SideBAR

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Message from the Chair

The Federal Litigation Section —A Team of Teams to Serve FLS Members!

Robert E. Kohn

It is an exciting time for the Federal Litigation Section, as we celebrate the inaugural FBA Federal Litigation Conference occurring October 27, 2015 in Washington, D.C. The Federal Litigation Section is the FBA's largest section, with over 4,200 members nationwide, and the inaugural conference programming reflects the breadth of the Section's membership as well as a wide array of critical issues for today's federal litigators.

The October 27 Federal Litigation Conference is the product of a lot of hard work and planning by many FLS members, both attorneys and judges, and will address pressing legal concerns of cyber security and data breaches; advanced civil procedure considerations; cease and desist correspondence in trademark and copyright disputes; electronic and social media evidence at trial; and a panel discussion of do's and don'ts from an esteemed group of in-house counsel. The FLS is pleased to welcome as keynote luncheon speak Tom Goldstein, co-founder of SCOTUSblog. November 2015 finds FLS activities shifting to the West Coast, where the Federal Tort Law Committee will convene on November 12, 2015 in San Francisco for what is sure to be an interesting and provocative program. More information about the Federal Tort Law program is available in this issue of *SideBAR* and by contacting the FBA at www.fedbar.org.

With this edition of *SideBAR*, we thank our outgoing editor, Olivera Medenica for her hard work and leadership of the FLS newsletter. An active member of the FBA, Olivera is the new President of the Southern District of New York Chapter and we wish her well in leading this distinguished chapter. Jeff Cox follows Olivera as the new editor of *SideBAR*. Jeff is Immediate Past President of the Dayton FBA Chapter and serves also as co-chair of the FLS Federal Rules of Procedure and Trial Practice Committee. Jeff welcomes article submissions and can be reached at jcox@ficlaw.com.

Because more hands make for easier lifting, I am appreciative of the leadership roles undertaken in the FLS by John McCarthy and Susan Pitchford, who have stepped into the roles

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About the Chair • *Robert E. Kohn litigates entertainment, business, and intellectual property disputes, including government contracts and fraud cases, in the Los Angeles area. He also argues appeals in federal and state courts at all levels. Kohn is a former clerk to Hon. Joel F. Dubina of the Eleventh Circuit, and graduated from Duke Law School. He can be reached at rkohn@kohnlawgroup.com or (310) 917-1011 and followed @RobtKohn.*

Inside this Issue

Note from the Editor

Jeffrey T. Cox

Welcome to the Fall edition of *SideBAR*. This edition marks my first as Editor, so let me begin by asking your assistance. This newsletter is a great opportunity to write and publish on federal practice issues, legal developments and the myriad of concerns affecting federal court litigators and judicial officers. I encourage you to submit articles to be considered for publication. This edition features articles on privilege and expert discovery in bankruptcy adversary proceedings; the 150th anniversary celebrations of the federal courts in the Southern District of New York; an overview of H.R. 9, The Innovation Act, focusing on further proposed patent litigation reforms; and an editorial critique of the new Rule 1 of the Federal Rules of civil Procedure.

Our next issue will reflect back on this month's inaugural Federal Litigation Conference, October 27, 2015 in Washington, D.C. Thanks for reading *SideBAR* and for your participation in the Federal Litigation Section. And, lastly, submit an article for publication! **SB**

About the Editor • *Jeff Cox is a business and complex litigation attorney, and partner at Faruki Ireland & Cox P.L.L., a 30-attorney litigation practice with offices in Dayton and Cincinnati, Ohio. The firm handles a wide array of business litigation ranging from antitrust and securities, to class actions, to intellectual property, advertising and media cases, to data privacy and security matters, as well as complex contract and competition-based litigation. Jeff is Immediate Past President of the Dayton Chapter and Co-Chair of the FLS Federal Rules of Procedure and Trial Practice Committee. He can be reached at jcox@ficlaw.com or 937-227-3704, or read at www.businesslitigationinfo.com.*

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of FLS Vice Chair and Secretary/Treasurer respectively. Both John and Susan have been active FLS members and leaders and we are fortunate to have them in these new roles. John previously served as Secretary/Treasurer as well as Chair of the Federal Rules of Procedure and Trial Practice Committee in addition to his service as FBA Second Circuit Vice President. Another FLS member deserving special recognition is long-time FBA/FLS member Aaron Bulloff. A stalwart of the Northern District of Ohio Chapter, Aaron was recognized recently at the FBA's national convention in Salt Lake City, Utah with a distinguished service award; congratulations Aaron, and thank you!

