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Article

CHALLENGING THE RELIABILITY OF EXPERTS IN INTELLECTUAL PROPERTY CASES

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Table of Contents

I. Introduction

The Supreme Court's March 1999 decision in *Kumho Tire v. Carmichael*[1] alerted federal court litigants that all expert witnesses could have their methods challenged before they take the stand. *Kumho* held that *every* expert, not just experts who use "junk science," will be subject to the *Daubert* reliability test.[2] As a result, trial court judges will act as gatekeepers for the reliability of every expert witness, including experts in patent, trademark, and trade secret cases.

***2** A proposed amendment to the *Federal Rules of Evidence* could close the gate a little. The proposal adds a new, three-prong test to Rule 702, authorizing trial court judges to exclude any expert who uses methods that are: (1) not based on

sufficient facts or data; (2) not reliable; or (3) not applied reliably to the facts of the case.[3] The target date for adoption of the proposed amendment is December 1, 2000.[4] In order for the amendment to take effect, the Standing Committee on the Rules of Practice and Procedure, the Judicial Conference, the Supreme Court, and Congress must agree to its adoption.[5] In addition to amending Rule 702, the Committee proposed amending Rule 701 to prevent lay witnesses from providing opinions based on scientific, technical, or other specialized knowledge; and Rule 703 to shield the jury from inadmissible facts on which an expert relies in forming his or her opinion.[6]

This paper will first discuss the *Daubert* test and *Kumho's* application of the test to non-scientific experts. Several patent, trademark, and trade secret cases in which expert witnesses were challenged under *Daubert* and *Kumho* will then be reviewed. Last, the proposed amendment to Rule 702 will be discussed.

II. The *Daubert* Test

The Supreme Court's 1993 decision in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*[7] provided four factors that trial court judges may consider before admitting expert testimony. These factors are:
(1) Whether the expert's method or technique can be tested, and whether it has been tested

(2) Whether the method has been subjected to peer review and publication

(3) The known or potential rate of error of the method

(4) Whether the method generally is accepted in the relevant scientific community.[8]

Daubert ended the seventy-year-old "general acceptance" test found in *Frye v. United States*,[9] which ruled inadmissible any expert opinion that was not "sufficiently established to have gained general acceptance in the particular field in which it belongs."[10] In 1975, when Congress enacted the *Federal Rules of Evidence*, a majority of federal district courts still applied the *Frye* general- ***3** acceptance test to expert opinions.[11] When Rule 702 was enacted, the rule contained no general-acceptance requirement but suggested a more relaxed approach to admission of expert opinions.[12] After the *Federal Rules* were adopted, the federal circuits split as to the continued validity of the *Frye* test.[13] The split over *Frye* ended with *Daubert*.

In *Daubert*, the plaintiffs offered expert testimony that an anti-nausea drug caused serious birth defects.[14] The expert opinions directly contradicted more than thirty published studies involving 130,000 patients.[15] Rather than relying on the published studies, plaintiffs' experts based their opinions on test tube and animal studies, pharmacological studies of the drug's chemical structure, and unpublished re-analyses of the published human studies.[16] The district court had excluded plaintiffs' experts under *Frye*, because their methods were significantly different from procedures accepted by recognized authorities and had never been peer reviewed.[17] The Ninth Circuit affirmed.[18]

The Supreme Court reversed, holding that the *Frye* general-acceptance test was at odds with Rule 702, which contained no general-acceptance requirement.[19] After addressing the *Frye* test, the Court searched Rule 702 for another limit on ***4** admissibility of expert opinions.[20] The Court focused on the word "scientific" in Rule 702 and determined that trial courts were obligated to assess whether an expert used a scientific method or procedure.[21] Additionally, the Court found that Rule 702 permitted only those expert opinions that would assist the trier of fact by having a "valid scientific connection to the pertinent inquiry."[22]

Daubert's four-factor test initially appeared to be less strict than *Frye's* general-acceptance requirement.[23] Rather than challenging every expert whose methods were not generally accepted, the Supreme Court encouraged trial lawyers to cross-examine experts vigorously, present contrary evidence, assure that proper instructions on the burden of proof are given, and move for directed verdicts when opposing experts apply unreliable methods.[24]

III. The Trouble with *Daubert*

Instead of simplifying matters, *Daubert* created a new set of problems, because the *Daubert* factors immediately proved

difficult to apply. When the case was remanded to the Ninth Circuit, the court side-stepped the four *Daubert* factors and applied its own criteria for reliability of expert testimony.[25] First, the Ninth Circuit asked if the expert's opinion grew out of pre-litigation research.[26] Next, the Ninth Circuit asked if the expert's research had been subjected to peer review.[27] Finally, the Ninth Circuit excluded the experts' opinions because the experts conducted their research after they were hired for the litigation, their research was not subject to peer review, and their opinions were not validated by any testing.[28]

Some commentators have suggested that application of the *Daubert* factors has resulted in the exclusion of more expert opinions than has the *Frye* general-acceptance test.[29] Others have suggested that another problem with using the ***5** *Daubert* factors is the uncertainty of whether *Daubert* applies to non-scientific expert opinions, with some questioning *Daubert's* applicability to expert testimony based on the social sciences, economics, or experience.[30] Some circuits applied the *Daubert* gate-keeping function to all experts, but others left the gate wide open for experts who relied on social science or economics.[31] Commentators questioned whether the *Daubert* test is a better solution than the *Frye* test.[32]

IV. *Kumho* Applies *Daubert* to Non-Scientific Experts

In its March 1999 decision in *Kumho Tire Co. Ltd. v. Carmichael*,[33] the Supreme Court answered just one of the questions left by *Daubert*, holding that the gate-keeping function applied to all expert opinions, whether scientific or not.[34]

