

February 18, 2014

Committee on Rules of Practice and Procedure
Administrative Office of the United States Courts
One Columbus Circle, NE
Washington, DC 20544

**Re: Comments of the American Intellectual Property Law Association on the
Proposed Amendments to the Federal Rules of Civil Procedure;
Docket ID: USC-RULES-CV-2013-0002**

Dear Committee on Rules of Practice and Procedure:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to comment on the Preliminary Draft of Proposed Amendments to the Federal Rules of Bankruptcy and Civil Procedure, issued August 2013.

AIPLA is a national bar association with approximately 15,000 members engaged in private and corporate practice, in government service, and in academia. AIPLA's members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, copyright, and trademark law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property, and many of our members are engaged in litigating intellectual property matters from a variety of perspectives and in a variety of forums.

Additionally, AIPLA is actively engaged in ongoing discussion concerning the intellectual property system and enforcement of intellectual property rights, both in the United States and internationally. The Association, for instance, has been represented in Congressional hearings, submitted comments in response to many regulatory notices, engaged in discussions with various Attorneys General considering state positions on the issues, and participated in governmental and quasi-governmental advisory bodies.

General Observations

AIPLA commends the Committee for its continuing efforts to address issues in the management of civil litigation. Patent infringement litigation, in particular, has attracted substantial attention recently in the form of legislative proposals, in both the House of Representatives and the Senate, which seek to curb perceived abuses in patent litigation practice.

Late last year, the House passed H.R. 3309, the “Innovation Act.” In addition to making improvements and technical corrections to Title 35 of the U.S. Code and to the Leahy-Smith America Invents Act, H.R. 3309 includes a number of specific provisions designed to limit perceived abuses of the civil litigation system by so-called “patent trolls,” also known as “non-practicing entities” or “patent assertion entities.” Among other things, the legislation addresses pleading requirements, recovery of attorneys’ fees, joinder, identification of the real party in interest, and other issues. Other provisions specifically address case management and discovery in patent infringement actions.

In AIPLA’s view, some of these legislative proposals, particularly the case management and discovery provisions, threaten to adversely affect the litigation process and to disrupt the balance established by the Rules Enabling Act, 28 U.S.C. § 2072, which permits the Judicial Conference of the United States to establish effective case management rules for civil litigation, including patent infringement actions.

AIPLA in general believes that the Committee’s proposed amendments to the Federal Rules, as discussed in these comments, would provide substantial benefits to courts and parties, including the government. Many of the proposals could remove the need for legislation, which would be inflexible and unresponsive to actual experience after enactment. Specifically, AIPLA commends the Committee on those proposed amendments that are likely to increase the consistency and reduce the burdens of civil litigation. These include, for example, further limits on discovery, although AIPLA respectfully proposes that additional amendments may be warranted to further enhance this process.

Finally, AIPLA believes that certain of the proposed amendments may prove unworkable. For example, changing the time for issuing a Rule 16 Scheduling Order from 120 days to 90 days after service, or 60 days after a defendant appears, may be unworkable in certain complex matters, such as where there are multiple defendants (some of whom may be overseas) or where the government is a defendant.

AIPLA recommends that greater consistency could be achieved in civil litigation by retaining the current deadlines but making certain proposed amendments and initial disclosures mandatory, with no opportunity for individual districts to opt out. In particular, AIPLA believes that the early and active involvement of a judicial officer in case management is one of the more effective case management tools, and recommends that mandatory initial disclosures and an effective, early scheduling conference would provide greater uniformity and enhance case management.

Specific Observations

1. Rule 1. Scope and Purpose.

The proposed amendments would modify Rule 1 to clarify that the just, speedy, inexpensive determination of every action is not merely the responsibility of the courts, but is also the responsibility of the parties. AIPLA commends the amendment to make this obligation clear.

2. Rule 4. Summons.

The proposed amendments would change the current 120-day period within which the complaint must be served to 60 days.

AIPLA believes that the change is appropriate, particularly given the second sentence of Rule 4, which requires that the court expand the time for good cause shown. However, AIPLA respectfully requests that the Committee Note be amended to expressly state specific circumstances that might compel such an extension. For instance, many complex actions in areas such as patent or antitrust law are resolved by mutual agreement of the parties after a complaint has been filed but before it has been served. In fact, approximately 28% are resolved before a responsive pleading is filed. *See* Annual Report of the Director of the Administrative Office of United States Courts, Table C-4 (Sept. 2012).

