Crowdsourcing prior art is evaluated as the highest standard of care for patent research with manageable discovery risk. The use of crowdsourced evidence has reached a level of importance in supporting legal analysis by attorneys and parties facing litigation. Balancing the value is an understanding of the risks of discovery and how to manage them, and lessons learned with the use of this evidence more broadly in intellectual property litigation.

BY CHERYL MILONE

Crowdsourced Prior Art
The Highest Standard of Care with Manageable Discovery Risk

Crowdsourcing is defined as "the practice of obtaining needed services or content by soliciting contributions from a large group of people."[1] In the patent arena, crowdsourcing refers to the collective efforts of a global community of researchers to uncover obscure, difficult-to-find patent prior art.

The use of crowdsourcing for patent research, which can be thought of as "social media for patents," offers enormous advantages to litigants seeking the prior art evidence needed to win at trial or produce an advantageous settlement. Indeed, a diligent prior art search can mean the difference between a multimillion dollar patent judgment and a no-cost settlement, as Dutch electronics giant Philips learned when it was threatened with the prospect of patent infringement in 2011. As Philips' former Chief Intellectual Property (IP) Officer Ruud Peters told *Business Week*, "[b]ecause of [the prior art], we could completely eradicate the assertion against us."[2]

Clients' expectations of quality in prior art research are also likely to rise as a result of the new America Invents Act (AIA) rules relating to *Inter Partes Reviews* (IPRs) at the U.S. Patent and Trademark Office (USPTO). IPRs are proceedings that provide a second review of issued patents, often those asserted in litigation. With these proceeding becoming available in March 2012, IPRs are a key component of the AIA with a focus on the use of prior art to reassess patent validity. Adjudicated before an appeal board of specialized legal and technical expert judges known as the Patent Trial and Appeal Board (PTAB), decisions have been prolific. The IPR forum has provided excellence in both timely and rigorous decision making by the PTAB. Parties on both sides of the aisle—patent owners and petitioners—may have differing views on the balance between efficiency and enabling a full adjudication of legal standards. However, the prolific nature of the PTAB has enabled parties to receive swift adjudication on a substantive basis. This is a refreshing and productive venue for intellectual property (IP) stakeholders. As a result of this rigor and timeliness, the number of proceedings has been double that expected by the USPTO; this forum, when compared to district court litigation and the International Trade Commission, is now the third largest for patent litigation resolution.

Furthermore, 2014 has been a watershed year for endorsement and recognition of this form of prior art search. In late February, the White House announced executive actions "to encourage innovation and further strengthen the quality and accessibility of the patent system." Most notably, the White House highlighted crowdsourcing as an essential solution for improving patent quality. The order provides:

> Crowdsourcing Prior Art—To help ensure that U.S. patents are of the highest quality, the USPTO is announcing a new

initiative focused on expanding ways for companies, experts, and the general public to help patent examiners, holders, and applicants find relevant "prior art."

On the heels of launching this initiative, the USPTO announced a public roundtable and a request for public comments, which can be accessed in the Federal Registry.[3] The USPTO leadership team focused on crowdsourcing and third-party submission initiatives as well as advising the Examining Corps on best practices for identifying existing sources of crowdsourced prior art from internet searches. Additionally, the White House and USPTO are also jointly selecting a

the source of additional and unnecessary risk. Clients of these platforms should determine and understand the formal discovery and risk management policies before using any crowdsource platform. The company managing the platform should be able to cite cases, support its risk management policies, and explain whether the policies have ever been tested in a litigation environment. The platform should be able to outline and discuss the approach taken to protect the client's interests. If a platform invites public and private dialogue about the art or the subject patents, then it is presenting an enticement to litigants to seek discovery. Communicating with the crowd through a public network with the public opining about the presumed validity

> **The platform should not practice law. The subject matter of prior art research generally is a technology mapping exercise, with evidence provided for further legal analysis by the client or its representative. The platform and the crowd cannot engage in legal analysis or opinions. As an alternative, the process of delivering the prior art collection to clients should be based on a technical mapping system specifically designed to avoid analysis of legal issues.**

White House Innovation Fellow to further support these efforts. All of these activities demonstrate an impressive commitment to improve the U.S. patent system. This is a journey, not an event. The USPTO office has enthusiastically begun the journey and is disposed to making it an efficient, collaborative and productive one.

Crowdsourced Prior Art Evidence Raises a Need to Manage Discovery Risk

Social media—which includes crowdsourcing but also a broader definition of freewheeling commentary and instant opinions—can also create evidence that can be the bane of even the best thought-out litigation strategy.

