21 Tex. Intell. Prop. L.J. 103

Texas Intellectual Property Law Journal
2013

Articles

STRATEGIES TO SAVE RESOURCES AND REDUCE E-DISCOVERY COSTS IN PATENT LITIGATION

Peter J. Corcoran, III[a1]

*104 I. Introduction

Patent infringement actions have reached costs exceeding $5 million when greater than $25 million is at risk.[1] More than half of those costs are related to discovery.[2] This paper examines the strategies that can be used to reduce these spiraling discovery costs that result from the production of electronically stored information (ESI). Such measures include using the latest electronic discovery (e-discovery) production tools, such as predictive coding. Predictive coding is emerging as a faster, more cost-effective and efficient alternative to traditional manual or linear document review. This tool, which may save litigants millions of dollars in discovery costs, is obtaining increased acceptance in the courts and the legal community.

Another strategy litigants can use to reduce e-discovery costs includes implementing versions of the Federal Circuit's and the Eastern District of Texas's "Model Orders Regarding E-Discovery in Patent Cases," the Seventh Circuit's "E-Discovery Pilot Program and Model Order," the District of Delaware's "Electronic Discovery Default Standards and Access to Source Code," and the Southern District of New York's "Pilot Program for E-Discovery." These model orders, standards, and pilot programs are the result of successful collaboration between the bench and bar to address, specifically, the rising costs and difficulties of managing e-discovery in patent and complex commercial cases.

While tools like predictive coding and model orders can reduce ESI production costs, the joinder provision of the recently-enacted Leahy-Smith America Invents Act (AIA) may create some challenges for defendants who want to continue to share their discovery and litigation costs. This paper discusses the strategies that defendants can use under the AIA to continue to share these costs. It also discusses how the courts are managing the many pre- and post-AIA filed patent infringement cases and how the courts' management of these cases may affect discovery costs.

II. Predictive Coding: The Latest Cost-Cutting E-Discovery Tool

BTI Consulting Group's recent publication, BTI Litigation Outlook 2013, reports that corporate counsel are giving law firms failing grades for their ***105** ineffectiveness in addressing e-discovery cost and management issues.[3] Rating law firms "an average of 5.9 out of a possible 10 points," companies cite as main flaws the "poor planning" and execution of their e-discovery strategies.[4] Companies today are looking for more inexpensive and productive e-discovery options and are choosing from various new technologies that meet their needs.[5] Predictive coding is one such e-discovery technology.

A. How Predictive Coding Works

Predictive coding is a type of technology that enables a computer platform to automatically predict how documents should be classified based on a limited, but significant level of human input.[6] Different predictive coding schemes exist, but the various algorithms and heuristics all extrapolate human coding made on a small subset of documents to the remaining documents.[7] It can help reduce the time and cost of first-pass electronic document review by training software to identify and filter relevant documents from the general production.[8] Traditional document review has included manual reviewing of documents for relevancy and privilege using keyword searches. This laborious process includes numerous individuals searching through potentially hundreds of thousands, if not millions, of ESI documents. If not done with the right process and quality control, traditional document review can be prone to human error, which can manifest itself in missed relevant and privileged documents and inadvertently produced privileged documents. Predictive coding automates the traditional document review and uses human interaction as a quality control measure, thereby reducing the risk of inconsistent relevancy decisions.[9]

A number of vendors purport to offer predictive coding solutions, such as Epiq Systems' DocuMatrix®[10] and eDataMatrix®[11] software, Equivo's Relevance software,[12] kCura's Relativity Assisted Review,[13] Lateral Data's Viewpoint software,[14] Recommind's Axcelerate® software,[15] and Symantec's Clearwell E- ***106** Discovery Platform®.[16] These solutions generally purport to perform similar functionality but vary in cost and quality according to an organization's financial resources and needs.

The first step in the predictive coding process occurs when a person(s) knowledgeable about the general production randomly

selects a small percentage of documents as the sample set.[17] The reviewer(s) separate the sample set into pre-defined categories, sometimes called "seed sets," using keyword, Boolean, concept searches, or any other searching feature their software provides.[18] The predictive coding software then assigns electronic codes to the seed sets and uses the codes to "train" the system to predict, identify, filter, and prioritize relevant documents from the production into the pre-defined categories.[19] The categories in patent infringement cases could include, for example, privileged documents, prior art, emails, financial documents, and documents related to infringement, validity, inequitable conduct, damages, willfulness, or a specific custodian.

After the first pass through the production, a document review team reviews the filtered documents and ensures that relevant documents are being found.[20] The team then further "trains" the system by placing documents not filtered properly into their appropriate seed sets and re-running the software.[21] This process is repeated as many times as necessary until the team is satisfied that the software is no longer finding any additional relevant documents.[22]

When searching for relevant documents, predictive coding uses mathematical algorithms and statistical document patterns and concepts instead of individual keywords.[23] This means the software identifies relevant documents that may not contain the specific keywords that were used initially to train the system or that would not have been found using traditional electronic document review methods. As a result, the number of false positives and negatives is drastically reduced, and the results become increasingly valuable with each pass through the production.

The final step in the predictive coding process is the quality review check. This step ensures that no, or only few (i.e., up to five percent), relevant documents remain in the original corpus after all the documents have been reviewed.[24] The quality review check may also be used to confirm the reliability of the software for anyone who might need verification of its results, such as a court, opposing ***107** counsel, a client, or persons in the users' law firm or organization.[25] This check entails selecting a random set of documents from the remaining production and manually reviewing the set for any relevant documents.[26] Through this review, a team builds confidence that the documents identified by the software are statistically relevant to within at least ninety-five percent (or whatever pre-set goal the team may have) by manually reviewing as little as ten percent of the original production.[27] Through the use of predictive coding, a document review team can complete its review much faster (i.e., in days versus weeks), with the attendant time and cost savings being potentially dramatic, depending on the original size of the production.

The following diagram graphically depicts the predictive coding process.[28]

TABULAR OR GRAPHIC MATERIAL SET FORTH AT THIS POINT IS NOT DISPLAYABLE

B. Case Studies Involving Predictive Coding

Predictive coding has proven itself to be a successful e-discovery tool in a number of case studies. In one study, a law firm?WilmerHale?was retained to assist with an internal investigation of its client.[29] The firm was tasked with reviewing a total production of 527 GB of data, or roughly four million documents (ninety-five percent of which was email), from fifty-seven custodians.[30] The firm started by manually reviewing these documents using, at various times, thirty-five to fifty attorneys.[31] However, once the review process was well under way, the lawyers were informed that a privilege log was needed as well.[32] Since up to that point, the document review team had been tasked with reviewing the documents for ***108** relevancy only and not for privilege, they had to go through the previously reviewed documents to check for privilege as well.[33]

Three weeks into the re-review, after manually reviewing 135,670 documents for privilege, the document review team recognized that they needed to process the documents more quickly and accurately than at their current pace.[34] The team enlisted the help of predictive coding software that identified 613,201 documents out of the original four million documents (fifteen percent of the production) that were relevant to the investigation.[35] Using predictive coding software, in addition to the initial manual review, the team was able to find and produce a statistically satisfactory number of relevant documents by reviewing only twenty percent of the original production over a two-and-a-half-month period. Moreover, the firm saved itself months of document review time and saved the client millions of dollars in attorney review costs.[36]

In a second case study, another law firm?Fulbright & Jaworski?was faced with reviewing 500,000 documents for relevancy and production to the opposing party.[37] At a rate of fifty documents per hour, it would have taken the firm approximately

10,000 hours (or 1,000 man-days) to review all of the documents at a cost of "hundreds of thousands of dollars in attorney fees."[38] Using predictive coding and eight reviewers, the software reviewed the entire production ten times in twelve days, while the document review team had to review less than eight percent of the original production before the firm became comfortable with the search results.[39] In this case study, predictive coding saved thousands of hours of document review time and most of the previously estimated attorney fees.[40]

In a third case study, the same law firm was tasked with reviewing 175,000 documents.[41] A manual, "linear" review using fifteen people reviewing documents at a rate of forty to fifty documents per hour would have taken at least twenty-five days and 3,500 hours to review the entire production just once.[42] Using predictive coding, the firm reviewed all of the documents multiple times in less than a third of the time with only six document reviewers.[43]

***109 C. Judicial Approval of Predictive Coding**

Magistrate Judge Andrew J. Peck of the Southern District of New York, which is one of the districts that has implemented an e-discovery pilot program as discussed in Section III.B.3, was the first federal judge to approve of predictive coding as "an acceptable way to search for relevant ESI in appropriate cases."[44] Judge Peck recognized the value of having a federal court endorse the use of predictive coding in discovery as a prerequisite to the technology's greater acceptance by the legal community.[45] In his article, Search, Forward, Judge Peck states:

Until there is a judicial opinion approving (or even critiquing) the use of predictive coding, counsel will just have to rely on this article as a sign of judicial approval. In my opinion, computer-assisted coding should be used in those cases where it will help "secure the just, speedy, and inexpensive" (Fed. R. Civ. P. 1) determination of cases in our e-discovery world.[46]