AIPLA recommends that the Committee Note include an express recognition that good faith settlement negotiations would normally constitute good cause sufficient to compel an extension of the time for service. AIPLA believes that such a modification would further the public interest by reducing the application of scarce judicial resources to the many matters in complex actions which settle very early. Further, AIPLA recommends that the Committee Note recognize the logistical constraints of effecting service on a foreign defendant, which also could justify good cause for an extension since service on foreign defendants often requires more than 60 days to accomplish.

3. Rule 6. Service.

The proposed amendment would modify Rule 6 to eliminate the potential for a party to manipulate the return date for a required action based upon the method of service employed. A 2005 change that introduced the phrase “after service” has created uncertainty with respect to those rules that allow a party to act after making service. Now, under certain rules, a party may claim additional days for certain methods of service. For example, a literal reading of the current Rule 6(d) would allow a defendant to extend the period to amend under Rule 15(a)(1)(A) to 24 days by choosing to serve the answer by any of the means specified in Rule 6(d).

The proposed amendment would undo this unintended change and provide three additional days regardless of the method of service. AIPLA endorses the proposed change.

4. Rule 16. Pretrial Conferences; Scheduling; Management.

The proposed amendments would change the deadline for issuing a scheduling order—in those districts that have not opted out of the requirement—from 120 days to 90 days after service on any defendant, or to 60 days after a defendant appears. It would add an extension for good cause shown and require that the scheduling conference be held by direct communication, namely, by telephone, video, or other direct communication method, or held live.

AIPLA commends the Committee’s proposal to shorten the deadline for issuance of a scheduling order, provided an extension is available in appropriate circumstances. In the experience of

AIPLA members, the early, active participation of a judicial officer is beneficial for narrowing the issues or resolving the case.

Rules 16 and 26, however, currently permit districts to opt out of initial disclosures and scheduling conference obligations. This has created a lack of uniformity among the districts. This lack of uniformity may be a reason that some in Congress feel it necessary to act in a manner that could impair the Judicial Conference's autonomy under the Rules Enabling Act.

AIPLA recommends that the Committee further revise Rules 16 and 26 to eliminate the ability of districts to opt out of the Rule 26(a)(1) Initial Disclosure and Rule 16(b) Scheduling Conference requirements. Although this may impose an additional burden on those districts that have chosen to opt out, initial disclosures impose no burden on the court and minimal burden on the parties. Scheduling conference obligations are minimal (although there may be a cost to the parties associated with in-person conferences) and the benefits of these procedures are substantial. Greater uniformity would likely result from this revision, enhancing the administration of justice.

Thus, AIPLA proposes that the Committee go further than the currently proposed amendments to require that both Rule 26 Initial Disclosures and a Rule 16 Scheduling Conference be held within specified time limits (keeping in mind the relative burdens of travel as opposed to the benefits of a live conference), and that courts include certain content in the Rule 16 Scheduling Order. In addition, should the Committee accept the proposal to eliminate the ability to opt out of the provisions of Rule 26(a)(1) and 16(b), AIPLA urges that the requirement of direct communication be applicable absent agreement of the parties.

AIPLA notes, however, that the proposed amendment to reduce certain time periods specified in Rule 4 might prove unduly prejudicial to some defendants and to the government where it is a party. If the initial disclosure requirements of Rule 26(a)(1) and a scheduling conference under Rule 16 are made mandatory, AIPLA respectfully proposes retaining the 120-day deadline for issuing a scheduling order. This would reduce prejudice to large defendants, or those overseas, and increase uniformity between districts.

AIPLA notes further that motions to dismiss frequently remain pending for months in many district courts. To expedite the consideration of motions to dismiss and encourage early disposal of meritless litigation, AIPLA recommends that the Committee impose additional deadlines of 60 to 90 days within which the court must rule on a motion to dismiss once the issue has been submitted. The Rule 16 Scheduling Conference could then be held promptly after the court's ruling on any motion to dismiss.

