

Practical Strategies For Markman Hearings Amid COVID-19

By **Edward Tulin** (May 15, 2020, 5:16 PM EDT)

It has now been nearly a quarter century since the U.S. Supreme Court held in *Markman v. Westview Instruments Inc.* that "the construction of a patent, including the terms of art within the claims, is exclusively within the province of the court."^[1]

While the court was unequivocal on that key point, it left open the question of how to go about completing the task of claim construction, and the U.S. Court of Appeals for the Federal Circuit later declined to enumerate required *Markman* procedures.^[2]

Over the last 25 years, district courts have thus developed a variety of approaches to claim construction, and while the most commonly used strategy is to hold a formal *Markman* hearing prior to trial, when and how patent claims are construed has varied greatly.

As the COVID-19 pandemic has swept across the U.S., it has introduced a host of challenges for patent litigators, but with these new difficulties comes an opportunity to revisit options and strategies for *Markman* proceedings, particularly given that courts have expressed openness to new and innovative ways to keep patent litigation moving forward.

Outlined below are a number of strategic considerations relating to whether, when and to what extent to hold a *Markman* hearing that are ripe for reassessment in these unprecedented times.

Is a *Markman* hearing necessary or desirable?

In venues where patent infringement suits are most likely to be filed, including the U.S. District Courts for the District of Delaware, Eastern District of Texas and Western District of Texas,^[3] the standard practice has been to hold a formal, in-person *Markman* hearing, which is generally no more than three to four hours.^[4]

However, neither the *Markman* decision nor any subsequent decision from the Federal Circuit or Supreme Court requires that a formal hearing be held. While litigants might be reluctant to forgo the opportunity to be heard on disputed claim constructions, there may be several instances where a formal claim construction hearing may not be necessary or desirable.

For example, when there is no contemplated live testimony from either experts or witnesses, such as the named patent inventors, a formal hearing may be less important. Additionally, although parties should generally be limited by the scope of their briefs, there is always a risk during a live hearing that a new angle or proposed definition will emerge that will disadvantage one side's litigation strategy. Thus, for litigants who have had the opportunity to fully brief their claim construction positions, it may ultimately prove more advantageous to rest on the briefs.

Perhaps more importantly, insisting on a formal *Markman* hearing may actually be counterproductive to patent defendants who are seeking to invalidate patent claims for lack of patentable subject matter through a Federal Rule of Civil Procedure 12(b)(6) or Rule 12(c) motion. For instance, in the



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first two years following the Supreme Court's decision in *Alice*,^[5] a growing number of courts denied Rule 12 motions challenging the validity of computer-based claims pursuant to Section 101 on the basis that the motion could not be decided prior to formal claim construction.^[6]

That trend is only likely to accelerate in the wake of the Federal Circuit's recent opinion in *MyMail Ltd. v. ooVoo LLC*, which vacated a decision from the U.S. District Court for the Northern District of California that found patent claims invalid for failing to comply with Section 101.^[7] The Federal Circuit determined that the district court erred in failing to construe the disputed claim term "toolbar" before assessing whether the claimed subject matter satisfied the two-part *Alice* test.^[8]

Shortly thereafter, U.S. District Judge Alan Albright issued a sua sponte order dismissing a Section 101 motion without prejudice, relying specifically on the Federal Circuit's decision in *MyMail*.^[9] The defendant was permitted to refile its motion to dismiss only "after the issuance of the Court's claim construction order."^[10]

These recent decisions underscore that, particularly for patent defendants seeking early dismissal pursuant to Section 101, deemphasizing the need for a claim construction hearing may bolster the chances of prevailing on such early motions. If the alleged infringer is able to do so, it should consider accepting the patentee's proposed constructions and arguing that a claim is invalid even under that proposed construction, such that no hearing is necessary because the issues for the dismissal motion are ripe for consideration.

Conversely, for patentees facing early Section 101 motions, it may be more important than ever to emphasize the need for a claim construction hearing and to consider whether expert testimony may be helpful in advancing arguments in response to a Section 101 challenge.^[11] In addition to increasing the likelihood of defeating such motions on the merits, seeking a formal Markman hearing could result in dismissal of a Section 101 motion pending the outcome of a future hearing.