Judge Peck presided over Monique Da Silva Moore v. Publicis Groupe & MSL Group, in which five female plaintiffs alleged employment discrimination based on sex by defendants Publicis Groupe and MSL Group.[47] Defendant MSL Group proposed using predictive coding software to produce relevant documents from a corpus of approximately three million documents.[48] The plaintiffs objected to the use of predictive coding software as they were skeptical that it would produce "complete and correct" results as required by Rule 26(g)(1)(A) of the Federal Rules of Civil Procedure.[49] After the court provided reassurances as to the reliability of predictive coding (since the court was so well-versed in the predictive coding technology and supported its ruling by citing to its own articles on the topic), the plaintiff tentatively agreed to use the software on a trial basis.[50] Accordingly, the court approved the use of predictive coding as the document production tool of choice for this case after considering:

> (1) [T]he parties' agreement, (2) the vast amount of ESI to be reviewed (over three million documents), (3) the superiority of computer-assisted review to the available alternatives (i.e., linear manual review or keyword searches), (4) the need for cost effectiveness and proportionality under Rule 26(b)(2)(C), and (5) the transparent process proposed by MSL.[51]

***110** On April 26, 2012, District Judge Andrew Carter, Jr., affirmed Judge Peck's decision, stating that Peck's reasoning was not clearly erroneous or contrary to law and that "no review tool . . . guarantees perfection."[52] ESI discovery in this case, however, is currently stayed as the parties agree on the protocol that should be used for the production of the defendants' relevant documents.[53]

In National Day Laborer Organizing Network v. United States Immigration and Customs Enforcement Agency, the Southern District of New York supported Judge Peck's endorsement of predictive coding technology.[54] At issue in this Freedom of Information Act case was the sufficiency of the defendants' document production to the plaintiffs.[55] The court made clear its view regarding the efficiency of using only keyword searching techniques versus using "computer assisted" review or "predictive coding."[56] The court stated, "As Judge Andrew Peck--one of this Court's experts in e-discovery-- recently put it: 'In too many cases, however, the way lawyers choose keywords is the equivalent of the child's game of 'Go Fish' . . . keyword searches usually are not very effective.'"[57] The court ultimately ordered the parties to "agree on search terms and protocols," and, if either party so desired, that they agree to use "predictive coding techniques and other more innovative ways to search."[58]

In Global Aerospace, Inc. v. Landow Aviation, L.P., a Virginia state court in a two-page order similarly granted the defendants' motion for a protective order and their use of predictive coding software in response to the plaintiffs' requests for

production from a corpus of 250 GB of data containing over two million documents.[59] The defendants argued that given the volume of documents to be reviewed, using predictive coding would be faster and more cost-effective.[60] The plaintiffs countered that the defendants should produce "all responsive documents" and not just the documents that a predictive coding program selects.[61] The order did not require the parties to agree on a search protocol for the production of ***111** documents, but, if needed, the order provided the plaintiffs with the ability to raise issues with the court regarding the completeness of the defendants' production.[62]

Similarly, the plaintiffs in Kleen Products, LLC v. Packaging Corp. of America asked a court in the Northern District of Illinois to order the defendants to use predictive coding software for the defendants' document production.[63] But the plaintiffs did so after the defendants had nearly completed their document review.[64] At the time of the plaintiffs' motion, the defendants had already produced over a million documents, and the plaintiffs did not reveal any significant flaws in the productions they received.[65] The plaintiffs' principal argument was that conventional keyword searching was not as accurate as predictive coding technology - an assertion that was hotly contested by the defendants.[66] On August 21, 2012, the plaintiffs withdrew their demand as it applied to their production requests prior to October 1, 2013.[67] After that time, the parties agreed to renegotiate their document production methods and file a motion with the court if they are unable to agree on a method.[68]

Predictive coding software may not be appropriate for all purposes and all cases. Whether it should be used depends upon the number of documents that must be reviewed and produced and the financial and personnel resources of the litigants. Litigants must understand that predictive coding does not replace keyword searching or manual review. Keyword searching is but one tool in the litigator's toolbox that can be used to filter documents from the corpus and create sample seed sets. After each time the software passes through the corpus, manual review is still required to check the accuracy of the predictive coding process and adjust it as necessary.

Moreover, to ensure a satisfactory production of relevant documents, it is imperative that the parties agree on a set of protocols (i.e., keywords, date ranges, custodians, document types, etc.) that will be used for producing documents. This agreement must occur prior to implementing any predictive coding process. The best time to address these issues is at the Rule 26 initial discovery conference, when the parties can be apprised early on that predictive coding software may be used for ***112** document production. Some recent judicial cost-cutting initiatives, in fact, now require the parties to address their e-discovery issues as part of their discovery plan.

III. Judicial Cost-Cutting E-Discovery Initiatives

A. Federal Circuit Model Order Regarding E-Discovery in Patent Cases

On September 27, 2011, before a packed ballroom at the Joint Eastern District of Texas and Federal Circuit Bench and Bar Conference in Dallas, Texas, Chief Judge Randall R. Rader of the U.S. Court of Appeals for the Federal Circuit unveiled a "Model Order Regarding E-Discovery in Patent Cases" drafted by the E-Discovery Committee of the Federal Circuit Advisory Counsel. The Advisory Council's E-Discovery Committee was comprised of district court judges and practitioners from across the United States. The Advisory Council "was established . . . to review, study, and make recommendations regarding the rules of practice and internal operating procedures of the court [and to] . . . serve[] as a conduit between the public and the court regarding the court's procedural rules."[69]

The E-Discovery Committee drafted the Model Order as a starting point to supplement "all other discovery rules and orders . . . and [to] streamline[[] Electronically Stored Information ('ESI') production to promote a 'just, speedy, and inexpensive determination' of [patent infringement] action[s]."[70] The Model Order includes cost-shifting provisions for parties that serve "disproportionate ESI production requests" and whose requests exceed the agreed email production request limits in the order.[71] The email production request limits include a starting point of five custodians per producing party and five search terms per custodian per party.[72] The parties may negotiate modifications to these limits without a court's leave but must show "good cause" to modify the order once the court approves it.[73] The email production requests shall only be used for specific issues, not general discovery of a product or business, and shall be negotiated after the parties have exchanged initial disclosures, rudimentary documents about the patent(s)-in-issue, prior art, accused products, processes, or methods, and relevant financial documents.[74]

To date, a number of courts have implemented various versions of the Federal Circuit Model E-Discovery Order, and some

courts have adopted their own model orders. The Eastern District of Texas, the Northern District of California, and the U.S. International Trade Commission are three courts that have implemented or are ***113** considering implementing a version of the Federal Circuit's Model E-Discovery Order.

1. The Eastern District of Texas

A working group of the Eastern District of Texas Local Rules Advisory Committee recently drafted a Model Order Regarding E-Discovery in Patent Cases ("E.D. Tex. Model E-Discovery Order"), starting with the Federal Circuit's Model E-Discovery Order and incorporating the district's recent e-discovery decisions preceding the Model Order.[75] The court added the E.D. Tex. Model E-Discovery Order as Appendix P to the local rules to provide the court and parties with the flexibility to tailor and interpret the order's provisions on a case-by-case basis without effect to the local rules. The working group made the following modifications to the Federal Circuit Model E-Discovery Order:

1. Permitted the order to be modified "in the Court's discretion or by agreement of the parties" versus after a showing of "good cause" to reflect the flexible nature of the model order.[76]

2. Eliminated the cost-shifting provision for "disproportionate ESI production" requests as redundant under Federal Rule of Civil Procedure 26(c).[77] ***114** According to the working group, "any cost shifting issues will be considered in the context of a request to enlarge or reduce the order's limits."[78]

3. Added compliance with mandatory disclosure requirements as traditionally utilized by courts in the district.[79]

4. Added ESI production requirements, including (A) producing documents in Tagged Image File Format (TIFF), (B) producing text-searchable documents if stored as such, (C) producing documents containing production numbers, (D) producing native-format documents upon request, and excepting the production of (E) backup data, and (F) voice-mails and mobile device data.[80]

5. Deleted the prior language that email production requests "shall only be propounded for specific issues"[81] as "redundant" and "a potential source of objections and motion practice."[82]

6. Added language that helps identify (1) the "fifteen most significant listed e-mail custodians," (2) search terms, and (3) the "proper time frame for e-mail production requests" after exchanging (a) initial disclosures, (b) infringement and invalidity contentions under Local Patent Rules 3-1 to 3-4, (c) preliminary damages information, (d) "up to five written discovery requests," and (e) "one deposition per producing party."[83] Moreover, "[t]he Court may allow additional discovery upon a showing to good cause."[84]

7. Limited the total number of e-mail custodians to eight (versus five) and e-mail search terms to ten (versus five) per producing party, but allowed the parties to agree jointly to change these numbers without the court's intervention.[85] If the number of custodians and search terms is contested, the parties must request the court to increase or reduce the numbers, at which time the court will have control over whether the number of e-mail custodians and search terms will change, if at all, based on a case-by-case proportionality analysis.[86]

8. Removed paragraph 12 that stated that privileged ESI shall not be used by an opposing party as redundant in view of, and conflicting with, old paragraph 13 (now new paragraph 10), which stated that under Federal Rule of Evidence 502(d), inadvertently produced privileged ESI is not a waiver of privilege in the present or any other proceeding.[87]

***115** 9. Added new paragraph 12 that provides, "Except as expressly stated, nothing in this order affects the parties' discovery obligations under the Federal or Local Rules."[88]

The Eastern District of Texas was the first jurisdiction to adopt a version of the Federal Circuit's Model E-Discovery Order and the first jurisdiction to adopt its own model e-discovery order based on the Federal Circuit's Model Order. Later, the Northern District of California also adopted a version of the Federal Circuit's Model Order.