While AIPLA appreciates the effort and thought in preparing the proposed amendment, we believe that it may fail to address a situation that arises regularly in complex cases. Often multiple defendants are named in a single action, as where, for example in a patent case, one suit is brought against a supplier and seller or reseller. Here too AIPLA recommends that the Committee Note include a statement that flexibility should be allowed for service on the multiple defendants, advising that a schedule should not be imposed before there has been a reasonable opportunity to serve all defendants.

Similarly, in some patent infringement disputes, multiple actions are filed asserting the same patent(s) against multiple defendants in the same or different judicial districts. Although these would not be consolidated for trial under the current joinder rules, such cases still could be considered related or could be consolidated for pretrial procedures. At a minimum, this recommendation would give courts an opportunity to keep the cases on the same pretrial schedule, avoiding duplicative activity and a waste of judicial resources. It would also help avoid the potential for inconsistent substantive rulings on common issues, such as claim construction.

On a related note, multiple cases pending in the same or different judicial districts regularly involve motions to dismiss or transfer by one or more of the defendants. In many districts, the motions remain pending for long periods of time. When transfer (for instance) is finally granted under these circumstances, there can be a vast disparity in schedules necessitating either duplicate efforts by the court or significant delay.

AIPLA respectfully requests that the Committee Note specifically state that, in these situations where the court is consolidating or treating cases as related for pretrial purposes, the court should rule promptly on any motions to dismiss or transfer, should resolve the motions within 60 days after they have been submitted, and should hold a scheduling conference promptly after ruling on the motion(s).

AIPLA recommends further that, rather than being merely permissive, the proposed amendments require the district courts to include certain specified information in the scheduling order. It remains a concern of Congress that the rules for managing cases are inconsistent from district to district. While some judicial districts impose scheduling orders that include detailed case management provisions, others do not. Because a more consistent judicial application of Rule 16 is both appropriate and in the public interest, AIPLA recommends that the beginning of proposed amendment to Rule 16(b)(3)(B)—“*Permitted Contents*. The scheduling order may:” —be changed to “*Contents*. The scheduling order shall:” (emphasis added).

AIPLA commends the addition of subsection (v), which directs that, before moving for an order relating to discovery, the parties must request a conference with the court. Yet, the proposed amendment might be counterproductive in certain districts based upon the local rules and practice already in place. Some courts, such as the U.S. District Court for the District of Delaware, have imposed such a requirement, which has eliminated much needless motions practice. Other courts, such as the U.S. District Court for the Eastern District of Virginia, employ requirements that the parties shall meet and confer, providing the opportunity to be heard on 10-days’ notice for certain discovery motions.

Adding the requirement in (v) that the parties confer in this situation would slow down this process and, AIPLA believes, would not be in the interests of justice. AIPLA therefore recommends that subsection (v) be modified to make it effective only “absent local rules providing that discovery motions may be heard on less than 14 days’ advance notice and subject to the requirement that the parties shall meet and confer prior to presenting any motion.” This amendment would retain the salutary effect of the conference requirement while also preserving

the beneficial effects of expeditious motions practice, such as that employed by the Eastern District of Virginia.

AIPLA further recommends that the Committee investigate additional requirements for the Rule 16 Scheduling Order, which may be beneficial in patent infringement actions as well as in other complex cases. The topics for investigation may include: whether or not claim construction is necessary; the potential for early dispositive motions practice; and the amount in dispute in order to set the level of proportionality with respect to other provisions of the proposed amendments.

Finally, as further revisions of the Federal Rules to improve case management are considered, AIPLA recommends that the Judicial Conference consider establishing a more complex case track, which would apply to complex cases of any subject matter (including certain patent cases), without requiring that these additional procedures be employed in all cases. There are many districts that currently have such tracks, setting longer deadlines for complex cases than for those that are not as complex. Complexity typically is evaluated by considering a number of factors, including the volume and burdens of expected discovery, as well as the nature of issues to be considered.

5. Rule 26. Duty to Disclose; General Provisions Regarding Discovery.

The proposed amendments would modify Rule 26 by imposing more predictable limits on the scope of discovery. AIPLA commends the Committee for developing a requirement that discovery must be proportional to the needs of the case. Civil discovery is one of the most burdensome and costly aspects of district court litigation and has become a substantial drain on the courts' and parties' resources.