Kumho was a product liability case based on a fatal auto accident caused by a tire blowout.[35] Plaintiffs offered a witness who opined, based on his visual and tactile inspection of the tire, that a manufacturing defect caused the blowout.[36] The defendant tire company had moved to exclude the opinion, claiming that the ***6** expert's method was unreliable.[37] The trial court judge agreed, excluded the testimony, and granted the tire company's motion for summary judgment of no liability.[38] The trial court concluded that the experience-based method failed to satisfy any of the four *Daubert* factors.[39] The method was untested; had never been subject to peer review or publication; had no acceptable, known, or potential rate of error; and was not sufficiently accepted within the relevant scientific community.[40] The judge found no evidence that any others in the industry, or any written materials on tire testing, approved the same methodology or made the same very fine distinctions used by the witness to reach his opinion.[41]

The Eleventh Circuit reversed the trial court, holding that the district court should not have applied the *Daubert* factors, because the tire expert used non-scientific methods.[42]

The Supreme Court agreed with the district court and reversed the Eleventh Circuit, concluding that the district court did not abuse its discretionary authority when it excluded the tire expert's opinion.[43] The Court held that the *Daubert* test applied to non-scientific testimony because Rule 702 "makes no relevant distinction between 'scientific' knowledge and 'technical' or 'other specialized' knowledge."[44] The Court concluded that different evidentiary standards for scientific, as opposed to technical or other specialized knowledge, would require meaningless hair-splitting by trial court judges.[45] Instead, the trial judge should assess the reliability of all experts, regardless of whether their methods are based on scientific, technical, or other specialized knowledge.[46]

After ruling that *Daubert's* principles cover all experts under Rule 702, the Supreme Court held that district courts may consider each of the *Daubert* factors but that those factors are not an exclusive list.[47] Some *Daubert* factors don't apply to every scientific expert. For example, *Daubert*'s "peer review" factor would not apply when the subject of the expert's testimony was not previously of any interest to other scientists.[48] Conversely, some *Daubert* factors do apply to experience-***7** based opinions.[49] Experience-based methods that are error-prone, or that are not recognized as acceptable in the appropriate field, fail under those two *Daubert* factors.[50]

Although the trial court judge "should consider the specific factors identified in *Daubert* where they are reasonable measures of the reliability of expert testimony," *Kumho* stressed that the judge "must have considerable leeway" in deciding how to assess reliability of each expert's methodology.[51] Since *Daubert's* gate-keeping objective was to ensure reliability and relevancy of expert testimony, the trial court judge must determine whether the proffered opinion has "the same level of intellectual rigor" as the practice of an expert in that field.[52]

The Supreme Court in *Kumho* also held that appellate courts should review how the district court judge tests an expert's reliability under the abuse of discretion standard—the same standard used to review the admission or exclusion of expert testimony.[53] According to the Court, the trial judge must have "broad latitude" to exercise the gatekeeping function.[54]

Following *Kumho*, federal district courts were left with the same *Daubert* test for determining whether or not experts used reliable non-scientific methods. Several commentators questioned whether the *Daubert* factors were applicable at all to non-scientific methods.[55] In patent cases, for example, the *Daubert* factors were difficult to apply to methods that were rarely, if ever, used outside of the courtroom.[56] As a result, *Kumho* left trial judges with the difficult job of assessing the reliability of all expert methods but without a straightforward test for making the assessments.

***8** In February 2000, the Supreme Court cautioned litigants that a district court's discretion to admit expert opinions has its limits. In *Weisgram v. Marley Co.*,[57] the Court held that an appellate court may instruct entry of judgment as a matter of law if the verdict depended on admitted expert testimony that the appellate court finds to be unreliable under *Daubert* and *Kumho*.[58]

V. *Daubert* Challenges in Intellectual Property Cases

A. Experts on Patent Claim Construction and Infringement

Only a few reported decisions show challenges to reliability of methods used by experts on issues of patent claim construction and infringement. However, it should be noted that the Federal Circuit in *Pitney Bowes, Inc. v. Hewlett-Packard Co.*[59] held that the gate-keeping function of Rule 702 "relates solely to the admissibility of evidence—a separate issue to claim construction."[60] The claim interpretation rule of *Vitronics Corp. v. Conceptronic, Inc.*[61] "does not prohibit courts from examining extrinsic evidence, even when the patent document is itself clear" and "does not set forth any rules regarding the admissibility of expert testimony into evidence."[62]

For example, an accused infringer successfully challenged the admissibility of the patent owner's expert's opinion on infringement in *Carnegie Mellon University v. Hoffman-LaRoche, Inc.*[63] The expert opined that the accused product satisfied a claim limitation relating to a gene encoding region.[64] Defendants moved to exclude the expert under *Daubert*, arguing that his opinion did not constitute scientific knowledge and was not based on accepted scientific principles and methodologies.[65] The trial court found that the opinion was not accepted within the relevant scientific community.[66] Contrary to the expert's opinion, published studies and articles in peer-reviewed journals indicated that defendant's plasmid lacked activity in the claimed genetic region.[67] In fact, the expert's opinion was not even supported by any of the patentee's other scientific experts.[68] Thus, the district ***9** court concluded that contrary opinions of the scientific community, and lack of peer review and publication, doomed the expert's methodology under *Daubert*.[69]

