Key E-Discovery Considerations In Patent Litigation

Law360, New York (March 17, 2014, 12:23 PM ET) -- Patent litigation is expensive. A significant portion of this expense is due to the time and effort required to search, review, and produce large amounts of electronically stored information during discovery. In recent years, federal courts have attempted to reduce the burden of e-discovery in patent litigation by adopting model orders that phase discovery and require parties to focus the issues before serving email production requests. Patent disputes are often narrow and turn on discrete issues that do not require broad-based e-discovery. Incorporating the model orders’ discovery-tailoring features into a litigant’s strategy for early-stage Federal Rule of Civil Procedure 26(f) discovery conference can help reduce the costs and burdens of patent litigation.

The Expense of Patent Litigation

Commentators generally agree that patent litigation is significantly more expensive than other types of civil litigation. One study found that intellectual property litigation costs 62 percent more on average than other types of civil litigation.[1] One of the driving factors behind such significant costs is the high number of claims and prior art assertions included in the typical patent suit and the resultant expansive discovery of ESI. As observed by the Federal Circuit Advisory Council in its Model Order Limiting Excess Patent Claims and Prior Art, "Cases with over a hundred asserted claims and over a hundred asserted prior art references during discovery are common.”[2]

A recently published study surveying litigated patents revealed that the most litigated patents (those litigated eight times or more) averaged 39 claims and 61 references to prior art, and even the once-litigated patents averaged 25 claims and 23 references to prior art. [3] According to the authors of that study, the majority of patents are worth only a few thousand dollars, leaving only a minority of patents that can justify the high costs of litigation (median cost estimated by some as high as five million dollars per side through trial).

In response to soaring costs of e-discovery in patent litigation, in 2011 the Federal Circuit Advisory Council drafted a Model Order Regarding E-Discovery in Patent Cases and in 2013 the Federal Circuit Advisory Council drafted a Model Order Limiting Excess Patent Claims and Prior Art.[4] The model order for e-discovery has served as a catalyst for federal courts in Texas, Delaware and Oregon to adopt similar model orders. Observing and then borrowing from the main features of these model orders can prepare litigants in other jurisdictions to walk into a Rule 26(f) conference with a plan to right-size e-discovery and reduce costs.

Key Features of the Model Orders

The model orders have several distinct features, the first being phased discovery. The Federal Circuit Advisory Council observed that "hard-won experience in patent cases and recent commentary teach that efforts to identify comprehensively the discovery issues or to produce all ‘relevant’ documents at once at the outset of the case can result in vastly
overbroad production of e-discovery."[5] Phased discovery requires the exchange of core documents early in the lawsuit before email production requests are drafted and exchanged.

Core documents include basic documentation about the patents, technical specifications, prior art, the accused instrumentalities, and the relevant finances or damages. In its model order, the Eastern District of Texas expanded the advisory council's initial discovery phase to require the parties to exchange a list of 15 of the most significant email custodians accompanied by a short description explaining their significance.

Going even further, this initial phase of discovery also enables the parties to make five written discovery requests and take one deposition focused on identifying proper email custodians and related search terms and timeframe. Phasing discovery in this manner — initial exchange of core documents followed by required disclosure of significant email custodians and related permissible discovery — serves to focus the issues, narrow the number of relevant custodians, and help craft search terms all in an effort to reduce litigation costs.

Once the parties have exchanged the initial core documents, they are then allowed to serve a limited number of email production requests. The Federal Circuit Advisory Council’s model order removes email from general ESI production requests under Rules 34 and 45 and instead requires that email production requests relate to specific issues.

Further, under the advisory council’s model order, each party is limited to five custodians per producing party and five search terms per custodian. Both the number of custodians and search terms can be modified by the parties. The Eastern District of Texas’ model order increases the number of custodians to eight, and the number of search terms to ten. Additionally, under the Eastern District of Texas’ model order, the courts will consider contested requests to additional or fewer custodians based on “showing a distinct need based on the size, complexity, and issues of the specific case.”

Requiring contesting parties to demonstrate a distinct need for additional custodians further forces parties to right-size discovery to their litigation. Even though it places a limit of five custodians and five search terms, the advisory council’s model order presumably allows a party to expand its request without agreement as long as it is willing to pay for the additional cost. The Eastern District of Texas specifically removed this cost-shifting provision in the hope that it would tighten email discovery irrespective of the parties’ willingness to pay for additional production.

A final prominent feature of the model orders is the limit on metadata. The advisory council’s model order states that general discovery requests under Rules 34 and 45 “shall not include metadata absent a showing of good cause,” but does require inclusion of fields showing date, time sent and received, and distribution list. The Eastern District of Texas’ model order further addresses document format, requiring industry standard TIFF files, but it does not require parties to make documents text-searchable unless the documents already exist in that format or unless the producing party’s counsel will use the files in text searchable format for the litigation. Some commentators worry that limits on metadata may obscure key facts relevant to litigation, such as a creator’s identity, date and time of creation and patent filing.[6]

**Proactively Advocate for E-Discovery Limits**

The prominent features of the model orders (phased discovery, limited email production requests, and reduced metadata requirements) are effective tools for limiting unnecessary and costly e-discovery. Even if your client is not litigating in a jurisdiction that has adopted a model order for e-discovery in patent cases, consider devising a Rule 26(f) discovery conference strategy that applies similar e-discovery constraints.
For example, in Arrivalstar SA v. United States,[7] the court adopted the parties’ proposal to include many features of the advisory council’s and the Eastern District of Texas’ model orders, including phased email production, limits on metadata, and limiting the number of email custodians to eight with ten search terms per custodian. Prior to the Rule 26(f) conference, decide which features of the model order your client should put forth for adoption by the parties. Rule 26 already recognizes that phased discovery can be appropriate. Placing reasonable constraints on e-discovery early in litigation will save money and help the parties focus on the central claims at issue by avoiding extraneous information.

Finally, but with equal importance, keep in mind that cooperation among the parties drives many of the model order’s cost-savings features, and the lack of cooperation can quickly erode any potential savings. As observed by one court that had adopted the advisory council’s model order to the parties’ exchange of ESI and while later deciding a discovery dispute that produced two motions and six briefs, the “parties here have displayed little of the cooperation required of litigants in an endeavor such as this” and as required by the model order.[8] As you assess how best to develop your company’s e-discovery strategy for patent litigation, consider the value of incorporating the cost-saving features of the model orders applied thorough a cooperative approach.

—By Heyward Bonyata and David Paavola, Nelson Mullins Riley & Scarborough LLP

Heyward Bonyata and David Paavola are associates in Nelson Mullins’ Columbia, S.C., office.

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[4] The Federal Circuit has not adopted or endorsed either model order and has since removed them from its website.


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