2. The Northern District of California

On November 2, 2011, U.S. Magistrate Judge Paul Grewal granted defendant Checkpoint Technologies, LLC's motion to

adopt an e-discovery order similar to the Federal Circuit's Model Order.[89] Plaintiff DCG Systems, Inc. objected to the motion because, as it argued, the Model Order was designed for limiting e-discovery in Non-Practicing Entity (NPE) cases and that Federal Rules of Civil Procedure 26 and 34 should govern the parties' e-discovery requests.[90] Because DCG and Checkpoint are direct competitors and DCG is not a "patent troll," the Model Order, according to DCG, should not apply.[91] Checkpoint, on the other hand, felt that the case was "as good as any" to adopt the Model Order.[92] The court agreed with Checkpoint and did not find any suggestion in the text of the Federal Circuit Model Order or in Chief Judge Rader's speech at the Eastern District of Texas Bench and Bar Conference that the Model Order was intended only for NPE cases.[93]

The only substantive modification to the Model Order that the court made was requiring ten (versus five) email custodians per producing party, with the option of adding five custodians sixty days after a party's receipt of initial email production requests.[94] The court also granted a total of twenty (versus five) email search terms per custodian per party, with the option of adding five search terms to subsequent email production requests.[95] The court would consider contested requests for up to five additional custodians and search terms per custodian.[96] The court further made clear that its model order was a test case and that the court would entertain the parties' motions to modify the order's other requirements if the ***116** parties found that the requirements were not helpful with limiting e-discovery costs or in providing the discovery that the parties need.[97]

As of the date of this writing, the DCG case is the only known case in the Northern District of California to adopt a version of the Federal Circuit Model E-Discovery Order. Whether the Northern District adopts its own version of the Model Order for its patent cases, as the Eastern District of Texas has done, remains to be seen. Notable is that Chief Judge James Ware was a member of the Federal Circuit E-Discovery Subcommittee, as were District Judge Virginia Kendall of the Northern District of Illinois and former U.S. Magistrate Judge Chad Everingham of the Eastern District of Texas.

3. The International Trade Commission

The United States International Trade Commission (ITC) is charged with enforcing the importation limitations of 19 U.S.C. § 337, including investigating allegations of patent and trademark infringement by imported goods. The primary remedy available in section 337 investigations is an exclusion order that directs the U.S. Customs and Border Protection Agency to stop infringing imports from entering the United States. In addition, the ITC may issue cease and desist orders against named importers and other persons engaged in unfair acts that violate section 337.

The ITC is a true "rocket docket" compared to most federal district courts because it schedules its hearings (or bench trials in the district court context) within six to eight months after the filing of a complaint.[98] Its accelerated schedule leads to extremely high discovery costs within a compressed timeframe.[99] The ITC, however, has not significantly modified its discovery rules since 1994.[100] As a result, it has been considering changes to its discovery rules for over a year and gathering suggestions from district court judges, patent attorneys, bar associations, and law professors.[101] The ITC Trial Lawyers Association and the Intellectual Property Law Section of the American Bar Association submitted their proposals for streamlined e-discovery in January and May 2012, respectively.[102]

On January 11, 2012, Chief Judge Rader and three members of the Federal Circuit Advisory Council (Council Chairman Ed Reines of Weil, Gotshal & Manges; Tina Chappell of Intel Corporation; and John Whealan, Associate Dean of Intellectual Property Studies at the George Washington University School of Law) ***117** visited the ITC and proposed e-discovery rules tailored specifically for section 337 investigations.[103] Under the proposal, parties would:

1. indicate whether electronic documents such as email are being sought or not;

2. presumptively limit the number of custodians . . . whose files will be searched, the locations of those documents, and the search terms that will be used (if litigants exceed the specified limits, they would assume the additional costs);

3. use focused search terms limited to specific contested issues; and

4. allow privileged documents to be exchanged without losing privilege.[104]

Chief Administrative Law Judge (ALJ) Charles Bullock and ITC Chairman Deanna Tanner Okun both expressed their appreciation for Chief Judge Rader and the Council's presentation. Chairman Okun indicated that the Council's e-discovery presentation "will be a topic of serious discussion within the agency . . . to cut the costs of section 337 proceedings."[105] After the presentation, Chief ALJ Bullock stated that he was "optimistic that the USITC will come up with a suitable approach to

address litigants' legitimate discovery needs while balancing the costs associated with e-discovery in section 337 investigations."[106]

B. Model E-Discovery Orders in Other Federal Jurisdictions

Cost reduction in e-discovery has not been limited to patent infringement cases. Other jurisdictions have also adopted model e-discovery orders addressing ESI production in all complex commercial litigation cases. These jurisdictions include the district courts in the Seventh Circuit Court of Appeals, the District of Delaware, and the Southern District of New York. Each of these courts has managed cases involving high volumes of e-discovery exchanges and has needed a method of managing e-discovery across their extensive commercial litigation dockets.

As of the submission of this paper for publication, the ITC has issued a set of proposed e-discovery rules that are aimed specifically at reducing the discovery costs of section 337 investigations.[107] The proposed rules would give explicit discretion to ALJs to limit e-discovery requests.[108]

1. Seventh Circuit Electronic Discovery Pilot Program

Since October 1, 2009, the Seventh Circuit Court of Appeals, which includes the popular patent jurisdictions of the Northern District of Illinois and the Eastern and Western Districts of Wisconsin, has initiated an Electronic Discovery Pilot Program to develop procedures and practices that minimize the cost and burden of ***118** e-discovery.[109] The pilot program has completed its first two phases and is now in its third, and final, phase. At the end of each phase, a committee studies feedback from the district judges and lawyers involved in the pilot program and recommends changes to the program based on the feedback it receives.

Eleven principles guide the program to "secure the just, speedy, and inexpensive determination of every civil case, and to promote, whenever possible, the early resolution of disputes regarding the discovery of electronically stored information ("ESI") without Court intervention."[110] The pilot program drafted and the district courts adopted a model e-discovery order that implements these principles.[111] The principles address the issues of (1) cooperation and proportionality; (2) early case assessment; and (3) the importance of judges, counsel, and parties becoming educated on e-discovery matters.[112] Moreover, the principles "provide guidance on how to streamline the discovery process (e.g., suggesting formats of electronic discovery which are generally not required to be preserved, thus requiring a party to discuss the need for such formats early in the pretrial litigation process) and how to resolve disputes regarding electronic discovery."[113] These principles include:

• Principle 2.01 (Duty to Meet and Confer on Discovery and to Identify Disputes for Early Resolution). Prior to the initial status conference with the court, the parties are to discuss unresolved ESI disputes, how their ESI data is stored and retrieved, and the discovery process, including (1) methods for identifying an initial subset of relevant ESI sources, (2) ESI preservation, (3) ESI production formats, (4) phased discovery, (5) a Federal Rule of Evidence 502(d) protective order, and (6) procedures for handling the inadvertent production of privileged information and privilege waiver issues.[114]

• Principle 2.02 (E-Discovery Liaison(s)). In the event of a dispute concerning ESI preservation or production, each party shall designate at least one individual to act as an e-discovery liaison for purposes of meeting, conferring, and attending court hearings on the subject. The individual(s) must be (a) prepared to participate in e-discovery dispute resolution, (b) knowledgeable about the party's e- ***119** discovery efforts, (c) familiar with the party's electronic systems and capabilities, and (d) knowledgeable about the technical aspects of e-discovery.[115]

• Principle 2.03 (Preservation Requests and Orders). Preservation letters shall contain (1) the parties' names, (2) the factual background of the legal claim(s) and cause(s) of action, (3) the witnesses' names, (4) the relevant time period, and (5) other relevant information regarding what information to preserve. Responses to preservation requests shall include information that identifies (a) the information the responding party is willing to preserve, (b) any disagreement(s), and (c) any additional preservation issues.[116]

• Principle 2.04 (Scope of Preservation). Preservation is the responsibility of all parties to an action to confer with one another prior to seeking discovery. Parties shall attend the Rule 26(f) initial discovery conference ready to discuss their claims and defenses, production deadlines, damages, and targeted discovery. The following ESI is not discoverable: (1) "deleted," "slack," "fragmented," or "unallocated" data on hard drives; (2) random access memory (RAM); (3) on-line access

data such as temporary internet files, history, cache, cookies, etc.; (4) metadata; (5) backup data; and (6) inaccessible ESI.[117]

• Principle 2.05 (Identification of Electronically Stored Information). At the Rule 26(f) conference, counsel shall discuss their methods for identifying ESI, including (1) eliminating duplicative ESI; (2) filtering data based on file type, date ranges, sender, receiver, custodian, search terms, or other similar parameters; and (3) using keyword searching, mathematical or thesaurus-based topic or concept clustering, or other advanced culling technologies (such as predictive coding, discussed in Section III of this paper).[118]

• Principle 2.06 (Production Format). Parties shall make a "good faith effort" to agree on the format(s) for ESI production. They shall confer on the accessibility of ESI stored in a database or a database management system. ESI and other documents that are not text-searchable do not need to be made text-searchable. Requesting parties are responsible for the costs of creating copies of its requested documents.[119]