The requirement of proportionality, coupled with the proposed amendments limiting the scope of discovery to those issues that are relevant to the claims or defenses, should help eliminate some of the worst abuses of the discovery process, while preserving the ability of the parties to gather needed information. To this end, the Committee has appropriately deleted the provision that has been interpreted to provide that the scope of discovery may be expanded to any information that may reasonably lead to the discovery of admissible evidence. The Committee Note reflects that this interpretation was not the intent of the drafters. This provision, in particular, is frequently cited as a basis for securing broad and aggressive discovery in civil litigation.

AIPLA commends the Committee for including within Rule 26(c)(1)(B) an express recognition of the district court's authority to allocate expenses. Although the district court inherently has this authority, numerous district courts decline to exercise it. Making this authority explicit might help encourage the courts to exercise their authority in this regard to ensure just allocation of expenses between the parties.

AIPLA recommends deleting Rule 26(d)(2), Early Rule 34 Requests. The rules currently permit a party to deliver requests prior to the scheduling conference. The proposed amendment would not change current practice in this regard. Indeed, AIPLA believes that the proposed provision would be used rarely, if ever. Moreover, AIPLA is concerned that, if accepted, the proposed

amendment might become a basis for making the early exchange of discovery requests mandatory in subsequent rules amendments. AIPLA opposes such a mandatory process. Further, AIPLA opposes this proposal in that the provision would apply only to the plaintiff, and no reason is given for not applying it to both parties.

AIPLA commends the Committee for including mandatory provisions on the preservation of evidence, and protecting the attorney-client privilege from waiver as a result of an inadvertent production.

AIPLA further encourages the Committee to explore additional subjects that might benefit from being addressed in the Rule 26 conference, as well as in the Rule 16 Scheduling Order. As noted above, AIPLA has observed that the early and active involvement of a judicial officer provides tremendous benefits to the parties in terms of case management and early resolution of issues.

6. Rule 30. Depositions by Oral Examination.

The proposed amendments would reduce the number of permitted depositions from 10 to 5, and the duration of an individual deposition from 7 to 6 hours. AIPLA supports these changes, with the proviso that the court retains the inherent authority to expand these presumptive limits, as appropriate. Particularly in patent infringement actions, as well as in other complex litigation, more than five depositions might be necessary. For example, antitrust, patent infringement, or products liability cases, as well as other complex cases, often require more than five depositions in order to provide adequate fact discovery and establish a foundation for the admissibility of evidence. In patent infringement cases, the patents-in-suit might list more than five inventors, and the inability to take the deposition of each inventor might unduly prejudice the defendant.

Accordingly, AIPLA recommends that the proposed changes be adopted, but urges that additional comments be added to the Committee Note to make it clear that the court retains the authority to apply the Rule with flexibility and to permit additional depositions in appropriate circumstances.

7. Rule 31. Depositions by Written Questions.

The proposed amendments would make changes to Rule 31 that are similar to those proposed for Rule 30. For the same reasons listed above with respect to Rule 30, AIPLA endorses the changes to Rule 31.

8. Rule 33. Interrogatories to Parties.

The proposed amendments would change the limit on the number of interrogatories from 25 to 15. Based on experience in many districts that limit the number of interrogatories to fewer than 25, it is unlikely that the proposed change would unduly prejudice litigants. AIPLA recommends, however, that the Committee Note be modified, as also noted above in reference to fact depositions, to make clear that, in certain complex litigation matters such as patent infringement, antitrust, and products liability cases, the court retains the flexibility to expand the number of interrogatories beyond the presumptive limit of fifteen.

9. Rule 34. Producing Documents, Electronically Stored Information, and Tangible Things, or Entering onto Land, for Inspection and Other Purposes.

AIPLA commends the Committee for these proposed amendments which would require that the parties identify a reasonable date by which production will be completed, and would require that a responding party indicate whether any documents are being withheld based upon the objections.

AIPLA, nonetheless, recommends that imposing a requirement that the time period be “reasonable,” without further guidance as to what constitutes a reasonable time, might lead to additional motions practice and to further burdens on the courts. Specifically, AIPLA recommends that the Committee Note be amended to state that “reasonable” should be determined in the context of other discovery and other activities in the case. The considerations should include, without limitation, any depositions that have been scheduled, whether the production is occurring on a rolling basis, and, further, that the Rule require that the party specify a date of substantial completion if its production will not be complete within the 30-day period. This will at least allow the parties to better frame the issues for the court and avoid the current practice that involves wasted time with parties meeting and conferring simply in order to determine whether anything has in fact been withheld based on the objections.

