

Date January 4, 2017

To 2017 Naples Roundtable Patent Experts Conference

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Re **The Impact of Amended Rule 26(b)(1) on Discovery in Patent Litigation**

I. INTRODUCTION

Over a year has passed since significant amendments to the Federal Rules of Civil Procedure came into effect, including the “restor[ation] of proportionality as an express component of the scope of discovery.”² Under amended Rule 26(b)(1), permissible discovery is now expressly limited to non-privileged, relevant information “proportional to the needs of the case.” The considerations relevant to determining proportionality include “the importance of the issues at stake in the action, the amount in controversy, the parties’ relative access to relevant information, the parties’ resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit.” Although the proportionality factors are not new—they were first adopted in the 1983 amendments to Rule 26(b)(2)(C)(iii)—the 2015 amendments restore their prominence “in defining the scope of discovery.”³

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² Fed. R. Civ. P. 26 advisory committee’s notes to the 2015 amendments.

³ *Id.*

According to the Advisory Committee's notes to the 2015 amendments, the emphasis on proportionality was intended to "encourage judges to be more aggressive in identifying and discouraging overuse of discovery."⁴ Moreover, the removal of language that allowed discovery of information "that appears reasonably calculated to lead to the discovery of admissible evidence," is meant to foreclose concerns that this phrase could "swallow any other limitation on the scope of discovery" and foster overly broad requests.⁵

Particularly in the context of patent litigation, parties have expressed concern that discovery has become unduly burdensome and costly.⁶ As such, many patent litigants have hoped that amended Rule 26(b)(1)'s emphasis on proportionality would result in a curtailment of burdensome and superfluous discovery requests. Below, we look at some opinions available to date, to see if any trends can yet be discerned.

II. EFFECTS OF AMENDED RULE 26(B)(1) ON DISCOVERY IN PATENT LITIGATION

A sampling of recent opinions indicates that some courts have engaged in comprehensive analysis of the proportionality factors in denying overbroad or unduly burdensome discovery requests. In *Novanta Corporation v. Iradion Laser, Inc.*, for example, the court provided a detailed explanation, incorporating the relevant proportionality considerations, for denying a number of discovery requests that were disproportionate to the needs of the case.⁷ In denying

⁴ *Id.*

⁵ *Id.*

⁶ According to the AIPLA, the average cost of patent litigation through discovery exceeded \$1 million where \$1 million to \$25 million was at stake in 2011.

⁷ *Novanta Corp., v. Iradion Laser, Inc.*, No. CV 15-1033-SLR-SRF, 2016 WL 4987110 (D. Del. Sept. 16, 2016).

the plaintiff's broad requests for defendant's general corporate documents, the court explained that although the discovery had the "potential . . . [to] help Plaintiff to establish willfulness or damages claims, the document requests, as written, [were] not narrowly tailored or proportional to the infringement claims in the pending suit."⁸ As such, the court held that requests for "general corporate documents unrelated to [Plaintiff's] infringement and the damages claims" were overbroad "considering the importance of the discovery in resolving the issues" in the instant litigation and even suggested that requests for every corporate record are overbroad and overly burdensome in general.⁹ The court also denied plaintiff's request for production of a non-accused product and related documents at issue in a separate patent infringement lawsuit involving the defendant.¹⁰ Plaintiff argued that "information related to how [defendant] changed that product and designed the Accused Products [was] relevant to Plaintiff's claims of willfulness."¹¹ Although the court acknowledged the requested discovery was probably relevant to Plaintiff's willfulness claims to the extent it showed "a progression from the non-infringing product in the prior suit to the Accused Products," the court nonetheless held that the discovery was disproportionate to the needs of the case where "no record ha[d] been made before the court as to whether such information [was] lacking" in the existing production.¹² Moreover, the court suggested that the plaintiff's request should have been "narrowly tailored to identify a subset of

⁸ *Id.* at *4.

⁹ *Id.*

¹⁰ *Id.* at *5.

¹¹ *Id.*

¹² *Id.*

documents from the prior litigation that would have advance discovery” in the pending suit.¹³ In response to each request the defendant objected to as overbroad and disproportionate to the needs of the case, , the court identified the relevant proportionality factors and providing an individualized assessment of the request in light of these factors, the plaintiff’s arguments in defense of the request’s proportionality, and the discovery completed to date, where relevant.¹⁴