Discovery, of course, is the pretrial phase in which each party to a lawsuit obtains evidence from the opposing party and from testifying experts. It's a familiar risk in civil litigation, including patent litigation. But even in the age of social media, it has proven to be a manageable risk.

To be sure, counsel at companies facing patent litigation often fear that their own executives or engineers may unwittingly join the new national pastime of tweeting off-the-cuff opinions on the validity or invalidity of one's own or another's patents. Given *Guest v. Leis*[4] and *EEOC v. Simply Storage Management*,[5] where federal courts found that public posts on social media sites have no expectation of privacy and are thus discoverable, their fears may at times be well founded.[6]

But social media discovery was closely limited in the copyright case *Crispin v. Audigier*[7] when a federal court quashed a subpoena for private messages that were not publicly available. If managed properly, therefore, discovery risks from social media can be contained.

Still, a fair question remains. Although the benefits of crowdsourced legal evidence can clearly be substantial, does crowdsourcing also carry greater discovery risks than other processes for gathering this evidence?

Managing Discovery Risk Intelligently

The answer, if diligently managed with industry best practices, appears to be no. In fact, the opposite might be true. Crowdsourced patent search firms must explicitly manage discovery to avoid being

or invalidity of the patents researched and the art found are clear increases to risk. Again, *Guest v. Leis*[8] and other case law suggests that this can create discovery risks for clients that are orders of magnitude greater than they need to be.[9]

Clients should seek platforms that have established best practices and can point to a successful track record of aggressive protection of client interests. More than six years after founding Article One Partners, we've established a comprehensive set of best practices to manage discovery risk. First and foremost is the foundational principle that the "evidence speaks for itself." A properly managed platform reduces client discoverability risk by eliminating any opinion or interpretation by the researcher crowd. Further methods of protection include mitigating discovery risk through confidentiality in researcher agreements, and the fact that the work performed is subject to client and work product immunity.

More specifically:

- The platform should protect the identity of all clients in all circumstances. Client identity must be protected in the publishing of any study.
- Researchers should not be made aware of the purpose of the study or strategy that the client might pursue in their matter.
- While the initial launch of a new prior art study is sometimes announced publicly to generate interest, subsequent communication with the participating researchers should occur over a private messaging system that cannot be accessed except by approved researchers and approved client representatives. *Under Crispin v. Audigier,*[10] these non-public communications are protected from discovery under the provisions of the Stored Communications Act (SCA).[11]
- The platform should not practice law. The subject matter of prior art research generally is a technology mapping exercise, with evidence provided for further legal analysis by the client or its representative. The platform and the crowd cannot engage in legal analysis or opinions. As an alternative, the process of delivering the prior art collection to clients should be based on a technical mapping system specifically designed to avoid analysis of legal issues.
- Researchers should be required to comply with the terms of a

well-developed researcher agreement, terms of use, and privacy policy[12] before participating in a client study. Exemplary terms include that researchers provide no opinions as to the strength or relevancy of the prior art they uncover. Instead, researchers should be instructed to provide only the citations that identify the prior art references they submit. They should never comment, publicly or privately, on their own findings and must remain completely unaware of the findings of the other researchers. The platform should guide its clients involved in litigation to include the common provision in protective orders that discovery cannot be taken of consulting non-testifying experts. The platform accordingly should be identified in the provider client agreement as a consulting non-testifying expert.

- Finally, at the client's option, they should be allowed to disqualify researchers with particular backgrounds or work experiences based on their legal purposes. This can be done by requiring researchers to answer a small set of relevant questions before allowing their participation.

A Crowdsourced Prior Art Subpoena Is Quashed

In the only case known in which a party to patent litigation sought discovery of crowdsourced prior art evidence, a federal judge quashed a subpoena sought by Personal Audio against Article One based on a motion to compel discovery.[9] Article One was the successful party.

In this 2010 case, counsel for the plaintiff in a patent infringement suit (Personal Audio) issued a subpoena for evidence concerning a crowdsourced prior art study that Article One Partners had conducted for attorneys representing one of the defendants in the matter (Coby Electronics). This despite the fact that a protective order had already been issued stating that "no discovery may be taken from a consulting expert"—a common feature of protective orders.