• Principle 3.01 (Judicial Expectations of Counsel). Counsel is expected to understand (1) the ESI provisions of the Federal Rules of Civil Procedure, (2) the Advisory Committee Report on the 2006 Amendments to the Federal Rules of Civil Procedure, and (3) these Principles.[120]

• Principle 3.02 (Duty of Continuing Education). Judges, attorneys, and parties are expected to stay abreast of (a) current electronic discovery law; (b) ***120** statutes; (c) the Federal Rules of Civil Procedure and Evidence; and (d) The Sedona Conference®, court, and bar organization publications relating to e-discovery.[121]

The survey results for phases one and two showed that all of the judges who responded said that e-discovery liaisons "contributed to a more efficient discovery process."[122] Moreover, the majority of the responding judges felt that the Principles "increased or did not affect the lawyers' levels of cooperation," "likelihood to reach agreements," "attempts to resolve discovery disputes without the court," "promptness in bringing unresolved disputes," and "ability to obtain relevant documents."[123]

Similarly, nearly all of the attorneys who responded to the surveys indicated that the Principles had "[n]o effect" or "increased" their ability to represent their clients zealously.[124] Most attorneys also felt that the Principles had no effect on the fairness of the e-discovery process, but a large minority of them (forty to forty-five percent) felt that the Principles increased or greatly increased fairness.[125] In those cases that the attorneys perceived an effect, most felt that the effects were "overwhelmingly positive" with respect to cooperation and amicably resolving disputes, obtaining relevant documents, zealously representing their clients, and "providing fairness to the process."[126]

The Seventh Circuit Electronic Discovery Pilot Program is a prime example of the courts and the bar partnering to tackle the growing challenge of managing e-discovery in complex commercial cases. The District of Delaware is another jurisdiction where the bench and bar have cooperated to develop procedures for handling e-discovery in complex commercial cases, including patent infringement actions.

2. District of Delaware Electronic Discovery Default Standards and Access to Source Code

On December 8, 2011, the District of Delaware released its "Default Standard for Discovery, Including Discovery of Electronically Stored Information" (ESI Standard)[127] and its "Default Standard for Access to Source Code" (Source Code ***121** Standard).[128] The court's Ad Hoc Committee for Electronic Discovery, including District Judge Sue Robinson, Magistrate Judge Mary Pat Thynge, and private practice attorneys and in-house counsel that regularly appear in the district, developed the new default standards. The ESI Standard is divided into five sections: (1) General Provisions, (2) Initial Discovery Conference, (3) Initial Disclosures, (4) Initial Discovery in Patent Litigation, and (5) Specific E-Discovery Issues.

The General Provisions require parties to "reach agreements cooperatively on how to conduct discovery" under Federal Rules of Civil Procedure 26 to 36.[129] If the parties cannot agree on the topics that are addressed in the ESI Standard, the default provisions of the standard will control.[130] The parties are expected to "use reasonable, good faith and proportional efforts to preserve, identify and produce relevant" ESI and non-ESI information and identify "appropriate limits to discovery," including the number of custodians, subject matter, and time periods.[131] Non-duplicative discoverable information in the possession, custody, or control of the parties shall be preserved.[132]

Thirteen categories of data as listed in Schedule A need not be preserved for production. These categories, summarized into

eight groups, are (1) forensic data; (2) data stored in temporary memory; (3) frequently updated metadata (except metadata as listed in section 5.e); (4) duplicate data; (5) voice and instant messages; (6) PDA email, calendar, and contact data; (6) cell phone call logs; (7) network logs; and (8) unintelligible archived data.[133] The parties shall confer on the categories of information that are to be included in privilege logs, excluding privileged information created after the complaint's filing date and activities for preserving information.[134] A joint non-waiver order regarding privileges under Federal Rule of Evidence 502 is required from the parties.[135] Until the court enters this order, any privileged material shall be returned if it appears to have been inadvertently-produced or if notice if its adadvertent production is provided within thirty days.[136]

The Rule 26(f) initial discovery conference shall occur before the Rule 16 scheduling conference so that the parties can discuss their (1) issues, claims, and ***122** defenses; (2) likely sources of witness, custodian, ESI, and non-ESI information; (3) production formats; (4) privileged information; and (5) ESI preservation procedures, before they provide the court with their proposed litigation schedule.[137] Moreover, within thirty days of the Rule 16 conference, the parties shall disclose the ten custodians and non-custodial sources that are most likely to have non-duplicative and relevant information in their possession, custody, or control.[138] The parties shall also identify any inaccessible ESI, third-party, and foreign production issues, or they risk waiving these issues.[139]

The ESI Standard also includes provisions specific to initial discovery in patent litigation that are similar to the local patent rules of the Eastern District of Texas and other jurisdictions. These provisions include the plaintiff's identifying each defendant's accused product(s), process(es), system(s), or method(s) (collectively, the "accused product(s)") and producing each asserted patent and its file history within thirty days of the Rule 16 scheduling conference.[140] Within thirty days thereafter, each defendant shall produce its technical documents related to each accused product.[141] Plaintiff shall then serve its initial claim charts mapping the accused product(s) to the asserted claim(s) of each patent within the next thirty days.[142] Thirty days thereafter, each defendant shall serve its initial invalidity contentions and prior art.[143] Discovery is limited to six years before the filing date of the complaint, except that discovery related to prior art, conception, and reduction to practice for the patent(s)-in-issue is not limited to any specific time frame.[144]

The fifth section of the ESI Standard addresses specific e-discovery issues. No on-site inspections are permitted absent a showing of "specific need" and "good cause."[145] Producing parties shall reveal their search terms to requesting parties, and requesting parties may request that up to ten additional search terms be used.[146] Focused, versus broad, terms shall be used, and custodial and non-custodial data sources shall be searched.[147] Text-searchable PDFs and/or TIFFs shall be produced that preserve the ESI's integrity.[148] Files not easily convertible to TIFFs (e.g., Excel and Access files) shall be produced in native format.[149]

***123** If the parties do not agree to a protective order for source code production, the Source Code Standard automatically applies. The Source Code Standard provides that the code provider shall deliver a single electronic copy of source code via a password-protected, stand-alone computer.[150] The stand-alone computer shall be housed with an escrow agent.[151] If the parties cannot agree on an escrow agent, the court will select one.[152] Upon notice, two requesting counsel and up to two of their experts shall be allowed access to the computer, and the provider shall not have access to the computer once it is in place.[153] Source code shall not be copied or printed without the producing party's or the court's permission.[154] The producing party shall provide an electronic and paper-copy manifest that lists all the executable files on the computer.[155] The parties may install software utilities that allow the requesting counsel and their experts to search, view, and analyze the source code.[156] The requesting party may obtain relief from the court if key files are missing from the computer, at which point the court may order that the computer be reloaded with all the relevant source code, including "build scripts, compilers, assemblers," and user instructions.[157]

3. Southern District of New York Pilot Program for E-Discovery

Like the Seventh Circuit Court of Appeals and the District of Delaware, the bench and bar of the Southern District of New York partnered to develop procedures for handling e-discovery in complex commercial cases, including patent and trademark infringement actions. On November 1, 2011, the Southern District of New York Judicial Improvements Committee (JIC) launched a "Pilot Project Regarding Case Management Techniques for Complex Civil Cases" (Pilot Project).[158] According to the court's press release, the JIC launched the Pilot Project "[a]s a response to the federal bar's concerns about the high cost of litigating complex civil cases."[159] An advisory committee of thirty-two counsel assisted the JIC to "develop a set of procedural rules the court can follow" to "shorten the timeline for certain actions, reduce motion practice, and flag issues requiring judicial intervention at an earlier stage in the litigation process."[160] The Pilot Project is scheduled to run eighteen months, or until May 1, 2013. At that time, the JIC will evaluate the success of the Pilot Project and determine if its ***124**

procedures should be written into a permanent standing order. The Pilot Project is intended for complex commercial disputes, such as "stockholders' suits, patent and trademark claims, product liability disputes, multi-district litigation, and class actions" that involve copious motion practice, discovery, litigation costs, and time.[161]

The Pilot Project, implemented by Standing Order M10-468 (Standing Order), requires parties to submit, no later than seven days before the Rule 26(f) initial discovery conference, a report containing a "protocol and schedule for electronic discovery, including a brief description of any disputes regarding the scope of electronic discovery."[162] Parties shall also provide "[a] ny recommendations for limiting the production of documents, including electronically stored information."[163] Exhibit A to the Pilot Project is an initial pretrial conference checklist, and Exhibit B is a proposed model order for joint electronic discovery submission (model e-discovery order).[164]

The model e-discovery order requires counsel to "certify that they are sufficiently knowledgeable" about their clients' computer storage systems and can competently discuss issues regarding e-discovery, or have a substitute available to take their place.[165] The model e-discovery order requires parties to discuss ESI preservation, search, and review requirements (including keyword searches) and production sources.[166] It requires discussing production limitations (i.e., the number and identity of custodians, date limitations, data locations, production deadlines, third-party ESI, and cost allocation) and formats (e.g., PDF, TIFF, or native).[167] Parties must address the issue of privileged material, inadvertent production/claw-back agreements, and how to handle these contingencies under Federal Rule of Evidence 502.[168]

Unlike the model orders and pilot programs in the Federal Circuit, the Eastern District of Texas, the District of Delaware, and the Seventh Circuit, the Southern District of New York's E-Discovery Pilot Program requires parties and their counsel to estimate the costs of ESI production and develop strategies that reduce those costs.[169] The Pilot Program suggests using common e-discovery vendors or ***125** sharing document repositories to reduce these costs.[170] A number of these vendors also offer predictive coding technology as part of their e-discovery solution.