Similarly, in *Gilead Sciences, Inc. v. Merck & Co., Inc.*, the court engaged in detailed analysis of the proportionality factors, albeit in a manner that suggests the outcome might have been the same under the old Rule 26(b) standard. In denying discovery requests related to “compounds that bear no indication of any nexus” to the patent infringement claims at issue, Magistrate Judge Paul Grewal explained that the dispute “offer[ed] a good example of the wisdom of the Advisory Committee on Civil Rules in elevating proportionality in defining the scope of permissible discovery.”¹⁵ Judge Grewal explained further that although “[p]roportionality in discovery under the Federal Rules is nothing new,” the amended Rule 26(b)(1) “takes the factors explicit or implicit in these old requirements to fix the scope of all discovery demands in the first instance.”¹⁶ As part of his proportionality analysis in *Gilead*, Judge Grewal compared plaintiff’s request for information related to all compounds with a similar molecular weight as the disputed compound to a request for “Buicks and Chevys in a

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Gilead Scis., Inc. v. Merck & Co, Inc.*, No. 5:13-CV-04057-BLF, 2016 WL 146574, at *1 (N.D. Cal. Jan. 13, 2016).

¹⁶ *Id.* (explaining further that that the amendments will hopefully change “mind set” given that it is “no longer good enough to hope that the information sought might lead to the discovery of admissible evidence”).

patent case about Cadillacs simply because all three happen to be cars.”¹⁷ However, to the extent Judge Grewal described plaintiff’s request as “the kind of disproportionate discovery that Rule 26—*old or new*—was intended to preclude,” the decision does not appear to represent a significant departure from pre-amendment attempts to narrow the scope of discovery.¹⁸

In other instances, courts have referenced amended Rule 26(b)(1)’s renewed emphasis on proportionality, but have evaluated discovery requests without extensive proportionality analysis. In *Amgen Inc. v. Sandoz Inc.*, for example, the court acknowledged that the amendments to Rule 26(b)(1) govern the scope of discovery, but engaged in minimal analysis of the proportionality factors.¹⁹ The issue in that case concerned defendant’s request for the production of “any internal manuals, descriptions, or protocols that describe the use and effects” of a resin product that defendant allegedly used in practicing the plaintiff’s invention.²⁰ The plaintiff objected on the grounds that the request was overly broad and unduly burdensome.²¹ Specifically, the plaintiff argued that it had already produced “information detailing the use of the resin,” but did not find it necessary to scour the entire company for all internal documents concerning the use of

¹⁷ *Id.* at *2.

¹⁸ *Id.* (emphasis added).

¹⁹ *Amgen Inc. v. Sandoz Inc.*, No. 14-CV-04741-RS (MEJ), 2016 WL 1039029 (N.D. Cal. Mar. 15, 2016).

²⁰ *Id.* at *1. In contrast to the defendant in *Novanta*, which specifically mentioned proportionality in its objections, see No. CV 15-1033-SLR-SRF, 2016 WL 4987110, at *4 -*7, the defendant in *Amgen* relied on the “overbroad and unduly burdensome” language frequently used prior to the amendments to Rule 26(b)(1). See No. 14-CV-04741-RS (MEJ), 2016 WL 1039029, at *3. The court in *Amgen* did not explicitly consider whether the defendant’s objections were adequate, however, as noted later in this memorandum, litigants should consider including specific proportionality factors in their objections in light of the Advisory Committee’s warning that the amendments were not “intended to permit the opposing party to refuse discovery simply by making a boilerplate objection that it is not proportional.” Fed. R. Civ. P. 26 advisory committee’s notes to the 2015 amendments.

²¹ *Id.*

resin in general.²² The plaintiff also asserted that the discovery request was much broader than the claims at issue given that plaintiff utilized nine types of resin and defendant's sought "all information throughout the entire company relating to resin generally, without regard to the type, what it is used for, [and] the conditions under which it is used."²³

Without elaborating how it may have analyzed the proportionality standard, the court concluded that some scope of production was appropriate to the extent at least some relevant subject matter was sought by the request for production in dispute, while also acknowledging that the request was "likely overbroad given the needs of th[e] case."²⁴ As a result, it ordered the parties to meet and confer on a narrowed scope of production.²⁵ A decision like this may represent some influence of the new proportionality language, but it is difficult to say for certain.

The court in *SPH Am., LLC v. Research in Motion, Ltd.* did not engage in overt substantive analysis of the Rule 26(b)(1) factors bearing on proportionality when granting a motion to compel responses to a contention interrogatory.²⁶ At issue there was the defendant's interrogatory requesting the "factual basis supporting each validity contention, the identity of the individuals who have knowledge of these facts, and the identity of the documents that support

²² *Id.* at *2.

²³ *Id.*

²⁴ *Id.* at *3.

²⁵ The court also considered the defendant's interrogatory requesting "all facts" on which the plaintiff relied upon for its infringement contentions, and held that the request was premature given that limited documentary and testimonial evidence had been completed. *Id.* at *3-*4. The court did not engage in a proportionality analysis and, instead, relied on Rule 33(a)(2), which allows the postponement of answers to interrogatories concerning factual contentions "until designated discovery is completed" *Id.* at *3.

