of the party seeking discovery."¹⁵ The key issues that arise in the context of advice-of-counsel opinions relate to relevancy and privilege. The trial court's rulings on these issues define the scope of discovery permitted under Fed. R. Civ. Pro. 26(b)(1).

Relevancy

The relevancy issue is clouded by conflicting decisions regarding the standard to be used for determining willfulness.

Under the subjective standard, discoverable subject matter is limited to material actually conveyed to the infringer.¹⁶ For example, the Delaware district court in *Thorn EMI N. Am. v. Micron Technology, Inc.*,¹⁷ refused to

¹⁵ Fed. R. Civ. Pro. 26(b)(1).

¹⁶ See *Steelcase*, 954 F. Supp. at 1197 (noting that several cases have been founded on faulty standards for willful infringement which led them to allow discovery of material that had not been communicated to the client).

¹⁷ 837 F.Supp. 616 (D. Del. 1993).

permit the patentee to probe the advice-of-counsel defense through discovery of the opinion attorney's working files, explaining that "facts of consequence to the determination of a claim of willful infringement relate [solely] to the infringer's state of mind."¹⁸ The court noted that the materials and work of the attorney surrounding the opinion letter would not be probative of the infringer's state of mind "unless they are communicated to that client."¹⁹

However, under the objective standard, discovery of evidence not communicated to the infringer is permitted.²⁰ In these cases, the competency of the opinion becomes subject to discovery.

Allowing discovery of information possessed by counsel, but never communicated to the client initially seems consistent with the Federal Rules of Civil Procedure, considering that the scope of *discoverable* subject matter is broader than the scope of *admissible* subject matter. Under Rule 26(b)(1), quoted above, information and documents sought in discovery need only be reasonably calculated *to lead to* the discovery of admissible evidence.²¹ *In Hoover Universal, Inc. v. Graham Packaging Corp.*, 44 USPQ2d 1596, 1598 (C.D. Cal. 1997) the court accordingly stated as follows:

¹⁸ *Id.* at 621.

¹⁹ *Id.*

²⁰ See *Steelcase, Inc. v. Haworth, Inc.*, 954 F.Supp. 1195, 1199 (W.D. Mich. 1997) (discussing district court cases that have concluded that discovery in these circumstances should include items known to or considered by counsel when the opinion was formulated); see also *Mushroom Associates v. Monterey Mushrooms, Inc.*, 24 USPQ2d 1767 (N.D. Cal. 1992); *accord, FMT Corp. v. Nissei ASB Co.*, 24 USPQ2d 1073 (N.D. Ga. 1992); *Handgards, Inc. v. Johnson & Johnson*, 413 F.Supp. 926 (N.D. Cal. 1976).

²¹ Fed. R. Civ. P. 26(b)(1).

The Court finds that [the patentee] is entitled to discovery of a broader range of documents than may ultimately prove admissible at trial. The internal memoranda and other work product of the law firms that prepared the opinion letters in this matter could reveal circumstantial evidence of conflicting or contradictory opinions that were in fact communicated to [the accused infringer] by counsel... [The patentee] is entitled to discover such circumstantial evidence and to cross-examine [the accused infringer's] counsel about its possible relevance. . . . At this point, the Court cannot state definitively that only documents clearly communicated to the [accused infringer] by its counsel could ever lead to relevant and admissible evidence as to [the accused infringer's] state of mind at the time of the alleged infringement.

Notably, however, Rule 26(b)(1), relied upon in the above analysis to extend the scope of discoverable information beyond that which is admissible, is expressly limited to material that is "not privileged." Accordingly, the reasoning noted above is questionable, and has been rejected by some courts as failing to "strike a reasonable balance between preserving the attorney-client privilege (or work product protection) and allowing a necessary exploration of bias." *Solomon v. Kimberly-Clark Corp.*, 1999 WL 89570, *3 (N.D. Ill. 1999). Thus, as discussed in further detail below, many courts revert to fairness considerations in making discovery rulings with respect to the advice-of-counsel defense.

Attorney-Client Privilege and Work Product Immunity

By asserting a defense based on the opinion of counsel, the accused infringer waives the attorney-client privilege and possibly the work product immunity²² for all documents “related” to the infringement.²³ The scope of the waiver, however, is far from clear from the reported district court decisions.²⁴ However, a few general guidelines can be gleaned from the case law.

First, in virtually all cases, if an opinion of counsel is relied upon, “fairness” will require that a party produce *all*

²² Fed. R. Civ. P. 26(b)(3) shields attorney work-product materials from discovery unless the party seeking discovery can establish a “substantial need” for the materials and can convince the court that the materials sought or their equivalents cannot be obtained by other means without due hardship.”