IV. Using the AIA to Reduce Discovery Costs

Regardless of the strategies litigants enlist to reduce the costs of ESI discovery, the benefits of those strategies may be offset by the recently enacted Leahy-Smith America Invents Act (AIA).[171] The AIA contains a joinder provision in 35 U.S.C. § 299 that prohibits plaintiffs from naming in a single complaint for patent infringement multiple defendants that do not make, use, import into the United States, offer for sale, or sell "the same accused product or process."[172] Moreover, "accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit."[173] This joinder provision creates a tension between defendants' desires to try their cases separately but also decrease their discovery and litigation costs. Defendants, however, can decrease their costs by (1) waiving the AIA's joinder provision; (2) consolidating their actions for pretrial matters, such as discovery, invalidity, and dispositive motions; and (3) coordinating pretrial litigation and discovery among defendants that are sued in different jurisdictions under the same patents.

A. Reducing Discovery Costs by Waiving the AIA's Joinder Provisions

A defendant that is sued under the same patent(s), but is not accused of infringing the same product or process as another defendant in a separate action, "may waive the [AIA's joinder] limitations . . . with respect to that party" under section 299(c) and voluntarily opt into the other defendant's patent suit.[174] But defendants that have competing interests likely will seek separate trials and not elect to waive section 299's joinder limitations when doing so may harm their prospects of obtaining dismissal, venue, claim construction, invalidity, non-infringement, willfulness, or damages rulings that favor their individual positions. The Federal Circuit has "explicitly held that a determination of patent infringement in an infringement suit, or even an explicit determination of patent validity, does not preclude the assertion of an invalidity defense in a second action involving different products."[175] Moreover, the Eastern District of Texas recognizes that "defendants in a later proceeding involving previously construed patents should have the opportunity to brief and argue the issue of claim construction, notwithstanding any policy in favor of judicial uniformity."[176]

***126** At the time of this writing, the author is unaware of any patent infringement defendant that has waived the AIA's joinder provisions. But defendants whose interests may be aligned may want to consider some of the cost-saving benefits of waiving the provisions. These benefits could include (1) sharing expert and discovery costs for claim construction, invalidity,

and inequitable conduct defenses; (2) sharing costs for motions to dismiss, motions to transfer venue, and summary judgment motions; (3) allowing other defendants that have a greater interest in a case to take the lead or a more active role in defending the action; and (4) potentially negotiating more favorable settlement terms with a plaintiff when the plaintiff is faced with the alternative of battling the defendants in separate actions and forums across the country. Carefully weighing these benefits may lead to a more cost-effective outcome for law firms and their clients.

B. Decreasing Discovery Costs by Consolidating Pretrial Litigation and Discovery

Prior to the passage of the AIA, some courts permitted the joinder of multiple patent infringement defendants in a single action under Rule 20 of the Federal Rules of Civil Procedure. In these courts' views, complaints naming multiple defendants satisfied Rule 20's joinder limitations because the operation of the accused methods, products, or processes were "not dramatically different" and warranted their inclusion in a single complaint for the convenience of the courts and the parties involved.[177]

The Federal Circuit in In re EMC Corp. recently rejected the "not dramatically different" test in a case that applied only to multiple defendant patent infringement cases filed before the AIA's enactment on September 16, 2011.[178] In In re EMC, the defendants filed motions in the district court to "sever and transfer the claims against them to more appropriate venues, arguing that because there was no concert of action, the claims against them did not arise out of the same transaction or occurrence, as required by Rule 20 of the Federal Rules of Civil Procedure."[179] The district court denied the motions, and the defendants petitioned the Federal Circuit to order (or mandamus) the district court to grant the severance and transfer motions.[180]

In a case of first impression, the Federal Circuit granted the petition and returned the case to the district court, ordering it to "determine whether the claims 'aris[e] out of the same transaction, occurrence, or series of transactions or occurrences,' Fed. R. Civ. P. 20(a), under the correct legal standard" when deciding ***127** whether to grant the defendants' motions.[181] The Court of Appeals stated, "the mere fact that infringement of the same claims of the same patent is alleged does not support joinder, even though the claims would raise common questions of claim construction and patent invalidity."[182] Moreover, "the sameness of the accused products or processes is not sufficient."[183] The defendants must share "a logical relationship" having a "substantial evidentiary overlap in the facts giving rise to the cause of action against each defendant," i.e., they "must share an aggregate of operative facts."[184] Some factual considerations that district courts should consider when deciding severance motions are (1) "whether the alleged acts of infringement occurred during the same time period"; (2) "the existence of some relationship among the defendants"; (3) "the use of identically sourced components, licensing or technology agreements between the defendants"; (4) "overlap of the products' or processes' development and manufacture"; and (5) "whether the case involves a claim for lost profits."[185]

When Rule 20 prevents a court from joining multiple defendants in a single action, Rule 42 permits the court to "(1) join for hearing or trial any or all matters at issue in the actions; (2) consolidate the actions; or (3) issue any other orders to avoid unnecessary cost or delay" if they "involve a common question of law or fact."[186] The purpose of Rule 42 "is to give the district court broad discretion to decide how cases on its docket are to be tried so that the business of the court may be dispatched with expedition and economy while providing justice to the parties."[187] The Federal Circuit endorsed this purpose in In re EMC stating that "if joinder is not permitted under Rule 20, the district court has considerable discretion to consolidate cases for discovery and for trial under Rule 42 where venue is proper and there is only 'a common question of law or fact.'"[188] Even if there are some questions that are not in common, consolidation is not precluded.[189] In exercising ***128** the discretion to consolidate, a court should weigh the time and effort consolidation would save with any inconvenience or delay it would cause.[190]

Faced with the specter of managing numerous patent infringement cases involving the same patent(s) and countless defendants, the courts are becoming increasingly creative with conserving judicial resources by severing its pre-AIA filed cases into separate actions and consolidating the actions for all pretrial issues. Doing so allows the courts to (1) manage uniform discovery schedules among multiple defendants, (2) issue a single claim construction order without creating conflicting rulings on individual terms, (3) dismiss multiple defendants on summary judgment based on the court's claim construction order, and (4) set similar trial dates to finalize the actions as uniformly as possible.

The courts cannot prevent plaintiffs from filing multiple actions asserting the same patent(s) against individual defendants, but the courts can take proactive steps to manage their patent dockets efficiently and decrease the administrative burdens on

their staff and those in other jurisdictions. Since the Federal Circuit's ruling in In re EMC, the Eastern District of Texas is the first jurisdiction to take such steps in the case of Norman IP Holdings, LLC v. Lexmark International, Inc.[191]

In Norman IP Holdings, the plaintiff filed a patent infringement action against two defendants before the AIA's enactment.[192] After the enactment, the plaintiff twice amended its complaint and added twenty-three defendants to the action.[193] The defendants later filed motions to dismiss for misjoinder, severance, and transfer venue.[194] Chief Judge Leonard Davis granted the defendants' motions to the extent they requested severance and consolidated the actions for pretrial purposes, except for venue.[195] He kept the individual actions open to rule on the defendants' venue transfer motions and hold separate trials in the cases where the venue transfer motions were denied.[196] In the event that Chief Judge Davis granted any venue transfer motions, the court would retain those defendants until it issued a claim construction order that would apply to all the consolidated cases.[197] The court would then transfer the defendants whose venue transfer motions it had granted.[198]

***129** Judge Davis reasoned, first, that judicial resources would be conserved by requiring only one district court to address the disputed claim terms, and, second, that the danger of inconsistent rulings would be minimized.[199] Once the court issued its claim construction order, it would then solicit input from the remaining parties on how best to proceed with the individual actions.[200] Such input would include whether to consolidate any similarly-situated defendants or issues, such as invalidity and inequitable conduct, for the same trial.[201]

Similarly, on remand, the district court in In re EMC granted the defendants' severance motions, but, to promote efficient case management, it consolidated the individual cases for all pretrial issues.[202] Like Chief Judge Davis' ruling in Norman IP Holdings, the court would separately decide the severed defendants' venue transfer motions.[203] It also ordered the parties to submit briefings on the effect of consolidating the defendants for a trial on invalidity but then severing the defendants for their own trials on infringement and damages.[204] Following the lead of In re EMC and Norman IP Holdings, other courts in the Eastern District of Texas have issued similar severance and consolidation orders.[205]

An overly liberal application of consolidation orders by the courts could dilute the intent of the AIA's joinder provision to prevent the practice of naming numerous unrelated defendants in a single patent infringement complaint to force quick settlements. As a result, plaintiffs may routinely file multiple patent infringement actions against individual defendants knowing that the courts will simply consolidate their cases for all pretrial issues. Some proposed solutions to this problem may be for the courts to (1) sever defendants into separate actions but not consolidate the actions for all pretrial issues,[206] (2) transfer defendants before ***130** the court issues its claim construction order, and (3) require plaintiffs and their counsel in multiple defendant patent infringement cases to pay for defendants' legal costs of bringing severance and transfer motions if either motion is granted. Moreover, if a court holds in abeyance its deciding a defendant's venue transfer motion or transferring a defendant before the court issues its claim construction order, the defendant can petition the Federal Circuit for a writ of mandamus, ordering the court to do so. These proposed solutions may deter a skirting of the intent of the AIA's joinder provision, encourage parties to settle their cases without the threat of coercion, ensure that plaintiffs file patent infringement actions against defendants in the proper jurisdictions, and help the courts avoid the Hobson's choice of whether and when to transfer defendants and issue potentially conflicting claim construction orders.