The court also held that *Daubert's* testing and rate of error factors were inapplicable.[70] Citing *Lust v. Merrell Dow Pharmaceuticals, Inc.*,[71] the district court held that *Daubert's* testing and rate of error factors did not apply, because the patent owner's expert had not done original research.[72] The court also considered the sufficiency of the expert's explanation of his methodology, which the court said should be considered "where evidence of pre-litigation research or peer review is not available."[73] The court used a two-part test under which "experts must: (1) 'explain precisely how they went about reaching their conclusions,' and (2) 'point to some objective source—a learned treatise, the policy statement of a professional association, a published article in a reputable scientific journal or the like—to show that they have followed the scientific method as it is practiced by (at least) a recognized minority of the scientists in their field.'"[74] The court found that the patent owner's expert satisfied the first part of the two-part test, because he explained sufficiently how he relied on defendants' laboratory notebooks and internal documents and cited excerpts from scientific articles.[75] However, he failed the second part of the test, because his explanation was not scientific, and no evidence was presented that his "method of reinterpretation is practiced by even a minority of scientists in this field."[76] According to the court, he departed from scientific standards by: (1) "examining only subsets of controls"; (2) "failing to address alternative explanations"; (3) "ignoring the presence of background signal"; (4) "selectively examining only portions of the data"; (5) rejecting studies reporting contrary empirical findings"; (6) "relying on data from a notebook based on a contaminated sample"; (7) "relying on a mismatch primer extension assay"; and (8) "relying on sentences from scientific literature taken out of context".[77] The court stressed that reliance on studies performed by others, but coming to conclusions contrary to the authors of the studies, also justified excluding the opinion.[78] After excluding the expert, the court granted summary judgment of no ***10** literal infringement, because the accused plasmid lacked the disputed claim element.[79]

In *Johns Hopkins University v. Cellpro*,[80] the patent owner challenged the admission of the defendant's expert on the issue of infringement.[81] The defendant's expert stated that no infringement had occurred based on data comparing fluorescence.[82]

Following a jury verdict of invalidity and noninfringement, the trial court granted judgment of infringement of one patent as a matter of law and granted the patentee's motion for new trial on the others.[83] Additionally, the court granted a new trial on the validity issues of obviousness and enablement.[84] In its opinion granting a new trial, the district court deferred its ruling on the admissibility of the defendant's expert's opinion until it could undertake a "preliminary assessment" of whether the fluorescence methodology was scientifically valid.[85]

B. Experts on Trade Secrets

Successful challenges also have been made to the reliability of experts in trade secret cases where experts have based their opinions on insufficient information. In *Macdermid, Inc. v. Electrochemicals, Inc.*,[86] the district court granted summary judgment denying plaintiff's trade secret misappropriation claim, because the plaintiff's research, which related to a graphite pre-coating process for printed circuit boards, did not constitute protectable trade secrets.[87] The Sixth Circuit affirmed the summary judgment and held that the district court correctly excluded each of the plaintiff's expert opinions, because they "were not based on facts or data" and lacked detail concerning the process.[88]

Another recent trade secret action in which an expert was excluded under a *Daubert* analysis is *Atmel Corp. v. Information Storage Devices, Inc.*[89] The district court excluded the plaintiff's expert, who opined that the alleged trade secrets were not generally known in the semiconductor industry, because he failed to search the ***11** relevant literature and failed to consult with colleagues knowledgeable on the subject during the relevant time frame.[90]

C. Expert Methods Based On Legal Precedent

Is an expert's method reliable if the method is never used outside of litigation? A recent decision from the Fifth Circuit answers that question in regard to experts who use methods mandated by law. In *Rushing v. Kansas City Southern Railway Co.*,[91] the Fifth Circuit held that "[w]hen applicable law mandates the use of a particular test, the proponent of the test's results should not have to establish its reliability."[92] *Rushing* was a nuisance action against the railroad brought under the Noise Control Act.[93] The railroad offered an expert witness to measure noise based on federal regulations applicable to train operations, and the Fifth Circuit concluded that his method of relying on the federal regulations satisfied the reliability standard of Rule 702.[94]

Another reported decision addressing the reliability of methods used only in the courtroom is *Transclean Corp. v. Bridgewood Services, Inc.*[95] The defendant moved to exclude plaintiff's expert chemist who relied on a "nickel tracer analysis" to help prove false advertising.[96] According to the district court, "[t]he *Daubert* factors have an unusual application in the milieu of testing advertising claims such as these because, often, the only need for these tests arises in litigation, and the tests are thus extemporized, to some extent, from the standardized methodology."[97] The court made a preliminary ruling that the chemist's method was sufficiently reliable under *Daubert* but indicated that a complete analysis was premature at summary judgment stage.[98] The court stated that, based on the record, "we find no reason to doubt that the Plaintiffs' expert will 'employ[] in the courtroom the same level of intellectual rigor that characterizes the practice of an expert in the relevant field,"' even though the method had not been applied in the same way before.[99]

***12 D. Experts on Trademark Surveys**

Experts who fail to use well-known and established survey methods have been challenged and excluded under *Daubert* in trademark infringement actions. In *Winning Ways, Inc. v. Holloway Sportswear, Inc.*[100] a trade dress infringement action, the district court excluded two of the three secondary meaning surveys done by the plaintiff's expert, because the results were biased due to flaws in the conduct of the surveys and selection of respondents.[101]

Expert testimony concerning a trademark survey also was excluded in *National Football League Properties, Inc. v. Prostyle, Inc.*[102] The district court excluded plaintiff's expert on the likelihood of trademark confusion because of a poorly constructed and misleading survey.[103] Although the court found it difficult to apply the *Daubert* factors to the survey methods except in "the most abstract" and "non-case-specific way," the court excluded the expert because his testimony would not be helpful to the case.[104]

E. Experts on Damages

Several experts have been challenged in intellectual property damages cases, but experts have been excluded only if they failed to use well-established methods. In *Ventura v. Titan Sports, Inc.*,[105] former professional wrestler Jesse Ventura brought an action seeking royalties for the use of his color commentary on wrestling videotapes.[106] After the jury awarded damages to Ventura, the defendant claimed that the district court abused its discretion by admitting testimony of Ventura's damages expert under Rule 702.[107] Ventura's damages expert testified concerning royalty rates for videotapes.[108] The expert determined a range of royalty rates based on a survey of thousands of licensing agreements involving sports and entertainment figures and then applied the rates to an estimated figure for defendant's net profits on the videotapes.[109] The Eighth Circuit held that the method was sufficiently reliable and was properly admitted at trial because it followed a "common practice to prove the value of an article (e.g., a videotape ***13** license) by introducing evidence of transactions involving other 'substantially similar' articles (i.e., other licenses)."[110]