Judge Miriam Goldman Cederbaum of the U.S. District Court for the Southern District of New York, however, quashed the subpoena under Rule 26(b)(4)(D), which states:

Ordinarily, a party may not, by interrogatories or deposition, discover facts known or opinions held by an expert who has been retained or specially employed by another party in anticipation of litigation or to prepare for trial and who is not expected to be called as a witness at trial.[13]

This rule was designed to promote fairness by precluding unreasonable access to an opposing party's diligent trial preparation. The one major exception to the above is Rule 26(b)(4)(D)(ii), which refers to

Crowdsourced Trademark Evidence Is Also Non-discoverable

Judge Cederbaum's decision was entirely consistent with case law governing the discoverability of "crowdsourced" evidence in other arenas of intellectual property litigation as well.[15]

Take consumer surveys, for example, which are commonly used in trademark litigation (or in support of a trademark application) to assess the strength of a trademark in the public mind or the likelihood of confusion between two or more marks. In the United States, the general rule is that surveys of consumer attitudes conducted in anticipation of trademark litigation or trial are _not_ discoverable if the party that commissioned the survey does not intend to use these at trial. In _Loctite Corp. v. National Starch and Chemical Corp._,[16] for example, the court held that "one should not discourage surveys for use in litigation, nor should one compel a party who has commissioned such a survey to introduce it at trial if it does not advance his case, particularly where his adversary equally can commission and offer such a survey."[17]

In several cases, courts have extended the non-discoverability of such crowdsourced consumer surveys. In _Starter Corp. v. Converse, Inc._, for example, the court stated that even "expert opinions based on survey materials fall within Rule 26(b)(4)" and are thus not subject to discovery.[18] And in _Proctor & Gamble Co. v. Johnson & Johnson, Inc._, the court doubted that the fact that a consumer survey had even been commissioned was admissible.[19]

The Case Law Is Clear on Non-testifying Experts

When it comes to the prior art uncovered by a global research community, Rule 26(b)(4)(D) of the Federal Rules of Civil Procedure and ample case law hold that information provided to a litigant by non-testifying consulting experts is immune from discovery.

This is true whether the prior art evidence found benefits the client's case or not. As Judge Cederbaum told counsel seeking discovery of crowdsourced evidence, "You can't use this."

In fact, in _Ager v. Jane C. Stormont Hospital and Training School for Nurses_,[20] the court denied a defendant's request to learn even the identities of the consulting experts.[21]

Two additional points should be kept in mind. First, the judiciary has historically respected the value of evidence, and therefore has consistently protected the means by which it is discovered. And secondly, the riskiest arenas for discovery have always been internal company and employee activity, not the actions of third parties, such as consultants.

Social media—which includes crowdsourcing but also a broader definition of freewheeling commentary and instant opinions—can also create evidence that can be the bane of even the best thought-out litigation strategy.

"exceptional circumstances under which it is impractical for a party to obtain facts or opinions on the same subject by other means."

In _In re Agent Orange Product Liability Litigation_,[14] however, the court said that this exception requires a showing of a "practical inability" to obtain the facts and opinions by other means—a scenario that is clearly impossible in the case of prior art, whose discovery by one party makes it obviously re-discoverable by another.