²³ See e.g. *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 363-65 (D. Mass. 1995) (requiring production of all documents relating to the infringement or validity of the asserted patents, but not requiring production of documents relied on by attorney that were not communicated to the client); *Thorn EMI*, 837 F.Supp. at 622 (waiving the privilege as to all documents relating to the infringement that were communicated to the client).

²⁴ Cf. note 23 with *Mushroom Assocs.*, 24 USPQ2d at 1771 (holding that all documents relating to the infringement are discoverable whether communicated to the client or not); and *FMT Corp.*, 24 USPQ2d at 1075 (holding that the privileges on all documents relating to infringement are waived whether communicated to the client or not).

opinions by counsel relating to the same subject matter,²⁵ not just those that are favorable.²⁶

However, the courts have not settled upon a standard regarding the scope of discovery of the documents relied upon by the attorney in drafting the opinion.²⁷ Under one line of district court cases, the defendant must produce, in addition to the opinion, all other attorney-client communications on the same subject matter and all documents relied upon or considered by counsel at the time and in conjunction with rendering the opinion.²⁸

Under a more restrictive standard, which follows the subjective standard discussed previously, many courts limit the scope of the waiver to information and documents actually communicated from the attorney to the client.²⁹ The basis for this standard, termed the “communications theory,” is simple: if the alleged infringer did not know of a document hidden in its attorney’s files which might contradict or cast doubt on the patent opinion given to them, the alleged infringer’s state of mind could not have been affected. As stated by the court in *Solomon v. Kimberly-Clark Corp.*, 1999 WL 89570, *3 (N.D. Ill. 1999): “Because the

²⁵ *Cf. Saint-Gobain/Norton Industrial Ceramics Corp. v. General Electric Co.*, 884 F. Supp. 31,33-34, 34 USPQ2d 1728, 1730 (D. Mass. 1995)(production of opinions on patent *validity* does *not* waive privilege as to documents pertaining to advice on *infringement* or *unenforceability*).

²⁶ *Micron*, 159 F.R.D. at 363.

²⁷ *McCormick-Morgan, Inc. v. Teledyne Industries, Inc.*, 134 F.R.D. 275 (N.D.Cal. 1991), *rev’d in part on other grounds*, 765 F.Supp. 611 (N.D. Cal. 1991).

²⁸ *FMT Corp.*, 24 USPQ2d at 1075.

²⁹ *Thorn EMI*, 837 F. Supp. at 622.

appropriate focus is on relevance to the alleged infringer's state of mind, and not to counsel's state of mind, the bright-line distinction between what is and what is not communicated to the alleged infringer is the optimal guiding principle." Thus, absent communication to the client, there is no basis for a "discovery foray" into the files of either the attorney's trial counsel or the opinion counsel.³⁰

Practice Suggestion:

In order to plan an effective trial strategy in a patent case containing an allegation of willful infringement, it is, of course, highly advisable to research the prior decisions of the presiding judge (or magistrate) with respect to the scope of discovery on privilege issues.

In the absence of any reported decisions or other information regarding the court's views on scope of discovery, the accused infringer who chooses to produce an opinion of counsel and waive privilege may gain a tactical advantage before the court by voluntarily producing, prior to a motion to compel, all documents and information communicated to him by his attorney on the subject matter of the opinion. Such voluntary compliance, coupled with a strong argument in opposition to a motion to compel regarding the soundness and virtues of the "communications theory," may convince the court to deny the motion to compel outright, and avoid an *in camera* review of any documents.

³⁰ *Id.*

IV. Attorney-Witness Problem

Several strategic and ethical issues are raised when the opinion counsel, the attorney who drafted the opinion upon which the accused infringer relied, also seeks to serve as the accused infringer's trial counsel.

First and foremost, if attorney who wrote the opinion also represents the accused infringer during the litigation, the advocate-witness rule, embodied in Rule 3.7 of the American Bar Association's Model Rules of Professional Conduct ("MRPC")³¹, may be violated. Rule 3.7(a) states:

- (a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except where:
 - (1) the testimony relates to an uncontested issue;
 - (2) the testimony relates to the nature and value of legal services rendered in the case; or
 - (3) disqualification of the lawyer would work substantial hardship on the client.

The purpose of MRPC Rule 3.7 is to "preserve the distinction between advocacy and evidence and to protect the integrity of the advocate's role as an independent and objective proponent of rational argument."³² A lawyer who is both a witness and an advocate (trial counsel) is put in the dual position where he testifies under oath as to certain facts and then, on the other hand, argues as an advocate the

³¹ The MRPC has been adopted by a majority of states, but U.S. district courts have their own rules on ethics which may differ from the rules of the state in which they are located.

³² ABA/BNA Manual of Professional Conduct 61:503 (1995).

importance of these same facts and the credibility of the testimony.