Indeed, as U.S. District Judge Colleen McMahon of the U.S. District Court for the Southern District of New York recently noted, "Bench trials are the one type of proceeding that can go forward, even during a pandemic."^[12] Markman hearings are perhaps best thought of as mini bench trials, and thus patentees may be well-positioned to seek such a hearing as a prerequisite to any adjudication of a Section 101 challenge, even in the present circumstances.

At any rate, Markman hearings do not present the same COVID-19-related challenges as a jury trial, and thus, to the extent that a formal Markman hearing still makes sense for a litigant, several considerations relating to this hearing are discussed below.

What are the advantages of an early Markman hearing on some or all claim terms?

As noted above, many of the patent-heavy jurisdictions have form scheduling orders for patent cases that contemplate a Markman hearing at different junctures. For instance, Judge Albright's standard form in the Western District of Texas contemplates a hearing before the start of fact discovery; U.S. District Judge Rodney Gilstrap's form docket control order in the Eastern District of Texas contemplates a hearing close to the end of fact discovery, but before expert discovery; and U.S. District Judge Richard Andrews' standard form in the District of Delaware leaves open the exact timing of a Markman hearing.

Despite these variations, judges with heavy patent dockets may be particularly amenable to proposed departures from the standard forms and procedures during the current circumstances, particularly if the parties are able to reach agreement or present good cause for departing from the typical schedule format.

From an efficiency perspective, there are two principal advantages to an early Markman hearing: fact discovery can be focused on the single claim construction adopted by the court, and experts generally will not need to offer alternative opinions based on open claim construction issues. In addition, an early Markman hearing may pose advantages — albeit for different reasons — for both patent plaintiffs and defendants.

For patent plaintiffs, an early claim construction proceeding may limit the ability of an alleged infringer to locate and review prior art and fully assess how the effect(s) of that art may be impacted

by the proposed claim constructions. On the flip side, if patent defendants are able to limit fact discovery expenditures pre-Markman, as Judge Albright's standard order contemplates, then an early Markman hearing could be a very attractive prospect.

Patent litigants also may consider a hybrid approach, whereby the parties brief and have a short argument on one to two critical terms — particularly if that limited number of terms may have a virtually dispositive impact on infringement arguments. An early, focused Markman proceeding could provide efficiencies for both fact and expert discovery, while leaving the door open to additional proceedings for other, ancillary claims as the case develops.

Does it make sense to delay a Markman hearing or combine it with a summary judgment hearing?

While both litigants and jurists may try to analyze claim construction issues in a virtual vacuum without directly considering the impact that claim construction will have on the ultimate questions of invalidity and infringement, there is much truth to U.S. Circuit Judge Robert Mayer's statement from the Federal Circuit's original decision in Markman: "All these pages and all these words cannot camouflage what the court well knows: to decide what the claims mean is nearly always to decide the case." [13]

There are at least two advantages to a claim construction hearing that occurs relatively late in the litigation. First, it allows time for full consideration of all of the relevant issues, for experts to weigh in on various constructions and for the parties to consider how different constructions could impact arguments relating to infringement and invalidity. Second, it allows both sides to focus on the most important terms, because of how the constructions of those terms will impact the ultimate questions in the case.

Moreover, at least one judge in the U.S. District Court for the Northern District of California has recently indicated that he is open to shifting his general practice from a mid-discovery Markman hearing to a combined Markman-summary judgment proceeding. U.S. District Judge William Alsup recently noted:

For many years, the Court conducted a claim construction hearing about mid-way through the fact-discovery period. While this timing gave some guidance to counsel and experts, it had the distinct disadvantage of requiring abstract rulings without the benefit of a more complete record, thus increasing the risk of a claim construction error and a retrial (and, for that matter, subsequent second appeal). Instead of a stand-alone claim construction hearing, claims will be construed as-needed along with the parties' motions for summary judgment or at trial. [14]

Generally speaking, litigants may be reluctant to delay Markman hearings until the summary judgment stage because of perceived inefficiencies — i.e., the parties will need to engage in fact and expert discovery that otherwise would have been unnecessary had the court resolved the claim construction disputes at an earlier stage.

However, while there are likely to be additional deposition questions and longer expert reports to address competing claim constructions, the incremental costs associated with that extra discovery may be relatively limited when viewed in the context of the case as a whole.

A delayed Markman hearing also may have the advantage of minimizing costs and expenses for an alleged infringer, particularly if the alleged infringer intends to seek inter partes or covered business method review at the Patent Trial and Appeal Board.