Risk Management Also Includes the Risk of Foregoing Crowdsourced Evidence

Crowdsourcing as a term was coined in 2003 by Jeff Howe, with crowdsourcing prior art dating back to the late 1990s, but several companies have launched from 2008 and beyond. Over the six years since its inception, IP professionals have expanded the discussion of crowdsourcing risk to focus on the risk of not using this recognized premier approach to the most comprehensive global search. Is there
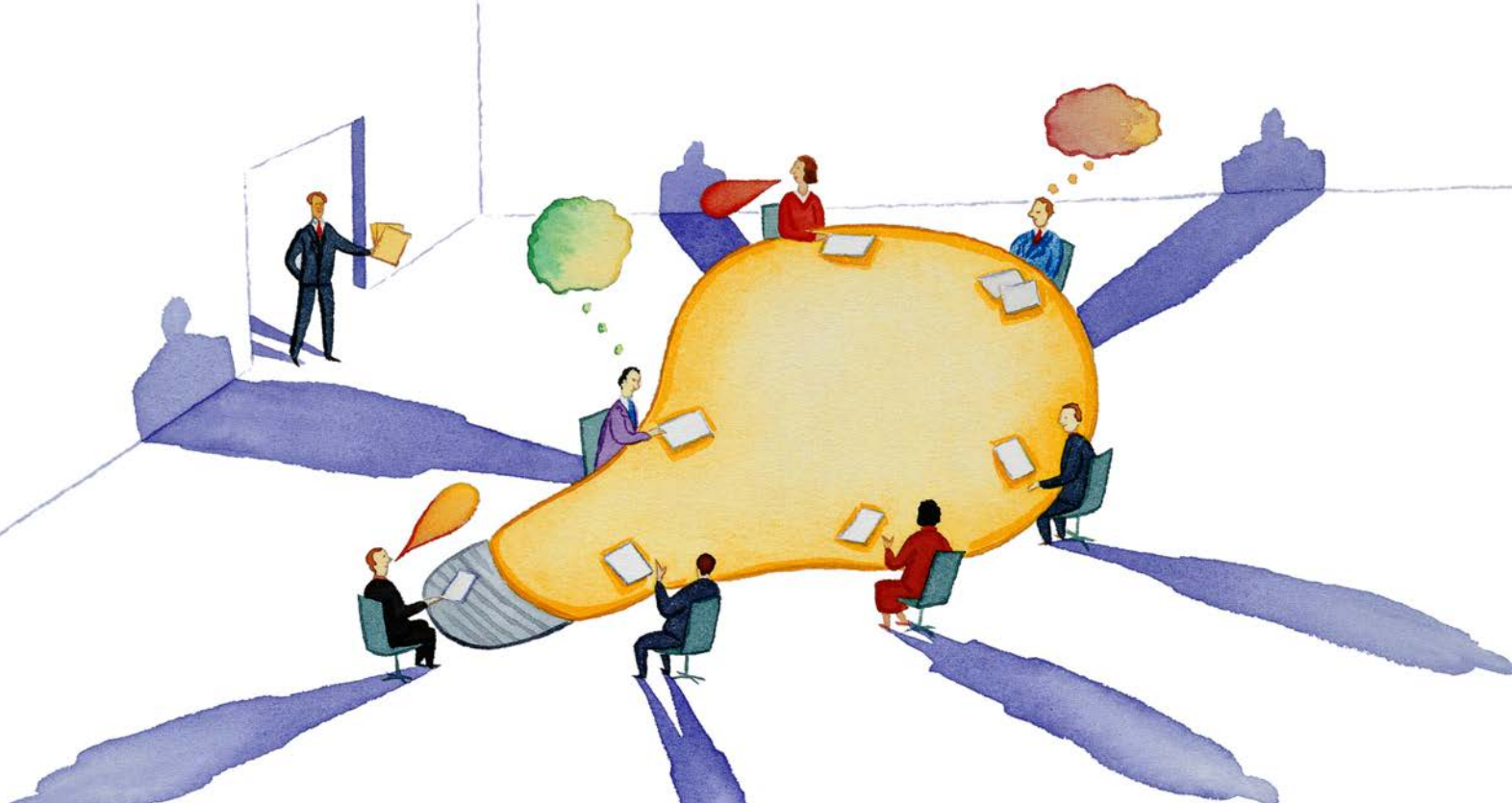
a risk associated with declining the use of crowdsourcing that is greater than the risk of discovery? As a result, outside counsel facing an increasing standard of care for prior art searching now seek crowdsourced prior art to ensure the most comprehensive search for their premier representation.

As further evidence, our Article One team canvassed our client base to understand their thoughts on the litigation impact of crowdsourcing searches at a client user conference and through periodic client reviews (the underlying assumption being "on a platform that adheres to best practices in the management of that risk"). Our client base acknowledges risk in any litigation strategy, but deems the evidentiary value of crowdsourced prior art to outweigh discovery risk when properly managed. According to their direct feedback, they have never encountered an actual negative impact on a litigation.

Crowdsourced Prior Art Meets the Rising Standard of Care on Prior Art Research

Companies and law firms facing patent litigation must not only manage their discovery risks intelligently. They must do so while paying attention to the fact that the increasing standard of care in patent research along with the rising dollar value of verdicts in patent cases.

Put another way, with much higher risk in patent cases comes much higher expectations. And when those expectations are not met, malpractice suits may result.

Prior art, of course, is the Achilles' heel of any patent. That's because a patent is valid only if the invention it covers is useful, novel (i.e., not previously known or described), and nonobvious—meaning, not an obvious outgrowth of an existing technology. The better the prior art search, the greater the chance of uncovering prior art that can shoot down a patent troll suit.