Enjoy this edition of *SideBAR* and accept my invitation to attend one (or more) of our many fine chapter, regional and national programs. Your participation in the Federal Litigation Section will not only be rewarding for you but of benefit to others. **SB**

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Federal Litigation Section News

On the Docket

Andrea L. Marconi

The following is a compilation of programs, events and activities presented or sponsored by the Federal Litigation Section. Please contact Andrea if you would like to attend any of the upcoming offerings, receive additional information from event planners and organizers, or inquire about possible Federal Litigation Section sponsorship funding for an FBA Chapter or Division event or program presently in planning.

Upcoming Events

First Annual FBA Federal Litigation Conference, October 27, 2015 in Washington, D.C. Please join the Federal Litigation Section for this inaugural event, which will feature CLE programming in various areas of interest to Federal litigators, including evidentiary issues, electronic evidence, new developments in class action litigation, intellectual property litigation issues, among others, as well as social and networking opportunities. Please see page 7 for details.

Previous Successful Events

Conference on U.S. Border Law, El Paso, Texas, January 29-31, 2015. This conference, presented by the El Paso Chapter and co-sponsored by the Federal Litigation Section, Criminal Law Section and International Law Section, included discussion and debate on various security matters and laws impacting border issues.

Electronic Evidence CLE, March 2015. This program was presented by the Federal Rules of Evidence Committee of the Federal Litigation Section in partnership with the Northern Virginia Chapter, FBA Young Lawyers Division and DC Chapters.

Fundamentals of Bankruptcy Litigation, June 24, 2015 at the Southern District of New York Bankruptcy Court. This event was hosted by the Bankruptcy Law and Federal Litigation Sections of the FBA. The seminar consisted of three 90-minute sessions, and addressed numerous issues facing the bankruptcy practitioner, including jurisdiction, venue, local rules, motion practice, trial trips, appellate practice, and practical dos and don'ts. Presenters included Hon. Laura Taylor Swain, Hon. Martin Glenn, and Hon. Alan Trust.

2015 FBA Annual Meeting and Convention, September 10-12, 2015 in Salt Lake City, Utah. FBA members attended a weekend of informative CLE programs and networking opportunities. The Federal Litigation Section hosted its annual Section meeting and happy hour on September 10. Please see photos below. **SB**

Andrea L. Marconi, Section Co-Chair Programming
Thorpe Shwer, P.C., Phoenix, Arizona
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Convention attendees at the Federal Litigation Welcome Reception during the 2015 FBA Annual Meeting and Convention in Salt Lake City on Sept. 10.

BRIEFING THE CAUSE

The New Rule 1, Fed. R. Civ. P.: Pillar of Procedure or Pointless Pontification

Ira Cohen, Esq., B.A., J.D., LL. M.

The titivated Rule 1 of the Federal Rules of Civil Procedure will take effect on December 1, 2015. After four score years, the newest incarnation of this idealistic rule[1] will provide as follows:

> "These rules govern the procedure in all civil actions and proceedings in the United States district courts, except as stated in Rule 81. They should be construed, administered, and *employed* to secure the just, speedy, and inexpensive determination of every action and proceeding." (Emphasis added.)

If justice[2] means a trial before a jury of one's peers, nowadays, one percent of federal cases are tried.[3] Thus, the vast majority of causes are never fully heard on the merits, speaking volumes about justice and fairness.[4]

The speed of case dispositions varies wildly from a glacial pace[5] to the much-vaunted "rocket docket."[6] The median time to disposition in 2012 for cases that were tried was 23 months.[7] Besides, expedition, without more, ensures neither fairness, nor a just result.[8]

As for the burgeoning expense of federal litigation, it is sparked to life, and fueled, by the complex nature and protracted duration of the cases, filing of frivolous actions, court backlogs, opponents' delays, runaway costs (including e-discovery), and astronomical attorneys' fees.[9] Then, add to that combustible mix deposition costs, expert witness fees, translation costs, appellate attorneys' fees and costs, and you have a conflagration Nero could really fiddle about.

Given such a generally tortoise-like[10] and steeply-priced legal system, the stark reality is that, as to the lion's share of cases – while they are, in judicial jargon, "terminated" – they are, in fact, being disposed of by means of nuanced niceties, and procedural technicalities, if not compelled alternative dispute resolution (*e.g.*, mandatory mediation(s)).[11] Additionally, half-hearted settlements are entered into by parties long-fatigued by the system, faltering beneath the crushing burden of demands upon time and resources, and drowning in alarming amounts of lawyers' fees.[12]

We should decry the dwindling opportunities for oral argument and trials in federal court. They rapidly are becoming a lost art. Practitioners miss out on mentoring and, for younger lawyers, practical learning experiences. The bench suffers, too, as the quality of oral advocacy deteriorates and judges are deprived of the manifold benefits of hearing opposing counsel in order to render better-informed rulings.