In *Nilssen v. Motorola, Inc.*,[111] a case alleging misappropriation of trade secrets, Senior Judge Milton I. Shadur, who chaired the special subcommittee that drafted the proposed amendment to Rule 702, wrote two opinions that excluded much of the testimony of plaintiff's damages expert.[112] First, the court barred plaintiff's expert testimony that the measure of damages should be "a partner's share in the business."[113] The court found that "nothing in the [Illinois Trade Secrets Act] or in any prior case law" supported that theory.[114] The plaintiff's damages expert never even mentioned the "actual loss" or "unjust enrichment" measures that are recoverable under the statute.[115] Second, the court excluded plaintiff's expert testimony that either the royalty rate or the "equity" measure of damages should be applied to defendant's *projected* sales.[116] The court relied on trade secret and patent case law precedent holding that royalty rates must be applied to the defendant's *actual* sales.[117] Third, the court excluded expert testimony that the royalty rate should be 4%, because that rate was "not fairly supported by the materials referred to in the [expert's] report."[118] For example, the expert relied on other licenses that were for patents and trade secrets very different from those at issue.[119] Finally, the court held that the expert testimony was inadmissible because the expert applied the 4% royalty rate to defendant's products regardless of whether those products used the trade secrets at issue.[120]

American Computer Innovators, Inc. v. Electronic Data Systems Corp.[121] involved charges of breach of contract and misappropriation of confidential information.[122] The plaintiff proposed to offer the testimony of an investment consultant with extensive experience in the computer technology at issue, who ***14** would provide an opinion about the "nature and size of the market" available to plaintiff absent the alleged misappropriation.[123] The trial court held that, although "shaky," the opinion was admissible if a sufficient factual predicate was laid before the expert testified.[124] Provided the foundation was laid, the expert's method satisfied *Daubert*, because the expert has "in-depth, lengthy, personal experience in the very area in question," and his analysis "includes comparisons to other companies operating in the general area."[125]

In *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*,[126] a supplier of aluminum phosphide brought an action against a company that relabeled an inferior product with the supplier's label. The district court granted plaintiff's pretrial *Daubert* motion to exclude the testimony of defendants' economic expert concerning the value of the supplier's trademark.[127] Defendant's expert stated that plaintiff's trademark had no economic value and that any alleged infringement of the trademark could not have diminished plaintiff's ability to enter the market.[128] The court held that the economist "violated a fundamental principle of economics" because he failed to consider certain evidence, including deposition testimony, that indicated that defendant paid a premium for the trademark.[129] Additionally, the district court opinion referred to a number of criticisms made by plaintiff's economic expert concerning the conclusions in defendant's economic expert report and testimony.[130] The district court also concluded that defendant's economic expert should be excluded because he conceded that he had never used his methods concerning valuation of trademarks before and that his methods had never been subject to peer review.[131] Further, he could not identify any published material to show that he had followed "the scientific method, as it is practiced by (at least) a recognized minority of scientists in their field."[132] The court found no evidence suggesting that his method was accepted by any other economist.[133]

VI. The Proposed Amendment to Rule 702

While *Kumho* was making its way through the federal courts, proposed changes to Rule 702 of the *Federal Rules of Evidence* were under consideration by Congress. In 1995, an amendment to codify the *Daubert* test as part of Rule 702 ***15** was introduced in the Common Sense Legal Reforms Act.[134] The first attempt failed because the Judicial Conference Advisory Committee on Evidence Rules, appointed by Chief Justice Rehnquist, concluded that amending Rule 702 would be

counter-productive until there was more time to determine the effectiveness of the *Daubert* criteria.[135] Additionally, concern was voiced that the proposed rule change would block too much expert testimony (more than *Daubert*) because the proposal would exclude expert opinions unless their probative value outweighed the dangers of Rule 403.[136]

The Senate version of the bill was written to apply to technical or medical opinions, as well as scientific.[137] The Senate bill also required trial judges to consider whether the opinion was published in peer-reviewed literature and required that the expertise must be in the particular field about which the expert witness would testify.[138]

In late 1997, not long after the first proposed rule change was abandoned, a subcommittee, chaired by Senior District Judge Shadur of the Northern District of Illinois, was formed to consider and draft proposed revisions to Rules 701, 702, and 703 in light of *Daubert* and the many cases applying its principles.[139] The subcommittee drafted the proposed rules in early 1998, and the Advisory Committee approved them at its April 1998 meeting.[140] The Standing Committee on the Rules of Practice and Procedure of the Judicial Conference of the United States approved the rule changes and, in August 1998, issued the proposed amendments for public comment.[141]

The proposed amendment to Rule 702 provided a three-prong test for evaluating reliability of expert opinions that was somewhat broader than the *Daubert* criteria. In May 1999, shortly after the Supreme Court's *Kumho* decision, ***16** the Advisory Committee recommended that the proposed Rule 702 be adopted.[142] After the proposed amendment, Rule 702 would read as follows:
Rule 702. Testimony by Experts

If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

The Advisory Committee issued extensive notes with the proposed amendment.[143] Approximately 150 comments were considered and published concerning the proposed amendment.[144] A number of comments praised the rule change as long overdue in addressing the need to exclude "junk science."[145] Critics opposed the proposed amendment because, they said, it would delay trials and increase costs of litigation.[146] Additional negative comments suggested that the rule change would handicap experts who relied primarily on experience rather than scientific methods.[147] Others were concerned that the proposed amendment to Rule 702 would grant trial court judges virtually unlimited discretion to exclude experts who were vital to their cases, effectively depriving them of the right to a jury trial.[148] The Committee, responding to concerns that the rule change would dramatically limit the presentation and cross-examination of expert testimony at trial, cautioned that it did not intend the rule to "provide an excuse for an automatic challenge to the testimony of every expert."[149]