Although an alleged infringer has one year from the date it is served with a complaint to file a petition with the PTAB, an early Markman hearing may require a defendant to be working on multiple fronts as it pursues relief in the PTAB and defends itself in a district court proceeding. If alleged infringers are hoping for the PTAB to take the first crack at assessing a patent, then a relatively later Markman hearing may provide greater flexibility and additional time to prepare a PTAB petition.

Whenever the Markman hearing is held — and whether it occurs in person or telephonically — the importance of utilizing technology in these proceedings cannot be underestimated. With the additional challenges created by the COVID-19 pandemic, the parties may be well-served to consider

innovative or novel strategies for utilizing technology.

For instance, if there are challenges with in-person attendance at a hearing, a prerecorded technology tutorial — which functions effectively as a webinar on the relevant technical principles and issues — may be particularly useful. Indeed, Judge Albright has noted that he is open to receiving prerecorded materials in connection with claim construction proceedings.[15] This also can reduce the time necessary at the hearing to address technical issues, leaving more time to focus on the disputes at issue, which may be well-received by courts that are more pressed for time than ever.

Even during ordinary times, there is no one-size-fits-all approach to claim construction — and that is certainly also true in these extraordinary times. But for those in patent infringement suits that have not yet entered the claim construction phase, the current conditions presented as a result of the pandemic offer a unique opportunity to consider anew which Markman approach may work best for the particular circumstances in each case.

By thinking about new ways to incorporate technology, assessing when it may make sense to consolidate claim construction with dispositive motions and strategically utilizing representative claim construction proceedings, patent litigants may be able to transform the challenges presented by the pandemic into a more favorable result on claim construction.

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[1] *Markman v. Westview Instruments, Inc.* , 517 U.S. 370, 372 (1996).

[2] See, e.g., *Vivid Techs., Inc. v. American Science & Eng'g, Inc.* , 200 F.3d 795, 803 (Fed. Cir. 1999) (explaining that there is "no need" for strict rules or guidelines regarding claim construction procedures, because "the stage at which the claims are construed may vary with issues, their complexity, the potentially dispositive nature of the construction, and other considerations of the particular case").

[3] Although the District of Delaware and Eastern District of Texas have long been regarded as the "go-to" jurisdictions for patent filings, the Western District of Texas has recently emerged as the latest "hotbed" for patent infringement cases. See, e.g., Unified Patents' Q1 2020 Patent Dispute Report (noting that the Western District of Texas is on pace to have nearly as many patent suits filed in 2020 as the District of Delaware).

[4] See, e.g., Form Scheduling Order for Patent Cases, at pg. 7 (Rev. 12/19) (D. Del.) (Andrews, J.); Model Docket Control Order, at pg. 3 (Rev. 1.31.20) (E.D. Tex.) (Gilstrap, J.); Form Order Governing Proceedings – Patent Case, at pg. 5 (Rev. 2/26/20) (W.D. Tex.) (Albright, J.).

[5] *Alice Corp. Pty. Ltd. v. CLS Bank Int'l* , 134 S. Ct. 2347 (2014).

[6] See generally Edward L. Tulin & Leslie A. Demers, "A Look At Post-Alice Rule 12 Motions Over the Last 2 Years," Law360 (Jan. 27, 2017).

[7] *MyMail Ltd. v. ooVoo LLC* , 934 F.3d 1373 (Fed. Cir. 2019).

[8] *Id.* 1380.

[9] Order Denying Defendant Google's Motion to Dismiss Under 35 U.S.C. § 101, *Hammond Development Int'l Inc. v. Google LLC*, Civil Action No. 6:19-CV-00356-ADA (W.D. Tex. Sept. 3, 2019).

[10] *Id.* at 2.

[11] Such an approach also may have the additional advantage of creating a factual record that will

be reviewed for clear error, rather than de novo, if the decision is appealed to the Federal Circuit. See, e.g., *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318 (2015).

[12] See Dorothy Atkins, "Judge Says Drug IP Bench Trial A Go 'Even During Pandemic,'" Law360 (Apr. 23, 2020).

[13] *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 989 (Fed. Cir. 1995) (Meyer, J., concurring).

[14] Order, *Fluidigm Corp. v. Ionpath, Inc.*, No. C 19-05639 WHA (N.D. Cal. Apr. 16, 2020).

[15] See Form Order Governing Proceedings – Patent Case, at pg. 5 (Rev. 2/26/20) (W.D. Tex.) (Albright, J.).