C. Reducing Discovery Costs by Coordinating Pretrial Litigation and Discovery Among Defendants That Are Sued in Different Jurisdictions Under the Same Patents

In some cases, a plaintiff may file multiple patent infringement actions against different defendants across the country under the same patent(s). To reduce the costs of defending these actions, the defendants can coordinate and share their pretrial litigation and discovery costs when they share similar defense strategies. By doing so, defendants can share (1) expert and discovery costs for claim construction, invalidity, and inequitable conduct defenses and (2) costs related to motions to dismiss and summary judgment motions.

Additionally, in these cross-jurisdiction patent infringement cases, parties are filing motions with the Judicial Panel on Multidistrict Litigation (JPMDL) to consolidate the cases in one district court.[207] From January 1, 2011, to October 1, 2012, the JPMDL assigned twelve MDL patent infringement cases to federal district judges.[208] These judges manage all pretrial matters for the cases and then ***131** transfer them back to their originating courts for trial and post-trial litigation.[209] The defendants in MDL cases have the same cost-saving advantages as the defendants that waive section 299's joinder limitations as discussed in Section IV.A of this paper.

D. Multiple Party Patent Infringement Cases Going Forward

While plaintiffs may not now join defendants with unrelated products or processes in a single patent infringement action, multiple defendants that are involved in the making, using, selling, offering for sale, or importing of the same accused products or processes in the U.S. may still be named in the same patent infringement action.[210] For example, (1) companies that design and manufacture microprocessors that are incorporated by (2) original equipment manufacturers into the products (e.g., computers, televisions, smartphones, PDAs, etc.) of (3) brand name retailers may all be named as liable for direct and/or indirect infringement of patent(s) containing claims directed to the microprocessors or certain functionalities contained therein. In this example, the parties' infringing actions "aris[e] out of the same transaction, occurrence, or series of transactions or occurrences."[211] Furthermore, the AIA's joinder provision explicitly permits the naming of joint infringers that together, directly infringe a process claim.[212]

The Federal Circuit's recent en banc decision in Akamai Technologies, Inc. v. Limelight Networks, Inc. also makes it easier to include multiple defendants accused of induced patent infringement in a single complaint.[213] The court's opinion overrules past Federal Circuit precedent, which held that parties must first be liable for direct infringement before they can be liable for induced infringement.[214] Now, a party can be liable for induced infringement even if it does not directly perform any steps of a method claim. A plaintiff need only show that the party induced others to infringe directly each step of a method claim, either singly or in combination.[215] Akamai did not address, and thereby did not affect, the Federal Circuit's current precedent that joint infringement does not apply to method claims.[216]

*132 V. Conclusion

The cost of e-discovery in patent infringement cases is an issue that grows in complexity in relation to the growth of technology. As technology advances, so do the kinds and amounts of ESI. Parties must define early in a patent infringement action the strategies they will use to search for, review, and produce ESI in their possession, custody, or control, while at the same time striving to save resources and reduce e-discovery costs. The Rule 26 initial discovery conference provides such an opportunity.

At the Rule 26 conference, the parties should discuss whether they intend to use predictive coding technology and which protocols they will use to ensure a transparent and defensible discovery process. The parties should also discuss if the jurisdiction in which their action is filed has implemented an e-discovery policy or model order that would assist with defining how their e-discovery ought to be conducted.

Litigants and the courts may further consider how Rule 42 and the AIA's joinder provision would best benefit them in reducing discovery and litigation costs and managing their patent infringement dockets. The AIA was intended to streamline the patent system, spur innovation, reduce litigation costs, and advance the economy. With the proper discovery strategies, litigants and the courts can work together to meet the AIA's cost reduction intent.

Footnotes

[a1] Associate, Winston & Strawn LLP, Houston, Texas. This paper's contents do not reflect the views of Winston & Strawn LLP or any of its clients.

[1] See American Intellectual Property Law Association, Report of the Economic Survey 2011, at I-154 (2011) (reporting an average of approximately $6 million spent on patent-infringement actions).

[2] See Mark Michels, The ITC's Long, Weary Road to E-Discovery Reform, L. Tech. News (July 6, 2012), http://www.law.com/jsp/lawtechnologynews/PubArticleLTN.jsp?id=1202561971902&The_ITCs_Long_Weary_Road_to_EDiscovery_Reform ("According to a study by the Federal Judicial Center, discovery expenses represent 50 percent of litigation expenses." (citing Thomas E. Willging et al., Fed. Judicial Ctr., Discovery and Disclosure Practice, Problems and Proposals for Change: A Case-Based National Survey of Counsel in Closed Federal Civil Cases 2 (1997))).

[3] Megan Leonhardt, Law Firms Get Failing Grade on E-Discovery, Law360 (Aug. 31, 2012), http://www.law360.com/articles/373990/law-firms-get-failing-grade-on-e-discovery.

[4] Id.

[5] Id.

[6] Jan Puzicha, Recommind, Predictive Coding Explained 2 (2011).

[7] Id.

[8] Id.

[9] Id. at 3.

[10] DocuMatrix Hosting, Epiq Systems, http:// www.epiqsystems.com/Solutions.aspx?id=4294967428 (Last visited Jan. 8, 2013).

[11] Processing, Epiq Systems, http://www.epiqsystems.com/Solutions.aspx? id=4294967426 (Last visited Jan. 8, 2013).

[12] Relevance, Equivio, http://www.equivio.com/product.php?ID=38 (Last visited Jan. 8, 2013).

[13] Assisted Review, Relativity, http:// kcura.com/relativity/features/assisted-review (Last visited Jan. 8, 2013).

[14] Viewpoint, Lateral Data, http://www.lateraldata.com/viewpoint/ (Last visited Jan. 8, 2013).

[15] Axcelerate eDiscovery, Recommind, http:// www.recommind.com/products/axcelerate-ediscovery (Last visited Jan. 8, 2013).

[16] Clearwell eDiscovery Platform, Symantec, https:// www.symantec.com/ediscovery-platform (Last visited Jan. 8, 2013).

[17] Puzicha, supra note 6, at 2-3.

[18] Id. at 3.

[19] Id.

[20] Id. at 3-4.

[21] Id.

[22] Id.

[23] Puzicha, supra note 6, at 3-4.

[24] Id. at 7.

[25] Id.

[26] Id.

[27] Id. at 7-8.

[28] Puzicha, supra note 6, at 3 (Copyright © Recommind, Inc. 2000-11).

[29] WilmerHale Dramatically Upgrades Review Capabilities, Ensures Quality Control with Axcelerate Review & Analysis, Recommind (2011), http:// www.legalsupportnetwork.co.uk/sites/default/files/recommind_wilmerhale_edisco_ casestudy_5-5-11.pdf.

[30] Id.

[31] Id.

[32] Id.

[33] Id.

[34] Id.

[35] Recommind, supra note 29.

[36] Id.

[37] L. Weiss & T. Barce, How Fulbright & Jaworski Transformed Its Document Review, 27 L. Tech. Newsl., no. 4, Aug. 11, 2010, at 1, 1.

[38] Id.

[39] Id. at 2.

[40] Id.

[41] Axcelerate Review & Analysis Reduces Time and Expense for Fulbright & Jaworski, Recommind (2011), http://

www.recommind.com/sites/default/files/Recommind_Fulbright_PredictiveCoding_ eDiscovery_CaseStudy.pdf.

[42] Id.

[43] Id.

[44] Moore v. Publicis Groupe, No. 11 Civ. 1279(ALC)(AJP), 2012 WL 607412, at *1 (S.D.N.Y. Feb. 24, 2012).

[45] See Andrew Peck, Search, Forward, 18 L. Tech. Newsl., no. 10, Oct. 1, 2011, at 25, 29 ("[I]t...appears that many lawyers (and their clients) are waiting for a judicial decision approving of computer-assisted review.").

[46] Id. at 29, cited in Moore, 2012 WL 607412, at *1.

[47] Moore, 2012 WL 607412, at *1.

[48] Id. at *3.

[49] Id. at *7.

[50] See id. at *3 n.3 ("When defense counsel mentioned the disagreement about predictive coding, I stated that: 'You must have thought you died and went to Heaven when this was referred to me....'").

[51] Id. at *11.

[52] Moore v. Publicis Groupe SA, No. 11 Civ. 1279(ALC)(AJP), 2012 WL 1446534, at *3 (S.D.N.Y. Apr. 26, 2012).

[53] Moore v. Publicis Groupe, No.11 Civ. 1279(ALC)(AJP), slip op. at 1 (S.D.N.Y. May 14, 2012).

[54] Nat'l Day Laborer Org. Network v. U.S. Immigration & Customs Enforcement Agency, No. 10 Civ. 3488 (SAS), 2012 WL 2878130, at *11 (S.D.N.Y. July 13, 2012).

[55] Id. at *1.

[56] Id. at *12.

[57] Id. at *11.

[58] Id. at *13.

