How to simplify your complex US litigation

The difficulty of managing patent litigation is magnified with increasing numbers of alleged infringers and actions filed across the United States. Errol Taylor and Joshua Rothman describe the benefits that consolidating these actions can confer on corporations engaged in such complex litigation

Multiple defendant patent cases are not new, but with the increased emphasis on patent protection and more pressure for companies to match the latest technological advances of their competitors, they are becoming more commonplace. In fact, in some fields, such as pharmaceuticals and computer software, multiple defendant litigations are routine. While managing any complex case can be daunting, managing and supporting the pre-trial process for multiple cases before several courts simultaneously can be overwhelming. One way to simplify the pre-trial process when faced with this challenge is to request that the Judicial Panel on Multidistrict Litigation (JPML) consolidate multi-defendant patent cases involving the same subject matter into a single proceeding.

What is the JPML?

The JPML is made up of seven Federal Court judges whose sole role is to determine whether cases with common issues, pending before separate judges, should be consolidated for pre-trial purposes. Initially formed in 1968 as a response to more than 2000 related antitrust conspiracy cases that were pending before 36 separate courts, the JPML has since consolidated more than 170,000 individual actions (see the interview with Judge Nagle, Chair of the Judicial Panel on Multidistrict Litigation, at http://www.uscourts.gov/ttb/decttb/nagle.htm). The JPML has the power to transfer related cases to a single district court for consolidated pre-trial proceedings.

The Panel meets in locations throughout the country every two months to hear oral argument and to decide requests to consolidate. The hearings have been held in such diverse venues as the mammoth Ceremonial Courtroom at 500 Pearl Street in New York City, and the cozy Courtroom Number 100 in the Wahsatch Building in Colorado Springs. For many cases, the consolidation decision is critical, with the JPML playing a key role in multi-billion dollar litigations involving such diverse issues as asbestos products, copyright protection, managed health care, and access for individuals with disabilities. The JPML reports that patent cases have accounted for much of the Panel's docket in recent years (Schwarzer, William W, et al, *Judicial Federalism: a Proposal to Amend the Multidistrict Litigation Statute to Permit Discovery Coordination of Large-scale Litigation Pending in State and Federal Courts*, 73 Tex L Rev 1529, June 1995). A testament to the importance of the consolidation decision is that scores of lawyers often choose to attend the hearings of the Panel even though they will have no more than five minutes to argue their case.

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JPML consolidation in patent cases

While patent disputes do not often involve hundreds of cases, they may be perfect candidates for consolidation. Patent cases tend to be large and complex and tend to place a significant burden on litigants. The tasks of responding to document discovery, making witnesses available for depositions and developing expert

Table of recent JPML patent cases

Case name	Product at issue	Number of actions	Date of initial transfer
In re Papst Licensing, GmbH, Patent Litigation	Hard disk drives	7	1999
In re Cygnus Telecommunications, Patent Litigation	Method of routing international phone calls	17	2001
In re '639 Patent Litigation	Relafen®, anti-inflammatory medicine	4	1998
In re Gabapentin Patent Litigation	Neurontin®, epilepsy medicine	7	2001
In re Buspirone Patent Litigation	Buspar®, anxiety medicine	5	2001
In re Omeprazole Patent Litigation	Prilosec®, antiulcer medicine	18	1999

evidence can disrupt the orderly functioning of even the largest business. When these tasks have to be repeated many times, a large group of in-house lawyers and scientists will in essence be reduced to working full-time in litigation support. Consolidation through the JPML can greatly reduce this burden.

The Panel looks to see whether efficiencies can be gained by consolidating cases with similar issues. Separate lawsuits involving common patents will invariably involve many common questions of fact (such as validity and infringement) and issues of law (such as claim construction). Examples of recent patent cases consolidated by the Panel are listed in the table opposite.

Alternatives to the JPML

In theory, if the parties are reasonable there are other ways to obtain the benefit of consolidated proceedings. For example, before the complaint is filed, the patentee can request that the alleged infringers consent to jurisdiction in the same district, and if there is consent, the court will assign all of the related actions to the same judge. In practice, however, alleged infringers are usually reluctant to agree to consolidation by this or any method. Even if agreement can be reached, there is one potential downside to relying on consent for consolidation. There is no guarantee that subsequent infringers will consent to the same agreement. It is in this situation that the JPML procedure has a distinct advantage over the consent method.

Once actions are consolidated by the JPML, any subsequent tag-along lawsuits that have similar facts at issue are, upon request, automatically transferred. The burden is then on a party that seeks to avoid consolidation to petition the JPML – a burden that is hard to overcome. Consolidation by petitioning the JPML greatly increases the odds that all subsequent actions (including those filed years apart) having common questions of fact are prepared for trial before the same court and the same judge.

Benefits of consolidation

The potential benefits to the consolidation of patent cases are both procedural and substantive in nature. Procedurally, consolidation greatly reduces the duplication that would occur if related actions were prosecuted separately. Because pre-trial proceedings are managed by a single court, the case schedule and procedures for discovery will take into account the complexity and overlap of all the cases. Ultimately this will result in a reduction not only in the cost of the litigation, but also in the burdens placed on the litigants. For example, one benefit of consolidation is that it streamlines the process for deposition discovery. With consolidation, each key fact and expert witnesses will likely only have to attend one deposition, avoiding disruptive effects of duplicative depositions. In addition, consolidation avoids the opportunity for duplicative or inconsistent pre-trial decisions. Court submissions concerning the resolution of claims of attorney-client privilege and the proper scope of discovery, mainstays of US patent litigation, are streamlined and resolved one time, by one court, without duplication. Similarly, in most patent cases, motions to dismiss or for summary judgment are filed and decided pre-trial. With consolidation, these issues are raised and addressed in front of one judge, eliminating the possibility of inconsistent rulings – and the waste of resources inherent in raising the same issues before several courts.

