

A Newcomer's Guide To Litigating Patent Cases In California

By **Ryan Davis**

Law360, New York (September 21, 2017, 5:50 PM EDT) -- Following the U.S. Supreme Court's TC Heartland ruling, California is expected to see more patent cases as litigation shifts from the longtime patent hotspot of the Eastern District of Texas.

The high court's May decision discarded rules that let patent suits be filed essentially anywhere a company sells products and made the proper venue for patent cases more dependent on the accused infringer's place of business. Apple, Google and other California companies are frequently patent defendants, and those cases may now end up in their home state.

The numbers are starting to bear out that idea. In the nearly four months since the TC Heartland decision was issued, 79 patent suits have been filed in the Northern District of California, up from 36 in the same period before the high court's decision, according to data compiled by Lex Machina. The Central District of California has seen 97 new suits since the ruling, up from 70 in the months before it.

Patent litigation was common in California before the Eastern District of Texas became the go-to patent venue in recent years, so "it makes sense that a lot of cases will end up here," said Benjamin Katzenellenbogen of Knobbe Martens' Orange County, California, office.

In some ways, litigating patent cases in California is not all that different from the Eastern District of Texas, attorneys say, although California judges may take a harder look at infringement claims and be more willing to grant dispositive motions.

California is "probably a great place to bring a strong case and probably not a great place to bring a weak case," Katzenellenbogen said.

Here, attorneys well-versed in Golden State patent litigation tell newcomers what to expect.

Sheer Size

The two major California districts for patent cases are much larger than other popular patent litigation venues, making it difficult for litigants to know which judge will hear a case and prepare a strategy in advance.

"It's harder to predict than the Eastern District of Texas, where you're only looking at two or three judges," said Wayne Stacy of Baker Botts LLP, who noted that "because there are so many judges [in California], there is

less guidance about any particular judge.”

The Texas court is assigned eight judges, although three seats are currently vacant and some judges hear few patent cases, while the District of Delaware, another patent litigation hotspot, is assigned four judges, with two vacant seats. In comparison, in California, the Northern District has 14 judgeships, all of which are filled, while the Central District has 28, with five vacancies.

The judges have a wide range of approaches to patent cases, even in the Northern District, which encompasses Silicon Valley, said Brian Ferrall of Keeker Van Nest & Peters LLP.

“It’s a pretty large and diverse bench here,” he said. “There may be a perception around the country that all the judges in Northern California are tech-savvy and love patent cases, but that’s not true. They’re all smart, but there’s definitely a wide variety of views about patent litigation and how excited they are about handling patent cases.”

Ferrall disputed the conventional wisdom that the Northern District of California is not friendly to patent plaintiffs and can give Silicon Valley defendants a home-field advantage, noting that the district's politically liberal leanings mean it values access to the courts and respect for plaintiffs' rights.

"It makes for a very balanced approach to patent law and patent litigation," he said.

Openness to Motions

The judges in the Eastern District of Texas are well-known for their tendency to not grant or consider many types of motions, including those seeking dismissal, summary judgment, transfers and stays. Judges in California are notably more open to such requests, attorneys say.

In both the Northern District and the Central District, "judges tend to rule on motions and do it pretty quickly," Katzenellenbogen said.

The judges don't require litigants to seek permission before filing a motion for summary judgment, as can be the case in the Eastern District of Texas, and they expect the parties to be well-versed in recent patent law developments from the Federal Circuit and the Supreme Court, he noted.

"These are jurisdictions where you're not able to hide defects in your case and assume that you can get to a jury with hand-waving," Katzenellenbogen said.

In addition to their openness to case-dispositive motions, California judges also tend to be more inclined than their counterparts in Texas to put cases on hold while a patent is reviewed by the Patent Trial and Appeal Board or agree to transfer a case to another district.

"They have a lot of other work on their plate, and they're not shy about saying, 'Let's put this one off,'" said Jonathan Lamberson at Fish & Richardson PC.

Skepticism About Discovery and Sealing

Beyond being a welcoming forum for motions that often get a chilly reception in Texas, the California courts tend to take a skeptical view of practices that are common elsewhere, including voluminous discovery requests and motions to seal court filings.

With California judges, particularly those in the Northern District, litigants have a good shot at pushing back on what they view as burdensome discovery requests, Lamberson said. The judges may be receptive to arguments that a request for certain information is not relevant or would be too expensive or burdensome to produce, he said.

When one side is seeking production of massive amounts of email or terabytes of technical data, "the judges understand that the cost to litigants — even with all the e-discovery tools that are available — can be substantial," said Kurt Calia of Covington & Burling LLP.

As a result, "I try to be a bit more constrained in what I'm asking for at the outset," he added.

Unlike in many other courts, judges in the Northern District carefully review requests to seal documents and strongly believe that courts are a public way to resolve disputes, Calia said. The judges will often only agree to seal very sensitive financial or technical data that rises to the level of a trade secret, which is "not something you see in other forums," he added.

"The judges take that very seriously and don't just rubber-stamp it," he said. "I've seen multiple judges deny those motions."

Efficient Local Rules

While the Northern District of California certainly has its share of major differences from the Eastern District of Texas, the two venues have a similar set of detailed local rules governing infringement and invalidity contentions and other filings. That means litigants accustomed to the Eastern District of Texas may find that litigating in the Northern District has a familiar feel.

"The reason people like the Eastern District of Texas is the sense of predictability and efficiency when everybody plays by the same rules," Stacy said. "If you don't follow the rules, you're penalized. The Northern District, as a district, shares that philosophy."

The Northern District pioneered the use of local rules for patent cases, and the Eastern District of Texas followed in its footsteps, Calia noted.

"They really are the gold standard, and many other districts modeled their rules on the Northern District rules," he said.

The Northern District's rules "are really set up to get to the core of the case very quickly," said Robert McFarlane of Hanson Bridgett LLP. It's important to note, however, that the Central District of California does not have such rules, and some judges there refuse requests from litigants to use the Northern District rules.

An Educated Jury Pool

California juries, particularly those in the Northern District, tend to be fairly well-educated and more familiar with tech issues than people elsewhere, given the industry's prominence in the state. That can influence patent trial strategy.

"They know things jurors elsewhere may not know," McFarlane said. "It changes the tone of your presentation."

For instance, jurors with a nuanced understanding of the prior art may be more inclined to side with arguments that a patent is invalid, and a tech-savvy jury generally may see through specious arguments by either side.

"It's not necessarily plaintiff-friendly or defendant-friendly, but I think it has a dramatic effect on how you present a case at trial," Ferrall said.

According to Darren Donnelly of Fenwick & West LLP, "it is just a jury pool that is more attuned to the ebb and flow of activity in the technology business. They are not snowed by things that a jury pool that is less familiar with it might be."

However, while some tech gurus with patent expertise may end up on a jury, they're likely to be the exception.

"You're drawing from a large area in Northern California. You're not going to get a whole jury of Apple and Google engineers," Lamberson said.

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