[59] Global Aerospace, Inc. v. Landow Aviation, L.P., No. CL 61040 (Va. Cir. Ct., Loudon County, Apr. 23, 2012).

[60] Matthew Nelson, First State Court Issues Order Approving the Use of Predictive Coding, E-Discovery 2.0 (Apr. 27, 2012), http://www.clearwellsystems.com/e-discoveryblog/2012/04/26/first-state-court-issues-order-approving-the-use-of-predictive-coding-in-e discovery/.

[61] Id. (emphasis in original).

[62] Id.

[63] Id.

[64] Id.

[65] Id.

[66] Nelson, supra, note 60.

[67] Kleen Prods., LLC v. Packaging Corp. of Am., No. 10 C 5711, 2012 WL 4498465, at *5 (N.D. Ill. Sept. 28, 2012) (stating that in the ESI Search Order issued August 21, 2012, "[p]laintiffs agreed to withdraw their demand...[[and] agreed not to argue or contend that Defendants should be required to apply...'predictive coding' methodology with respect to any requests for productions served on any Defendant prior to October 1, 2013."); Sean Doherty, 'Kleen' Plaintiffs Withdraw Demand for Predictive Coding, L. Tech. News (Aug. 22, 2012), http://www.law.com/jsp/lawtechnologynews/PubArticleLTN.jsp?id=1202568465547&Kleen_Plaintiffs_Withdraw_Demand_for_Predictive_Coding.

[68] Kleen Prods., 2012 WL 4498465, at *5.

[69] Advisory Council, United States Court of Appeals for the Federal Circuit, http://www.cafc.uscourts.gov/the-court/advisory-council.html (last visited Jan. 9, 2013).

[70] E-Discovery Comm. of the Fed. Circuit Advisory Council, [Model] Order Regarding E-Discovery in Patent Cases P 1 (2011), available at http:// www.cafc.uscourts.gov/images/stories/the-court/Ediscovery_Model_Order.pdf.

[71] Id. PP 3, 10, 11.

[72] Id. PP 10, 11.

[73] Id. PP 2, 5.

[74] Id. PP 7, 8.

[75] See, E.D. Tex. Local Rules app. P, [Model] Order Regarding E-Discovery in Patent Cases (2012), available at http://www.txed.uscourts.gov/cgi-bin/view_document.cgi?document=22218&download=true [[hereinafter Appendix P]. See also, e.g., Digital Reg. of Tex., LLC v. Adobe Sys. Inc., No. 6:11-CV-305-LED (E.D. Tex. Jan. 4, 2012) (entering parties' agreed order after parties agree to: (1) meet and confer regarding further discovery after initial disclosures and document productions; (2) any e-mail or "custodial document" requests would be limited to five custodians and ten search terms; and (3) additional discovery on motion showing good cause); Achates Reference Publ'g, Inc.v. Symantec Corp., No. 2:11-CV-294-DF (E.D. Tex. Dec. 14, 2011) (Defendant sought entry of discovery order similar to Federal Circuit Model E-Discovery Order. Plaintiff wanted 30(b)(6)

depositions prior to any agreement as to e-discovery. Court ordered e-mail production requests limited to eight custodians and ten search terms per custodian.); Intravisual Inc. v. Fujitsu Microelectronics Am., Inc., No. 2:10-CV-90-JRG (E.D. Tex. Oct. 28, 2011) (ordering entry of parties' agreed order tracking language of Federal Circuit Model E-Discovery Order); Effectively Illuminated Pathways LLC v. Aston Martin Lagonda of N. Am., Inc., No. 6:11-CV-34-LED-JDL (E.D. Tex. Oct. 20, 2011) (Plaintiff wanted limited e-mail discovery. Defendant wanted to take a wait and see approach. Court orders five custodians and "fewest and most relevant" search terms.); Stambler v. Atmos Energy Corp., No. 2:10-CV-594-DF (E.D. Tex. Sept. 29, 2011) (Plaintiff wanted defendant to name fifteen custodians from which it would pick and no limitations on search terms. Defendant wanted to wait and see whether e-mail searching was necessary. Court ordered parties to meet and confer and identify five custodians and ten search terms.).

[76] Local Rules Advisory Comm. of the E. Dist. of Tex., Appendix P, [[Model] Order Regarding E-Discovery in Patent Cases (Annotated) P 2 (2012), available at http://www.txed.uscourts.gov/cgi-bin/view_document.cgi? document=22223&download=true [hereinafter Annotated Appendix P]; Michael C. Smith, Eastern District of Texas E-Discovery Model Order?Analysis of Redline Version with Commentary, EDTexweblog (Mar. 1, 2012, 15:34 CST), http:// mcsmith.blogs.com/eastern_district_of_texas/2012/03/eastern-district-of-texas-e-discovery-model-order.html.

[77] Annotated Appendix P, supra note 76, at former P 3.

[78] Id. at 5-6.

[79] Id. P 4.

[80] Id. P 5.

[81] Id. at former P 7.

[82] Id. at 5.

[83] Annotated Appendix P, supra note 76, at P 7.

[84] Id.

[85] Id. at PP 8, 9.

[86] Id. at 5-6.

[87] Id. at P 10, former P 12.

[88] Id. P 12.

[89] DCG Sys., Inc. v. Checkpoint Techs., LLC, No. C-11-03792 PSG, 2011 WL 5244356, at *1 (N.D. Cal. Nov. 2, 2011).

[90] Id. at *1.

[91] Id. at *2.

[92] Id.

[93] Id.

[94] Exhibit B, Order Regarding E-Discovery P 10, DCG Sys., Inc. v. Checkpoint Techs. LLC, No. C-11-03792 PSG (N.D. Cal. Nov. 2, 2011).

[95] Id. P 11.

[96] Id. PP 10, 11.

[97] DCG Sys., 2011 WL 5244356, at *2.

[98] Michels, supra note 2.

[99] Id.

[100] Id.

[101] E-Discovery Limits?USITC Considers Proposal to Streamline Section 337 Investigations, U.S. Int'l Trade Comm'n, http://www.usitc.gov/press_room/documents/featured_news/ediscovery_article.htm (last visited Sept. 3, 2012).

[102] Michels, supra note 2.

[103] E-Discovery Limits, supra note 101.

[104] Id.

[105] Id.

[106] Id.

[107] Rules of General Application, Adjudication, and Enforcement, 77 Fed. Reg. 60,952 (Oct. 5, 2012) (to be codified at 19 C.F.R. pt. 210).

[108] Id.

[109] See Statement of Purpose and Preparation of Principles, Discovery Pilot, http://www.discoverypilot.com (last visited Sept. 12, 2012) [hereinafter Statement of Purpose] (discussing how the pilot program seeks to streamline the discovery process).

[110] 7th Circuit Electronic Discovery Committee, Principles Relating to the Discovery of Electronically Stored Information 1 (Aug. 1, 2010), available at http://www.discoverypilot.com/sites/default/files/Principles8_10.pdf.

[111] [Proposed] Standing Order Relating to the Discovery of Electronically Stored Information, Discovery Pilot, http://www.discoverypilot.com/sites/default/files/StandingOrde8_10.pdf (last visited Sept. 12, 2012).

[112] 7th Circuit Electronic Discovery Committee, supra note 110, at 1-6.

[113] Statement of Purpose, supra note 109.

[114] 7th Circuit Electronic Discovery Committee, supra note 110, at 1-2.

[115] Id. at 2.

[116] Id. at 3.

[117] Id. at 3-4.

[118] Id. at 5.

[119] Id.

[120] 7th Circuit Electronic Discovery Committee, supra note 110, at 5-6.

[121] Id. at 6.

[122] 7th Circuit Electronic Discovery Pilot Program--Final Report on Phase Two, Discovery Pilot, 4 (May 2, 2012), http://www.discoverypilot.com/sites/default/files/Phase-Two-Final-Report-Appendix.pdf.

[123] Id.

[124] Id.

[125] Id.

[126] Id.

[127] Ad Hoc Comm. for Elec. Discovery of the U.S. Dist. Court for the Dist. of Del., Default Standard for Discovery, Including Discovery of Electronically Stored Information ("ESI") (Dec. 8, 2011), available at http://www.ded.uscourts.gov/sites/default/files/Chambers/SLR/Misc/EDiscov.pdf [[hereinafter Default Standard for Discovery].

[128] Ad Hoc Comm. for Elec. Discovery of the U.S. Dist. Court for the Dist. of Del., Default Standard for Access to Source Code (Dec.

8, 2011), available at http:// www.ded.uscourts.gov/sites/default/files/Chambers/SLR/Misc/DefStdAccess.pdf [[hereinafter Default Standard for Access to Source Code].

129 Default Standard for Discovery, supra note 127, § 1.a.

130 Id.

131 Id. § 1.b.

132 Id. § 1.c(i).

133 Id. § 1.c(ii), sched. A.

134 Id. § 1.d(i)-(iii).

135 Default Standard for Discovery, supra note 127, § 1.d(iv).

136 Id.

137 Id. § 2.

138 Id. § 3.a-b.

139 Id. § 3.c.

140 Id. § 4.a.

141 Default Standard for Discovery, supra note 127, § 4.b.

142 Id. § 4.c.

143 Id. § 4.d.

144 Id. § 4.e.

145 Id. § 5.a.

146 Id. § 5.b.

147 Default Standard for Discovery, supra note 127, § 5.b.

148 Id. § 5.c.

149 Id. § 5.d.

150 Default Standard for Access to Source Code, supra note 128, §§ 1, 2.

151 Id. § 3.

152 Id.

153 Id. § 4.

154 Id. § 5.

155 Id. § 6.

156 Default Standard for Access to Source Code, supra note 128, § 7.

157 Id. § 8.

158 Press Release, Office of the Dist. Court Exec., SDNY Implements Innovative Pilot Program to Improve the Quality of Judicial Case Management in Complex Civil Cases (Nov. 4, 2011), available at http://www.nysd.uscourts.gov/file/news/complex_civil_case_pilot.