As discussed previously, in cases involving the advice-of-counsel defense to a charge of willful infringement, many district courts allow the patentee to seek information and testimony extending beyond the opinion and the related communications to the client. In such jurisdictions, the patentee may explore the opinion attorney's experience and qualifications³³; the extent that the attorney examined the prior art in determining validity³⁴; the investigation of the specification and the file wrapper along with the prior art cited therein³⁵; the information regarding the infringing activity supplied to the attorney by the accused infringer³⁶; and the competency of the attorney and the opinion offered by the attorney.³⁷ It would appear especially difficult in such cases for the opinion attorney to avoid being considered a "necessary witness."

However, even in situations where the court determines that the attorney who wrote the opinion relied upon is likely to be a necessary trial witness, the opinion attorney might still be allowed to act as trial counsel, or at least as co-counsel during pre-trial discovery, if disqualification would work a substantial hardship on the client. The substantial hardship exception of Rule 3.7(a) requires the court to balance the interests of the client with

³³ See *Underwater Devices*, 717 F.2d at 1390.

³⁴ See *Kloster Speedsteel*, 793 F.2d at 1580 n.11.

³⁵ *Id.*

³⁶ See *Amsted Indus., Inc. v. National Castings, Inc.*, 16 USPQ2d 1737, 1742 (N.D. Ill. 1990).

³⁷ See *Jurgens*, 80 F.3d at 1572-73.

the interests of the opposing party.³⁸ Factors to be considered in balancing the interests of the parties involved include: (1) the nature of the case; (2) the importance and probable tenor of trial counsel's testimony; (3) the probability that trial counsel's testimony will conflict with the testimony of others; (4) the proximity of the trial date; (5) the amount of time and resources already spent by the potentially disqualifiable trial counsel; (6) whether the trial counsel's knowledge of the facts underlying the lawsuit is extensive and unique; (7) whether the client reasonably could have foreseen that trial counsel would probably be a necessary trial witness and gave informed consent to the potentially questionable representation at the start of the litigation with full knowledge that there could be a disqualification issue; and (8) financial hardship.³⁹

Practice Suggestion:

Disqualification issues can be avoided in most cases if the opinion attorney serves as co-litigation counsel, and an attorney of another firm serves as lead trial counsel for the accused infringer.

V. Trial Strategies

Litigants who have chosen to rely upon the advice of counsel defense can seek to limit the effect of the privilege waiver by requesting trial bifurcation (i.e., separate trials on the issues of liability and damages/willfulness) or by asking

³⁸ See MRPC Rule 3.7, comment 4.

³⁹ George M. Sirilla, Adam R. Hess & Bryan P. Collins, "Advice of Counsel- Defense or Dilemma? Friend or Foe?," *81 J. Pat. & Trademark Off. Soc'y* 376, 385-86, May 1999 (citing MRPC Rule 3.7, comment 4 and various cases and state rules of ethics).

the court to separate these issues during a single trial. Understandably, however, as explained below, district courts generally consider segregated trials impractical, particularly in jury cases. Moreover, even if a court chooses to bifurcate the trial or separate issues at trial, a stay of discovery on the issue of willfulness is unlikely.

Bifurcation

Rule 42(a) of the Federal Rules of Civil Procedure empowers a district court to bifurcate a trial if such an action would be “in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy.” Accordingly, a bifurcated trial is inappropriate if it would likely result in duplication of effort, undue delay or expense, or inconvenience.⁴⁰

Motions to bifurcate trials have become increasingly common as a result of the Federal Circuit case law permitting the trier of fact to draw an adverse inference of willful infringement if the alleged infringer fails to produce an exculpatory opinion letter. Indeed, recognizing that the adverse inference creates a dilemma for the accused infringer, the Federal Circuit has advocated bifurcation, suggesting separate trials in *Quantum Corp. v. Tandon Corp.*⁴¹ on the issues of infringement and willfulness:

Proper resolution of the dilemma of an accused infringer who must choose between the lawful assertion of the attorney-client privilege and avoidance of a willfulness finding if infringement is found, is of great importance not only to the parties but to the fundamental values sought to be preserved

⁴⁰ *Princeton Biochemicals, Inc. v. Beckman Instruments, Inc.*, 180 F.R.D. 254, 256.