²⁶ *SPH Am., LLC v. Research in Motion, Ltd.*, No. 13CV2320 CAB (KSC), 2016 WL 6305414, at *1 (S.D. Cal. Aug. 16, 2016).

the validity contentions.”²⁷ In granting the defendant’s motion to compel, the court noted that contention interrogatories are generally permissible and that, “given the broad scope of the claims asserted” involving nine patents-in-suit, the information requested was not disproportionate to the defendant’s needs.²⁸ This may indicate that some courts will be reluctant to deviate from past practice on contention interrogatories by framing objections in terms of proportionality.

Other courts have allowed discovery to proceed without detailed analysis of specific proportionality factors, noting that these considerations were present in prior versions of the rules. For instance, the court in *Slide Fire Sols., LP v. Bump Fire Sys., LLC*, explained that “as was the case before the December 1, 2015 amendments . . . a court can—and must—limit proposed discovery that it determines is not proportional to the needs of the case.”²⁹ Although it is clear the court considered proportionality in granting plaintiff’s motions to compel, the court’s analysis of the proportionality factors, where relevant, was primarily limited to the same general assertion that “[c]onsidering the importance of the issues at stake in the action, the parties’ relative access to the information, and the importance of the discovery in resolving the issues . . . this discovery is . . . proportional to the needs of the case.”³⁰ In contrast to the individualized

²⁷ *Id.* at *2.

²⁸ *Id.* at *3.

²⁹ *Slide Fire Sols., LP v. Bump Fire Sys., LLC*, No. 3:14-CV-3358-M, 2016 WL 3352006, at *3 -*4 (N.D. Tex. Feb. 4, 2016) (noting in addition that the amendments to Rule 26 “do not alter the burdens imposed on the party resisting discovery,” and, as a result, a part seeking to resist discovery that is disproportionate to the needs of the case must “com[e] forward with specific information to address the proportionality factors added to Rule 26(b)”).

³⁰ *Id.* at (holding that at least eight discovery requests and one interrogatory were proportional to the needs of the case “[c]onsidering the importance of the discovery in resolving the issues at stake in the action, the amount in discovery, the parties’ relative access to relevant information, and the importance of the discovery in resolving the issues”).

analysis of disputed requests in the *Novanta* opinion, the court in *Slide Fire Sols., LP* ordered the disclosure of “the identities and addresses of every person who, or entity that, has purchased four or more” gun stocks that allegedly infringed the plaintiff’s patents, account numbers and corresponding bank statements for accounts the defendant used for business purposes, and “unredacted copies of the [defendant’s] annual federal and state tax returns” using nearly the same recitation of all the proportionality factors mentioned in amended Rule 26(b)(1).³¹

III. SUGGESTIONS FOR PROACTIVE IMPLEMENTATION OF AMENDED RULE 26(B)(1)

Notwithstanding the amended rules, the opinions identified to date have not shown a uniform trend away from past practice, though it may be too soon to draw any strong conclusions. At the very least, amended Rule 26(b)(1) provides a framework for placing practical limitations on discovery based on proportionality, and the courts have acknowledged this, though perhaps with varying degrees of practical impact on their approach to evaluating disputes.

Litigants who wish to limit discovery, and even encourage the sort of “aggressive” response to overuse of discovery envisioned by the Advisory Committee, should consider taking a proactive approach. For example, litigants may want to make proportionality a central part of discovery conferences and proposed scheduling/docket control orders. Additionally, discovery objections and opposition motions should clearly and specifically assert proportionality as a

³¹ *Id.* There were some distinctions in the court’s proportionality analysis that accounted for the different litigation issues targeted by each discovery request. *Id.* at *4-*7. For example, the court distinguished between discovery that was important to resolving jurisdictional disputes and damages. *Id.* This suggests the court recognized that certain requests were more important to certain issues, but does not explain why the court did not apply the same individualized consideration to the other proportionality factors it referenced in granting plaintiff’s requests.

defense to burdensome discovery requests, with reference to the specific factors outlined in amended Rule 26(b)(1), where possible. This is especially important given the Advisory Committee’s warning that the amendments were not “intended to permit the opposing party to refuse discovery simply by making a boilerplate objection that it is not proportional.”³² Parties challenging discovery should also be mindful that they will likely bear the burden to come forward with evidence to challenge proportionality, as with prior challenges based on undue burden. By raising these issues proactively, specifically, and reasonably, litigants can help to ensure the 2015 amendments do “encourage judges to be more aggressive in identifying and discouraging overuse of discovery,” rather than simply becoming an exercise in reframing existing practice.³³

³² Fed. R. Civ. P. 26 advisory committee’s notes to the 2015 amendments.

³³ *Id.*