VII. After the Amendment, Will *Daubert* Be Gone?

Amended Rule 702 does not prevent courts from using the *Daubert* factors to assess the reliability of scientific expert testimony.[150] According to the Advisory Committee's Notes to proposed Rule 702, the new three-prong test will still require ***17** consideration of any or all of the *Daubert* factors, plus other factors that courts have applied in evaluating admissibility of expert testimony.[151]

Other factors that courts have applied include: (a) whether the expert reached the same conclusions independently of the litigation; (b) whether the expert "unjustifiably extrapolated from an accepted premise to an unfounded conclusion;" (c) whether the expert "adequately accounted for obvious alternative explanations;" (d) whether the expert applied the same level of "intellectual rigor" in the courtroom as when he works in the relevant field; and (e) whether the field of expertise is known to reach reliable results for the type of opinion the expert would give.[152] The Advisory Committee concluded that "no single factor is necessarily dispositive of the reliability of a particular expert's testimony."[153]

The Committee Note to the proposed amendment makes clear that the party seeking to introduce the expert testimony shoulders the burden of satisfying the admissibility requirements of the rule.[154] Challengers have no burden of proof; rather, the proponent of the expert must establish by a preponderance of the evidence that admissibility requirements are satisfied.[155]

The Committee Note also repeated *Kumho's* conclusion that trial court judges should exercise the "same degree of scrutiny" towards scientific and non-scientific experts alike.[156] The trial court judge should apply the reliability standards of the new rule to assure that the expert's method is: (a) properly grounded in an accepted body of learning or experience; (b) well reasoned; and (c) not speculative.[157] According to the Committee Note, the expert "must explain how the conclusion is so grounded."[158] For example, an expert relying on experience rather than a particular scientific methodology must "explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how the experience is reliably applied to the facts."[159] The trial court, according to the Committee, should be more vigilant in order to exclude experts whose explanations are "subjective or controversial."[160]

***18** The Committee Note also explains the relationship between the proposed amendment to Rule 702 and current Rule 703.[161] Only the sufficiency of the basis of an expert's testimony would be tested under Rule 702, while Rule 703 focuses on the "relatively narrow inquiry" of whether inadmissible information on which the expert relied is of a type reasonably relied upon by other experts in the field.[162] Rule 702 would decide the sufficiency of the facts and data, including inadmissible data subject to the Rule 703 inquiry.[163]

The proposed amendment, according to the Committee Note, "makes no attempt to set forth procedural requirements for exercising the trial court's gatekeeping function over expert testimony."[164] Procedures adopted by the district courts may include *in limine* hearings in advance of trial, motion practice, and submissions by the experts to satisfy the requirements of Rule 702.[165]

VIII. Conclusion

Litigants have nothing to lose by moving to exclude opposing experts who use unreliable methods in intellectual property cases. When challenged, the proponent of the expert has the burden to establish that the methods are reliable. For example, the proponent of the expert should explain why the methods used in the expert's report are reliable under Federal Rule of Civil Procedure 26(a)(2), or prepare the expert witness to testify as to his reliability. The proposed amendment of Rule 702, if adopted, may encourage more challenges to expert witnesses before trial.

Footnotes

a1 Mr. Dellett is a partner with the law firm of Fulbright & Jaworski LLP, Austin, Texas.

1 526 U.S. 137, 50 U.S.P.Q.2d (BNA) 1177 (1999).

2 *See* Daubert v. Merrell Dow Pharm., Inc., 509 U.S. 579, 27 U.S.P.Q.2d (BNA) 1200 (1993) (charging federal judges with the responsibility of excluding unreliable expert testimony and providing a list of factors courts could use to evaluate the reliability of the methods used by experts).

3 *See infra* notes 142-49 and accompanying text.

4 *See* Conference Report, *Criminal Law—Evidence: Judge Outlines Proposed Changes to Rules Governing Opinion Testimony*, 67 U.S.L.W. 2588, 2589 (1999).

5 *Id.*

6 *See* John L. Carroll, *Evidentiary Developments And Proposed Changes In The Federal Rules Of Evidence*, SD52 ALI-ABA 1101 (1999), at 28-37.

7 *Daubert*, 509 U.S. at 579, 27 U.S.P.Q.2d at 1200.

[8] *Id.* at 593-94, 27 U.S.P.Q.2d at 1206.

[9] 293 F. 1013 (D.C. Cir. 1923).

[10] *Id.* at 1014.

[11] *See* Daubert v. Merrell Dow Pharm. Inc., 509 U.S. 579, 585, 27 U.S.P.Q.2d (BNA) 1200, 1203 (1993) (stating that courts used the *Frye* test primarily expert testimony in criminal actions and to exclude "new and novel" theories). *See generally* Michael H. Graham, *The Expert Witness Predicament: Determining 'Reliable' Under the Gatekeeping Test of Daubert, Kumho, and Proposed Amended Rule 702 of the Federal Rules of Evidence*, 54 U. MIAMI L. REV. 317 (2000).

[12] FED. R. EVID. 702, provides: "If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise." The Advisory Committee Notes to the 1972 proposed rules stated that "[t]he rule is broadly phrased" and that opinions are excluded only if "they are unhelpful and therefore superfluous and a waste of time." *See also* Beech Aircraft Corp. v. Rainey, 488 U.S. 153, 169 (1988) (embracing Rule 702 as a "general approach of relaxing the traditional barriers to 'opinion' testimony").