In addition, AIPLA recommends that the Committee Note consider allowing parties to produce, in appropriate circumstances, summary documents maintained in the ordinary course of business in lieu of primary documents, unless a party establishes the relevance of the primary documents. One example, which might be appropriate for inclusion in a Committee Note, would be allowing a party to produce monthly or quarterly sales summaries instead of the primary documents, i.e., the individual record of each sale such as each sales receipt, unless the party requesting production establishes that the added relevance of the individual sales receipts outweighs the costs and burden associated with the production of individual receipts.

10. Rule 36. Requests for Admission.

The proposed amendments would limit the number of Requests for Admission to no more than 25.

AIPLA commends the change. Requests for admission are frequently abused. Although Requests for Admission are typically harder to draft than they are to answer, too often, the party responding simply denies them. Limiting the number of requests for admission, except for those directed at the authenticity of documents, may help focus the parties to use requests for admission more effectively. AIPLA further supports the Committee Note reflecting that this would be a presumptive limit subject to enlargement as appropriate.

11. Rule 37. Failure to Make Disclosures or to Cooperate in Discovery; Sanctions.

The proposed amendments would in some ways enlarge the scope of conduct that is sanctionable; yet, in more substantial ways the amendments would make sanctions harder to obtain.

AIPLA supports the current proposed amendments, which clarify that failing to produce documents is sanctionable, but that the loss of electronically stored information is not as readily sanctionable, provided the party took reasonable steps to attempt to preserve the information.

12. Rule 55. Default Judgment.

The Committee proposes conforming Rule 55 to eliminate an inadvertent drafting problem. Specifically, based on the prior wording of Rule 55, the standard for vacating a default judgment changes based on the procedural posture of the case. AIPLA supports the proposed amendment.

13. Rule 68. Offers of Judgment.

Although the Committee did not take up Rule 68 on Offers of Judgment for amendment, AIPLA wishes to point out that this Rule has been a subject of concern. In that context, AIPLA recommends that the Committee undertake a close study of the Rule to determine if it is achieving its intended effect of encouraging settlement and avoiding protracted litigation.

14. Rule 84. Forms.

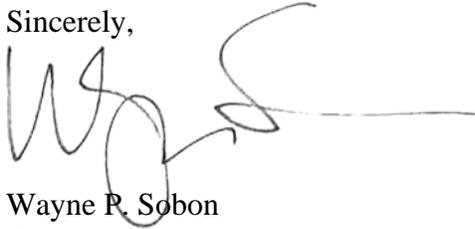
The proposed amendments would abrogate the Forms attached to Rule 84.

AIPLA commends the Committee for taking this step. First, the reasoning provided by the Committee appears sound. Specifically, the Forms were first implemented in the 1938 revisions of the Rules when the change from code pleading to notice pleading left some uncertainty. By providing specific forms, Rule 84 had the beneficial effect of ameliorating this incipient confusion. Maintaining current versions of the forms is burdensome, and given the lead time for promulgating proposed amendments to the Rules, the Forms are consistently out of date relative to current practice. Today, ample forms are readily available, including forms maintained by the Administrative Office of the United States Courts.

Second, and more important in AIPLA's view, the continued pendency of Form 18, specifying notice pleading in a patent infringement action, conflicts with evolving legal precedent, including *Twombly* and *Iqbal*, which impose heightened pleading requirements in certain situations. *See* 550 U.S. 544 (2007); 556 U.S. 662 (2009). Congress is currently considering heightened pleading requirements for patent infringement actions. Regardless of whether the courts or Congress address pleading requirements, Form 18 is now an anachronism, and elimination of the form would produce greater certainty and eliminate confusion.

AIPLA commends the Committee and the Judicial Conference for the substantial ongoing effort toward improving the Rules of Civil Procedure. AIPLA recognizes how critical this effort is to the effective administration of justice and encourages the Committee to continue to explore additional opportunities for improving the Rules with respect to the management of patent infringement cases in a manner that will ensure the just speedy, fair and efficient resolution of such disputes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wayne R. Sobon', with a long horizontal flourish extending to the right.

Wayne R. Sobon
President
American Intellectual Property Law Association