159 Id.

160 Id.

161 Id.

162 Judicial Improvements Comm. of the S. Dist. of N.Y., Pilot Project Regarding Case Management Techniques for Complex Civil Cases 1 (Oct. 2011), available at http://www.nysd.uscourts.gov/rules/Complex_Civil_Rules_Pilot.pdf.

163 Id.

164 Id. at 15-17, 18-29.

165 Id. at 19.

166 Id. at 20-23.

[167] Id. at 23-25.

[168] Judicial Improvements Comm. of the S. Dist. of N.Y., supra note 162, at 25-26.

[169] Id. at 26-27.

[170] Id.

[171] Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 35 U.S.C.).

[172] 35 U.S.C.A. §299(a) (West 2011).

[173] Id. §299(b).

[174] Id. §299(c).

[175] Nasalok Coating Corp. v. Nylok Corp., 522 F.3d 1320, 1326 (Fed. Cir. 2008).

[176] Tex. Instruments, Inc. v. Linear Techs. Corp., 182 F. Supp. 2d 580, 586 (E.D. Tex. 2002).

[177] See, e.g., Oasis Research, LLC v. ADrive, LLC, No. 4:10-CV-435, 2011 WL 3099885, at *2 (E.D. Tex. May 23, 2011) (stating that "each Defendant offers an online backup/storage service to its customers that allegedly infringes Plaintiff's patents" and that "the Court finds this is sufficient to satisfy the first prong under Rule 20.").

[178] 677 F.3d 1351, 1355-56, 1359, 1360 n.4 (Fed. Cir. 2012).

[179] Id. at 1353.

[180] Id.

[181] Id.

[182] Id. at 1357.

[183] Id. at 1359.

[184] EMC, 677 F.3d. at 1358.

[185] Id. at 1359-60.

[186] Fed. R. Civ. P. 42(a).

[187] 9A The Late Charles Alan Wright et al., Federal Practice and Procedure §2381 (3d ed. 2008). See also id. §2382 ("[T]he existence of a common question by itself is enough to permit consolidation under Rule 42(a), even if the claims arise out of independent transactions.")

[188] EMC, 677 F.3d at 1360 (quoting Fed. R. Civ. P. 42(a)). See also Luera v. M/V Albeta, 635 F.3d 181, 194 (5th Cir. 2011) ("Rule 42(a) provides district courts with broad authority to consolidate actions that 'involve a common question of law or fact."').

[189] See Bottazzi v. Petroleum Helicopters, Inc., 664 F.2d 49, 50-51 (5th Cir. 1981) (consolidating cases on the basis that "the question of what [[the psychological] state is and will be, present and future, presents a sufficient common question of fact to support the consolidation of [the] two cases").

[190] See Hendrix v. Raybestos-Manhattan, Inc., 776 F.2d 1492, 1495-96 (11th Cir. 1985) (affirming trial court's analysis of time and effort under Rule 42(a) and decision to consolidate cases); Huene v. United States, 743 F.2d 703, 704 (9th Cir. 1984) (same). See also Kramer v. Boeing Co., 134 F.R.D. 256, 258 (D. Minn. 1991) (weighing time and effort saved when exercising discretion in consolidating cases).

[191] Nos. 6:12-CV-508, 6:11-CV-495, 2012 WL 3307942 (E.D. Tex. Aug. 10, 2012).

[192] Id. at *1.

[193] Id.

[194] Id.

[195] Id. at *1, *4.

[196] Id. at *1, *4-7.

[197] Norman IP Holdings, 2012 WL 3307942, at *4.

[198] Id.

[199] Id.

[200] Id. at *5.

[201] Id.

[202] Oasis Research, LLC v. Carbonite, Inc., No. 4:10-CV-435, 2012 WL 3544881, at *6-7 (E.D. Tex. Aug. 15, 2012).

[203] Id.

[204] Id.

[205] See, e.g., Rotatable Techs., LLC v. Nokia, Inc., Nos. 2:12-CV-265-JRG, 2:12-CV-292-JRG, slip op. at 2 (E.D. Tex. Aug. 17, 2012) (consolidating the captioned cases for all pretrial issues, except venue); Losys, LLC v. Brother Int'l Corp., Nos. 2:11-CV-90-JRG, 2:11-CV-272-JRG, 2:11-CV-283-JRG, 2:11-CV-284-JRG, 2:11-CV-286-JRG, 2:11-CV-287-JRG, 2:11-CV-288-JRG, 2:11-CV-289-JRG, slip op. at 2 (E.D. Tex. Aug. 17, 2012) (same); TQP Dev., LLC v. Aflac Inc., No. 2:11-CV-397-MHS-CMC, slip op. at 11 (E.D. Tex. Aug. 16, 2012) (granting Aflac's motion to sever but denying its motion to transfer venue); Swipe Innovations, LLC v. Elavon, Inc., No. 9:12-CV-40-RC, slip op. at 5 (E.D. Tex. Aug. 14, 2012) (granting Elavon's motion to sever and consolidating the actions for all pretrial issues).

[206] See, e.g., Geotag, Inc. v. Circle K Stores, Inc., No. 2:11-CV-405-MHS, slip op. at 5-9 (E.D. Tex. Aug. 14, 2012) (severing fifty-four defendants into separate actions but not consolidating the actions for pretrial purposes; all the cases subsequently settled and closed on Aug. 28, 2012). See also In re EMC, 677 F.3d 1351, 1360 (Fed. Cir. 2012) ("[E]ven if a plaintiff's claims arise out of the same transaction and there are questions of law and fact common to all defendants, 'district courts have the discretion to refuse joinder in the interest of avoiding prejudice and delay, ensuring judicial economy, or safeguarding principles of fundamental fairness.' In a complicated patent litigation a large number of defendants might prove unwieldy, and a district court would be justified in exercising its discretion to deny joinder 'when different witnesses and documentary proof would be required.'" (internal citations omitted and emphasis added)).

[207] See EMC, 677 F.3d at 1360 ("Common pretrial issues of claim construction and patent invalidity may also be adjudicated together through the multidistrict litigation procedures of 28 U.S.C. §1407." (citing In re Cruciferous Sprout Litig., 301 F.3d 1343 (Fed. Cir. 2002))).

[208] See In re TR Labs Patent Litig., MDL No. 2396 (J.P.M.L. Oct. 1, 2012); In re Body Sci. LLC Patent Litig., MDL No. 2375 (J.P.M.L. Aug. 6, 2012); In re Unified Messaging Solutions LLC Patent Litig., MDL No. 2371 (J.P.M.L. Aug. 3, 2012); In re Nebivolol ('040) Patent Litig., MDL No. 2364 (J.P.M.L. Jun. 12, 2012); In re Parallel Networks, LLC ('111) Patent Litig., MDL No. 2355 (J.P.M.L. Jun. 12, 2012); In re Maxim Integrated Prods., Inc., Patent Litig., MDL No. 2354 (J.P.M.L. Jun. 8, 2012); In re Bear Creek Techs., Inc., ('722) Patent Litig., MDL No. 2344 (J.P.M.L. May 2, 2012); In re Innovatio IP Ventures, LLC, Patent Litig., MDL No. 2303 (J.P.M.L. Dec. 28, 2011); In re Webvention LLC ('294) Patent Litig., MDL No. 2294 (J.P.M.L. Dec. 15, 2011); In re Transdata, Inc., Smart Meters Patent Litig., MDL No. 2309 (J.P.M.L. Dec. 13, 2011); In re Vehicle Tracking and Sec. Sys. ('844) Patent Litig., MDL No. 2249 (J.P.M.L. Sept. 6, 2011); In re Fenofibrate Patent Litig., MDL No. 2241 (J.P.M.L. May 23, 2011).

[209] 28 U.S.C. §1407(a) (2006).

[210] 35 U.S.C.A. §299(a)(1) (West 2011).

[211] Id.

[212] Id. ("[P]arties that are accused infringers may be joined in one action as defendants...if...any right to relief is asserted against the parties jointly...." (emphasis added)).

[213] 692 F.3d 1301 (Fed. Cir. 2012).

[214] See id. at 1306 (overruling BMC Res., Inc. v. Paymentech, L.P., 498 F.3d 1373 (Fed. Cir. 2007), which held that in order for a party to be liable for induced infringement, some other single entity must be liable for direct infringement).

[215] See id. ("[W]e hold that all the steps of a claimed method must be performed in order to find induced infringement, but that it is not necessary to prove that all the steps were committed by a single entity.").

[216] See id. at 1307 ("Because the reasoning of our decision today is not predicated on the doctrine of direct infringement, we have no occasion at this time to revisit any of those principles regarding the law of divided infringement as it applies to liability for direct infringement [of method claims] under 35 U.S.C. §271(a).").