[13] *Daubert*, 509 U.S. at 585, 589, 27 U.S.P.Q.2d at1203-04 (stating that the *Frye* test was an "austere standard" that was incompatible with the Federal Rules of Evidence). *See also* Edward R. Becker & Aviva Orenstein, *The Federal Rules of Evidence After Sixteen Years—The Effect of "Plain Meaning" Jurisprudence, the Need for an Advisory Committee on the Rules of Evidence, and Suggestions for Selective Revision of the Rules*, 60 GEO. WASH. L. REV. 857 (1992); *Confronting the New Challenges of Scientific Evidence*, 108 HARV. L. REV. 1481 (1995).

[14] *Id.* at 583, 27 U.S.P.Q.2d at 1202.

[15] *Id.* at 582-83, 27 U.S.P.Q.2d at 1202.

[16] *Id.* at 583, 27 U.S.P.Q.2d at 1202.

[17] Daubert v. Merrell Dow Pharm., Inc., 727 F. Supp. 570, 572-75 (S.D. Cal. 1989).

[18] Daubert v. Merrell Dow Pharm., Inc., 951 F.2d 1128 (9th Cir. 1991).

[19] Daubert v. Merrell Dow Pharm., Inc., 509 U.S. 579, 588-89, 27 U.S.P.Q.2d (BNA) 1200, 1204. However, the Court also stated that "the Rules of Evidence—especially Rule 702—do assign to the trial judge the task of ensuring that an expert's testimony both rests on a reliable foundation and is relevant to the task at hand." *Id.* at 597, 27 U.S.P.Q.2d at 1208.

[20] *Id.* at 591-92, 27 U.S.P.Q.2d at 1205.

[21] *Id.* at 593-95, 27 U.S.P.Q.2d at 1206.

[22] *Id.* at 591-92, 27 U.S.P.Q.2d at 1205.

[23] *See generally* K. Isaac deVyver, *Opening the Door but Keeping the Lights Off: Kumho Tire Co. v. Carmichael and the Applicability of the* Daubert *Test to Nonscientific Evidence*, 50 CASE W. RES. L. REV. 177 (1999).

[24] *Daubert*, 509 U.S.at 595-96, 27 U.S.P.Q.2d at 1207.

[25] *See* Daubert v. Merrell Dow Pharm., Inc., 43 F.3d 1311, 1316-18 (9th Cir. 1995) (stating that "[t]wo of the four factors mentioned by the Supreme Court would be difficult or impossible to apply"). *See generally* John S. Mills, *Daubert v. Merrell Dow Pharmaceuticals, Inc. on Remand: The Ninth Circuit Loses its Way in the "Brave New World"*, 29 GA. L. REV. 849 (1995).

[26] *Id.* at 1317.

[27] *Id.* at 1318.

[28] *Id.*

[29] *See, e.g.*, David E. Bernstein, *The Admissibility of Scientific Evidence After Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 15 CARDOZO L. REV. 2139 (1994); Nancy S. Farrell, *Congressional Action to Amend Federal Rule of Evidence 702: A Mischievous Attempt to Codify Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 13 J. CONTEMP. HEALTH L. & POL'Y 523 (1997).

[30] *See, e.g.*, David L. Faigman, *The Evidentiary Status of Social Science Under Daubert: Is it "Scientific," "Technical" or "Other" Knowledge*?, 1 PSYCH. PUB. POL. & L. 960 (1995); Teresa S. Renaker, *Evidentiary Legerdemain: Deciding When Daubert Should Apply to Social Science Evidence*, 84 CAL. L. REV. 1657 (1996); Robert F. Lanzillotti, *Coming to Terms with Daubert in Sherman Act Complaints: A Suggested Economic Approach*, 77 NEB. L. REV. 83 (1998); Christopher B. Hockett & Frank M. Hinman, *Admissibility of Expert Testimony in Antitrust Cases: Does Daubert Raise a New Barrier of Entry for Economists*?, ANTITRUST (Summer 1996); Lisa M. Agrimonti, *The Limitations of Daubert and its Misapplication to Quasi-Scientific Experts; A Two Year Case Review of Daubert v. Merrell Dow Pharm., Inc.*, 35 WASHBURN L. J. 134 (1995).

[31] *See, e.g.*, Shuhba Ghosh, *Fragmenting Knowledge, Misconstruing Rule 702: How Lower Courts Have Resolved the Problem of Technical and Other Specialized Knowledge in Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 1 J. INTELL. PROP. 1 (1999). *See also* Heahter G. Hamilton, *The Movement from Frye to Daubert: Where do the States Stand*?, 38 JURIMETRICS 201 (1998); Edward J. Imwinkelreid, *The Next Step After Daubert: Developing a Similarly Epistemological Approach to Ensuring the Reliability of Nonscientific Expert Testimony*, 15 CARDOZO L. REV. 2271 (1994); Edson McClellan, *Sharpening the Focus on* Daubert's *Distinction Between Scientific and Nonscientific Expert Testimony*, 34 SAN DIEGO L. REV. 1719 (1997); Kristina L. Needham, *Questioning the Admissibility of Nonscientific Testimony After Daubert: The Need for Increased Judicial Gatekeeping to Ensure the Reliability of All Expert Testimony*, 25 FORDHAM URB. L.J. 541 (1998); Jennifer Laser, Note, *Inconsistent Gatekeeping in the Federal Courts: Application of Daubert v. Merrell Dow Pharmaceuticals to Nonscientific Expert Testimony*, 30 LOY. L.A. L. REV. 1379 (1997).