The advantages to consolidation are not all procedural and often present themselves in subtle ways. For example, the more extensive factual record developed as a result of consolidated discovery may substantially affect the presentation of evidence at trial. In the *In re Omeprazole* patent litigation, the patentee was able to rebut obviousness arguments by using evidence obtained during consolidated discovery showing that every scientist employed by every defendant considered the problem faced by the inventors to be quite a challenge. Without consolidation, it would have been difficult to marshal this kind of real world evidence of non-obviousness.

Consolidation may also play an important substantive role when the court construes the meaning of the patent claims. Coordinated claim construction proceedings will invariably lead to each party arguing for a claim construction that suits its particular position, and the court will have to resolve multiple, and often inconsistent arguments. While arguably complicating the claim construction process, ultimately the court will be presented with a more in depth understanding and proof for the various parties' positions which should result in a more comprehensive analysis.

Consolidation is not for everyone

Consolidation does not always serve the interests of all involved. Indeed, patent defendants often oppose consolidation because (1) differences between the accused products present separate issues making the cases inappropriate for consolidation, or (2) consolidation may result in delay. Although these arguments have not yet swayed the Panel against consolidation, they are not trivial.

Regarding non-common issues, the JPML ordinarily directs the transferee judge to fashion a schedule that takes into account not only the common issues, but also those unique to any party. Thus, the transferee court is free to stage or bifurcate discovery, so that only common issues are addressed in a consolidated fashion. Therefore, a separate schedule may be set for certain issues or for certain parties, as appropriate, in the context of the consolidated proceeding. This may result in a delay in both discovery and the ultimate resolution of certain non-common issues. Depending on the importance of the issue to a particular party this could be a significant disadvantage.

The pace at which a case proceeds is often affected by consolidation. Consolidation results in quicker resolution of all the cases, and usually significantly shortens the combined discovery period for the multiple litigations. Indeed, the later filed cases get the benefit of the earlier discovery and are often quickly ready for trial. However, the increase in overall efficiency often comes at the expense of the first filed actions, with the result that progress in those actions may be delayed. The process to petition the JPML to obtain consolidation alone takes several months, due to the briefing schedule and limited hearings held by the Panel. In addition, once the actions are consolidated, the discovery schedule set for all the cases may be longer than the period set in any single action. Of course, this longer period takes into account the increased number of parties and will in the end be shorter and more efficient than if the discovery periods in the unconsolidated actions ran consecutively. Nevertheless, a party considering consolidation must balance the efficiencies obtained through consolidation against the desire to get to trial quickly in a particular action.

It is not only the accused infringer that may be wary of consolidation. Patentees often choose not to seek consolidation of related cases because there may be clear drawbacks, notwithstanding the practical efficiencies addressed above. For example, one of the challenges of consolidation is that the patentee will have to litigate against multiple defendants, all at once. Thus, if 10 cases are consolidated, each position or motion by the patentee will be opposed by 10 adversaries. At deposition, each witness may be questioned by up to 10 lawyers and up to 10 parties will present reasons why the patents-in-suit are invalid or not infringed. Simply put, in a consolidated action, the patentee risks getting overwhelmed in almost every argument. Although this 10 versus one challenge can be daunting, it is often tempered by the fact that the multiple defendants are themselves usually competitors. As such, while they are all aligned against the patentee, they are not aligned with each other and may well take positions inconsistent with their fellow defendants.

Any party considering consolidation must also understand that a consolidated resolution of the actions may follow consolidated pre-trial proceedings. As the law stands, the transferee court must send each transferred action back to the original court for separate trials when pre-trial proceedings are complete

Companies managing multiple actions involving similar subject matter can ordinarily benefit economically and substantively from consolidation

(*Lexecon Inc v Milberg Weiss Bershad Hynes & Lerach et al*, 523 US 26 (1998)). However, legislation is pending before the US Congress that will enable the court where the cases were consolidated to retain jurisdiction of the transferred actions – even after pre-trial proceedings are complete – and conduct the trial (107th Congress, 1st Session, HR 860).

The proposed legislation is important to the analysis of whether to seek consolidation because it increases the possibility of the patentee being forced into a consolidated trial with multiple alleged infringers. Strategically, the patentee may not want to have to try to persuade one judge (or jury) that each of several alleged infringers' products falls within the claims literally or under the doctrine of equivalents.

Even without the proposed legislation, many of the actions subject to transfer by the JPML are resolved during consolidation either by summary judgment, dispositive claim construction rulings or settlement. In other cases, such as *In re Omeprazole* patent litigation, after pre-trial proceedings were completed, defendants (over the objection by the patentee), successfully requested permanent transfer to the JPML district for a consolidated trial. In these situations, the court of original jurisdiction, having no experience with the case would prefer not to try the case and the court in which the case was consolidated, given the time and energy already invested, generally prefers to finish the job. Clearly, the patentee should consider that once the bridge to consolidation is crossed, return to the single infringer action may be difficult.

Companies managing multiple actions involving similar subject matter can ordinarily benefit economically and substantively from consolidation. Although the benefits of consolidation usually outweigh the pitfalls, each case must be addressed on its own merits.

In the appropriate case, JPML consolidation is the best, and perhaps the only way without the consent of the opposing parties to simplify the task of managing multiple patent actions and for the parties and the courts to avoid needless duplication.

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