Already roughly half of all patents asserted against companies end up invalidated when litigated in court or re-examined by the USPTO during a process known as an *Inter Partes Review.* If one includes patents whose claims are narrowed as well as those can-

celled entirely—and it's the claims that define the limits of a patent's value and an infringer's liability—then a staggering 89 percent of all patents reviewed by the USPTO have historically been judged either partly or wholly invalid.

In one recent case,[22] an appellate court reversed a lower court decision dismissing a malpractice suit against a law firm that the plaintiff claimed had "deviated from the applicable standard of care by failing to investigate and discover the prior art and misconduct which had not been disclosed" by a patent holder who had sued the plaintiff for infringement.[23]

Although it is difficult to generalize from this unique case, which was settled in 2012, it does spotlight again that law firms have a growing duty of care to pursue with utmost diligence any evidence that may be dispositive for their clients' interests—including the patent prior art.

In fact, this was precisely the argument made by tax software developer PTP Oneclick when it sued a patent law firm for legal malpractice on March 5, 2013. According to the journal Law360, the software developer claimed the law firm botched a patent prior art search and failed to discover the existence of competing software with similar functionality. This led to the USPTO denying PTP Oneclick's patent application.[24]

"The defendant owed plaintiff the duty to exercise that degree of skill, learning, and diligence" required by the standard of care in prior art searching, noted the malpractice complaint.

The U.S. Supreme Court decision in *Gunn v. Minton*[25] only adds to standard of care issues for patent counsel, albeit indirectly. In a sharp departure from prior federal circuit decisions, the Supreme Court held that patent legal malpractice suits may now be heard in state courts. At the very least, this ruling is likely to increase the number of patent malpractice cases filed.[26]

Indeed, we've already seen an explosion of patent malpractice cases in recent years. As the *New York Law Journal* noted in January 2013, "As the volume of patent litigation has increased over

the last decade"—along with the _value_ of patents—"so has the incidence of patent malpractice suits. According to the American Bar Association, patent malpractice suits have risen steadily from 685 in 2007 to 873 in 2011, an increase of more than 30 percent ."

Counting from 2004, the increase in patent malpractice cases has been a whopping 66 percent.

America Invents Act Gives Prior Art New Importance

Beginning March 16, 2013, AIA rules allow new forms of prior art such as unpublished patent applications or inventions "publicly disclosed" anywhere in the world to also serve as an Achilles heel that can invalidate a patent during an _Inter Partes Review._[28]

And just as important, new AIA estoppel rules will prevent any prior art that was "raised or reasonably could have been raised" in an IPR from later being used to challenge the validity of that patent in federal court or before the International Trade Commission (ITC)—the latter an increasingly important venue for patent infringement action.

According to the legislative history of the AIA, "adding the modifier 'reasonably' ensures that could-have-raised estoppel extends only to that prior art that a skilled searcher conducting a diligent search reasonably is expected to discover."[29]

Clearly, it imposes a burden on parties challenging a patent to get the best prior art evidence of invalidity their first time at bat. Under the new estoppel rules, they may not get a second chance.

Will Shareholders Also Insist on a Higher Standard of Care?

The need for the highest-quality prior art is best illustrated by the famous case of Blackberry device maker Research in Motion (RIM), which paid $612 million to patent holder NTP in 2006 to settle an infringement case. But would RIM have paid such a huge fortune had had it known that three years later the USPTO would invalidate most of NTP's patent claims after the discovery of a university research paper predating the NTP patents in a library in Norway?[30]

In the wake of the RIM experience and other high-profile cases, shareholders may also begin to insist upon a higher standard of care in prior art research by management, boards, and litigation counsel. Given the hundreds of millions, if not billions, of dollars of shareholder value at stake in patent litigation today, this is certainly not difficult to imagine.

The point is that companies and law firms involved in patent litigation today must seek not only to minimize their discovery risks, but also to, at the same time, maximize their efforts to uncover the strongest and most relevant prior art possible. ⊙

Cheryl Milone is the founder and chairman of Article One Partners. Milone created the community to add a crucial level of review to the U.S. patent system—strengthening legitimate patents, reducing unjust patent monopolies, and revolutionizing the transparency of patent data. Prior to founding Article One Partners, Milone practiced as a patent attorney and advocated before the U.S. Patent and Trademark Office with Darby & Darby (until 2005), Clifford Chance, and Kenyon & Kenyon. Milone is an inventor on three issued U.S. patents with more than eight patents pending on innovation for Article One, as well as _for earlier inventions. She earned her J.D. in 1992 from Georgetown University Law Center and holds a degree in electrical engineering._

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