[32] *See, e.g.*, Bert Black *et al., Science and the Law in the Wake of Daubert: A New Search for Scientific Knowledge*, 72 TEX. L. REV. 715 (1994); Adina Schwartz, *A "Dogma of Empiricism" Revisited: Daubert v. Merrell Dow Pharmaceuticals, Inc. and the Need to Resurrect the Philosophical Insight of Frye v. United States*, 10 HARV. J.L. & TECH. 149 (1997); Alan W. Tamarelli, Jr., *Daubert v. Merrell Dow Pharmaceuticals: Pushing the Limits of Scientific Reliability—the Questionable Wisdom of Abandoning the Peer Review Standard for Admitting Expert Testimony*, 47 VAND. L. REV. 1175 (1994).

[33] 526 U.S. 137, 50 U.S.P.Q.2d (BNA) 1177 (1999).

[34] *Id.* at 141, 50 U.S.P.Q.2d at 1180.

[35] *Id.* at 142, 50 U.S.P.Q.2d at 1180.

[36] *Id.*, 50 U.S.P.Q.2d at 1181 (stating that the expert's qualifications included a master's degree in mechanical engineering, ten years work at Michelin, and testimony as a tire failure consultant in other tort cases).

[37] Carmichael v. Samyang Tires, Inc., 923 F. Supp. 1514, 1520-22 (S.D. Ala. 1996).

[38] *Id.* at 1523.

[39] *Id.* at 1521.

[40] *Id.*

[41] *Id.* at 1521-1522.

[42] Carmichael v. Samyang Tire, Inc., 131 F.3d 1433 (11th Cir. 1997).

[43] Kumho Tire Co. Ltd. v. Carmichael, 526 U.S. 146, 50 U.S.P.Q.2d (BNA) 1182 (1999).

[44] *Id.* at 147, 50 U.S.P.Q.2d at 1182 (quoting FED. R. EVID. 702).

[45] *Id.* at 148, 50 U.S.P.Q.2d at 1183

[46] *Id.* at 148-49, 50 U.S.P.Q.2d at 1183.

[47] *Id.* at 149-50, 27 U.S.P.Q.2d at 1183-84.

[48] *Id.* at 151, 50 U.S.P.Q.2d at 1184.

[49] *Id.*

[50] *Id.*

[51] *Id.* at 152-53, 50 U.S.P.Q.2d at 1184.

[52] *Id.* at 152, 50 U.S.P.Q.2d at 1184.

[53] The Supreme Court in *General Electric Co. v. Joiner*, 522 U.S. 136, 146 (1997), held that it was proper, to some extent, to examine an expert's conclusions as well as the methodology used to reach the opinion and that appellate courts should use the "abuse of discretion" standard when reviewing a trial judge's decision to admit or exclude scientific expert testimony under *Daubert*. The Court also indicated that trial judges may exclude expert opinions that are connected to the facts and data "only by the *ipse dixit* of the expert."

[54] Kumho Tire Co. Ltd. v. Carmichael, 526 U.S. 146, 153, 50 U.S.P.Q.2d (BNA) 1182, 1184 (1999).

[55] *See, e.g.*, K. Isaac deVyver, *Comment: Opening the Door but Keeping the Lights Off: Kumho Tire Co. v. Carmichael and the Applicability of the Daubert Test to Non-scientific Evidence*, 50 CASE W. RES. L. REV. 177 (1999); Kimberly M. Hrabosky, *Kumho Tire v. Carmichael: Stretching Daubert Beyond Recognition*, 8 GEO. MASON L. REV. 203 (1999); Michael H. Graham, *The Expert Witness Predicament: Determining 'Reliable' Under the Gatekeeping Test of Daubert, Kumho, and Proposed Amended Rule 702 of the Federal Rules of Evidence*, 54 U. MIAMI L. REV. 317 (2000).

[56] *See infra* notes 91-99 and accompanying text.

[57] 528 U.S. 440 (2000).

[58] *Id.* at 972-73.

[59] 182 F.3d 1298, 51 U.S.P.Q.2d (BNA) 1161 (Fed. Cir. 1999).

[60] *Id.* at 1308 n.2, 51 U.S.P.Q.2d at 1168 n.2.

[61] 90 F.3d 1576, 39 U.S.P.Q.2d (BNA) 1573 (Fed. Cir. 1996).

[62] *Pitney Bowes*, 182 F.3d at 1308, 51 U.S.P.Q.2d at 1167-68.

[63] 55 F. Supp. 2d 1024 (N.D. Cal. 1999).

[64] *Id.* at 1029-30.

[65] *Id.*

[66] *Id.* at 1031.

[67] *Id.* at 1032.

[68] *Id.* at 1031-32.

[69] *Id.* at 1033.

[70] *Id.*

[71] 89 F.3d 594 (9th Cir. 1996).

[72] Carnegie Mellon University v. Hoffman-LaRoche, Inc., 55 F. Supp. 2d 1024, 1033 (N.D. Cal. 1999).

[73] *Id.* at 1034.

[74] *Id.* (quoting Daubert v. Merrell Dow Pharm. Inc., 43 F.3d 1311, 1319 (9th Cir. 1995).

[75] *Id.*

[76] *Id.*

[77] *Id.* at 1034-35.

[78] *Id.* at 1040.

[79] *Id.* at 1046.

[80] 931 F. Supp. 303 (D. Del. 1996).

[81] *Id.* at 316.

[82] *Id.* at 316-17.

[83] *Id.* at 313-19.

[84] *Id.* at 320-28.

[85] *Id.* at 317.

[86] 1998 U.S. App. LEXIS 6663 (6th Cir. 1998).

[87] *Id.* at *9.

[88] *Id.* at *24 n.9.

[89] 189 F.R.D. 410 (N.D. Cal. 1999).

[90] *Id.* at 415-16.

[91] 185 F.3d 496 (5th Cir. 1999).

[92] *Id.* at 507.

[93] *Id.* at 502.

[94] *Id.* at 506-07.

[95] 77 F. Supp. 2d 1045 (D. Minn. 1999).

[96] *Id.* at 1098.

[97] *Id.* at 1099.