⁴¹ 940 F.2d 642, 643-44 (Fed. Cir. 1991).

by the attorney-client privilege. An accused infringer, therefore, should not, without the trial court's careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found. Trial courts thus should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court *in camera*, reveal that the defendant is indeed confronted with this dilemma. While our court has recognized that refusal of a separate trial will not require reversal in every case involving attorney client communications bearing on willfulness, we have suggested the advisability of separate trials in appropriate cases.⁴²

Some courts have followed the Federal Circuit's suggestion, determining that concerns of prejudice, complexity, expedition and judicial economy make bifurcation appropriate in patent cases. For example, the trial court in *Smith v. Alyeska Pipeline Serv. Co.*, 538 F. Supp. 977 (D. Del. 1982) stated: "In the normal case separate trial of issues is seldom required, but in a patent infringement suit considerations exist which suggest that efficient judicial administration would be served by separate trials on the issues of liability and damages."⁴³ The court emphasized that

⁴² *Id.*

⁴³ *Smith v. Alyeska Pipeline Serv. Co.*, 538 F. Supp. 977, 982-83 9D. Del. 1982), *aff'd*, 758 F.2d 668 9Fed. Cir. 1984), *cert. denied*, 471 U.S. 1066 (1985)(quoting *Swofford v. B & W, Inc.*, 34 F.R.D. 15, 19-20 (S.D. Tex. 1963), *aff'd*, 336 F.2d 406 (5th Cir. 1964), *cert. denied*, 379 U.S. 962).

the trial of the damages question is often difficult and expensive, while being easily severed from the trial of the questions of validity and infringement of the patent. For example, a preliminary finding on the question of liability may make the damages inquiry unnecessary, and thus result in substantial saving of time of the court and counsel and reduction of expense to the parties. Moreover, separate trial of the issue of liability may present counsel the opportunity to obtain final settlement of that issue or appeal without having reached the often time-consuming and difficult damages question.

However, the majority of district courts view bifurcation of patent trial as impractical.⁴⁴ Thus, for example, the court in *Johns Hopkins University v. Cellpro*, 34 USPQ2d 1276, 1280-81 (D. Del. 1995) refused to bifurcate, finding that “the stop-and-start of a stay of discovery and separate trials undermines [the] goal of working to apply the Rules of Civil Procedure to obtain a just, speedy and inexpensive resolution of every action.” The court noted that bifurcation of trial and staying discovery would cause delays by: (1) precluding the possibility of granting summary judgment on the issue of willfulness prior to trial; (2) forcing the court to hold a second pretrial conference and enter a second pretrial order regarding discovery; and (3) compelling the court to either empanel a second jury to hear the second trial or run the risk of losing jurors if the court recalls the same panel of jurors for the second phase.

Practice Suggestion:

Bifurcation obviously poses fewer practical problems, and is thus more easily granted, in a bench trial than in a jury trial. Thus, if willful infringement is alleged and the patentee has not requested a jury trial, the accused infringer should consider the benefits and possibility of bifurcation before answering the complaint with a request for trial by jury.

Separation of Issues at Trial

In the above-quoted *Johns Hopkins* case, Judge McKelvey of the U.S. District Court of Delaware denied the motion for bifurcation, but recognized that the court could potentially minimize the prejudice to the accused infringer by simply ordering, pursuant to Rule 42(b) of the Federal Rules of Civil Procedure, that the issues be tried in sequence.⁴⁵ Judge McKelvey ruled that the liability and damage issues should be tried first. Thereafter, and upon a finding of liability, the parties would proceed immediately to present evidence to the same jury on the alleged willful infringement, including the evidence on the advice of counsel.

The “separation of issues” approach was determined by Judge McKelvey to address the concerns expressed by the Federal Circuit in the Quantum case, while alleviating several of the concerns with bifurcation: (1) there would only be one jury and there would be no delay between the parts, thereby minimizing the risk of loss of jurors; (2) since the court would conduct only one trial that will result in one verdict, the potential threat of multiple appeals and the delays and costs inherent therein would be minimized; (3) the delays resulting from staying discovery during the first part of a bifurcated trial and creating a new scheduling order for discovery and a new trial calendar for the second part of the bifurcated trial would be eliminated by the single, continuous proceeding.⁴⁶

⁴⁵ *Johns Hopkins*, 34 USPQ2d at 1280-81.

⁴⁶ *Id.* (citing Fed. R. Civ. P. 1).

Practice Note:

Separation of issues is not a wholly satisfactory solution for the accused infringer, since it does not result in a stay of discovery on the issue of willfulness, and the patentee will therefore have possession during the trial of all of the accused infringer's discoverable attorney-client and work product information and documents. Still, separation of issues serves to strike a balance for all concerned, most notably the court, which may be particularly inclined to separate the issue of liability from the issues of damages and willfulness in cases where calculation of damages is a complex and hotly contested issue.

VI. Conclusion

Reliance upon advice of counsel in response to a charge of willfulness raises a number of issues which can drastically affect the course of discovery and the evidence presented to the trier of fact. By anticipating how the court will rule on these issues, and by utilizing certain techniques for dealing with these issues, litigation counsel can plan and implement an effective litigation strategy on the issue of willfulness.