[98] *Id.*

[99] *Id.* (quoting Kumho Tire Co. Ltd. v. Carmichael, 526 U.S. 137, 152 (1999)).

[100] 913 F. Supp. 1454 (D. Kan. 1996).

[101] *Id.* at 1465-70.

[102] 57 F. Supp.2d 665 (E.D. Wis. 1999).

[103] *Id.* at 668-73.

[104] *Id.* at 673.

[105] 65 F.3d 725 (8th Cir. 1995).

[106] *Id.* at 728.

[107] *Id.* at 733-34.

[108] *Id.* at 734.

[109] *Id.*

[110] *Id.*

[111] No. 93-C-6333, 1998 U.S. Dist. LEXIS 12882 (August 14, 1998) and No. 93-C-6333, 1998 U.S. Dist. LEXIS 19161 (December 1, 1998).

[112] 1998 U.S. Dist. LEXIS 12882, at *36-49; 1998 U.S. Dist. LEXIS 19161, at *1-9.

[113] 1998 U.S. Dist. LEXIS 12882, at *38-39.

[114] *Id.* at *42.

[115] *Id.*

[116] *Id.* at *43-45.

[117] *Id.*

[118] 1998 U.S. Dist. LEXIS 19161, at *3-4.

[119] *Id.* at *5.

[120] *Id.* at *7-9.

[121] 74 F. Supp. 2d 64 (D. Mass. 1999).

[122] *Id.* at 65.

[123] *Id.* at 68.

[124] *Id.* at 69.

[125] *Id.*

[126] 173 F.R.D. 675 (D. Kan. 1997).

[127] *Id.* at 687-89.

[128] *Id.* at 679-81.

[129] *Id.* at 683.

[130] *Id.* at 684-86.

[131] *Id.* at 686.

[132] *Id.*

[133] *Id.* at 686-87.

[134] Common Sense Legal Reforms Act of 1995, H.R. 10, 104th Cong. (1995). *See also* Nancy S. Farrell, *Congressional Action to Amend Federal Rule of Evidence 702: A Mischievous Attempt to Codify Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 13 J. CONTEMP. H.L. & POL'Y 523 (1997). *See generally Proposed Civil Justice Reform Legislation: Proposed Legislation: Agenda for Civil Justice Reform in America*, 60 U. CIN. L. REV. 979 (1992) (recommending adoption of an amendment to Rule 702).

[135] *See* Letter from Judge Ralph K. Winter, 2d Cir., Chair Of the Advisory Committee of Evidence Rules, Committee on Rules of Practice and Procedure of the Judicial Conference of the U.S., to the Hon. Henry J. Hyde, Chair., House Committee on the Judiciary, 104th Cong. (Feb. 7, 1995).

[136] *Id.* at 2. *See also Attorney Accountability: Hearings Before the Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary*, 104th Cong., 191 (1995); Farrell, *supra* note xx at 250.

[137] Civil Justice Fairness Act of 1997, S.79, 105th Cong. (1997).

[138] *Id.* at § 302(B).

[139] *See* Nilssen v. Motorola, Inc., No. 93-C-6333, 1998 U.S. Dist. LEXIS 12882, at *36 (N.D. Ill. August 14, 1998).

[140] *Id.*

[141] *Id. See also* John L. Carroll, *Evidentiary Developments and Proposed Changes in the Federal Rules of Evidence*, SD52 ALI-ABA 1101, at 31.

[142] *See id.*

[143] *See* FED. R. EVID. 702 proposed advisory committee's notes, app. B-53 to B-65.

[144] *See* FED. R. EVID. 702 summary of comments on the proposed amendment to vidence rule 702, app. B-65 to B-98.

[145] *See id.* For example, Professor Michael H. Graham supports the proposed amendment because it would provide the court "with sufficient confidence that [the expert's theory] 'may work'." *Id.* at B-76.

[146] *See id.* For example, the Hon. D. Brock Hornby, Chief Judge of the U.S. District Court for the District of Maine, stated that the proposed amendment would impose substantial litigation costs due to the "proliferation of motions to preclude expert testimony." *Id.* at B-69.

[147] *See id.* Professor Laird Kirkpatrick suggested that the proposed amendment would disadvantage a witness whose "experience may not include much in the way of 'principles and methods'." *Id.* at B-67.

[148] *See id.* The National Board of the American Board of Trial Advocates argued that the amendment "preempts the fact-finding and decision-making powers of the jury." *Id.* at B-74.

[149] *See* proposed advisory committee's notes, app. B-57.

[150] *Id.* at B-56.

[151] *Id.* at B-55.

[152] *Id.* at B-55 to B-56.

[153] *Id.* at B-57.

[154] *See id.* at B-54. ([T]he admissibility of all expert testimony is governed by the principles of Rule 104(a). Under that Rule, the proponent has the burden of establishing that the pertinent admissibility requirements are met by a preponderance of the evidence. *See* Bourjaily v. United States, 483 U.S. 171 (1987).

[155] *Id.*

[156] *Id.* at B-60.

[157] *Id.*

[158] *Id.*

[159] *Id.* at B-61 to B-62.

[160] *Id.* at B-62.

[161] *Id.* at B-62.

[162] *Id.* at B-63.

[163] *Id.*

[164] *Id.*

[165] *Id.* Commentators have dealt with the difficult and time-consuming procedural issues of assessing the reliability of expert methods under the *Daubert* standard. *See, e.g.*, American College of Trial Lawyers, *Standards and Procedures for Determining the Admissibility of Expert Testimony after* Daubert, 157 F.R.D. 571 (1994); Daniel J. Capra, *The Daubert Puzzle*, 32 GA. L. REV. 699 (1998); Margaret A. Berger, *Procedural Paradigms for Applying the Daubert Test*, 78 MINN. L. REV. 1345 (1994).