Many times, trial counsel do not meet with the judge until the Final Pretrial Conference. Certainly, motions have largely become the stuff of push-button endeavors. We have fostered an impersonal and inferior juridical environment which has devolved into "jurisprudence by correspondence."

If we have learned nothing else in seven plus decades, we must concede the fact that the rules are neither self-executing, nor self-policing. We could have 80 rules behind Rule 1, or 8,000; what will it matter if we do not all seek out justice?[13]

The district judges—who wield broad-ranging and potent powers to sanction parties and attorneys under Rule 11, Title 28 U.S. Code Section 1927, and the court's inherent authority—all too infrequently invoke such august powers. If real reform is to come, it must come in the form of the judges arresting, correcting, and sanctioning major and material and egregious transgressions by parties, non-professional and unethical deportment by lawyers, of every stripe. The judges also must bear down and try a greater percentage of cases.[14] Initiatives must be made in the sphere of intellectual property (*i.e.*, patent) cases.[15] If the federal government spent as much money improving the administration of justice as it does on building new courthouses, the systemic improvements could be impressive.[16]

We attorneys must vigorously oppose frivolous filings and abstain from discovery abuses. Staffing on cases should be Spartan; not multi-layered like onions. Summary Judgments are not merely high-stakes gamesmanship designed to elongate a case or pad the lawyer bills.[17]

Let us attempt to fulfill the dated-vintage dream of Rule not only with open minds, but also with eyes wide open.[18] To that end, we would do well to remember that ancient Japanese proverb: "[v]ision without action is a daydream; action without vision is a nightmare." **SB**

Endnotes

[1]"It is the spirit and not the form of law that keeps justice alive." Attributed to Earl Warren (U.S. Supreme Court Justice, 1891-1974).

[2]"If we do not maintain justice, justice will not maintain us." Attributed to Francis Bacon (English Philosopher, 1561-1626).

[3]Stephen N. Subrin & Thomas O. Main, The Fourth Era of American Civil Procedure, 162 U. PA. L. Rev. 1839 (2014).

[4]"Fairness is what justice really is." Attributed to Potter Stewart (U.S. Supreme Court Justice, 1915-1985).

[5]"Justice delayed is justice denied." Attributed to William E. Gladstone (British Statesman, 1809-1898).

[6]"Justice and judgment lie often a world apart." Attributed to Emmeline Pankhurst (English activist, 1858-1928).

[7]*Id.*

[8]"Swift justice demands more than just swiftness." Attributed to Potter Stewart (U.S. Supreme Court Justice, 1915-1985)

[9]*See generally* EMERY G. LEE III & THOMAS E. WILLGING, FED. JUDICIAL CTR., LITIGATION COSTS IN CIVIL CASES: MULTIVARIATE ANALYSIS (2010).

[10] "Justice is like a train that is nearly always late." Attributed to Yevgeny Yevtushenko (Russian Poet, 1933-)

[11]"The law isn't justice. It's a very imperfect mechanism. If you press exactly the right buttons and are also lucky, justice may show up in the answer. A mechanism is all the law was ever intended to be." Attributed to Raymond Chandler (American writer, 1888-1959).

[12]*Gulliver's Travels*, Jonathan Swift (Irish writer, 1667-1745) as Gulliver remarked to the King of Brobdingnab:

"Upon what I said in relation to our Courts of Justice, his Majesty desired to be satisfied in several points: and this I was better able to do, having been formerly almost ruined by a long suit in chancery, which was decreed for me with costs. He asked what time was usually spent in determining between right and wrong, and what degree of expense. Whether advocates and orators had liberty to plead in causes manifestly known to be unjust, vexatious or oppressive…"

[13]"The more laws, the less justice." Attributed to Marcus Tullius Cicero (Roman Statesman 106-43 B.C.)

[14]Query why we need "trial judges," if ninety-nine percent of the federal cases never reach trial? Let us have a cadre of federally-certified mediators or persuade or incentivize more parties to agree to consent-jurisdiction trial before U.S. Magistrate Judges, pursuant to Title 28, U.S. Code §636(c).

[15]"History or custom or social utility or some compelling sense of justice or sometimes perhaps a semi-intuitive apprehension of the pervading spirit of the law must come to the rescue of the anxious judge and tell him where to go." Attributed to Benjamin N. Cardozo (U.S. Supreme Court Justice, 1870-1938)

[16]Thirty three new federal courthouses were completed between 2000 and 2010 at an estimated construction cost of $835 million and $51 million, annually, to operate and maintain.

[17]"It is a maxim among these lawyers, that whatever hath been done before, may legally be done again: and therefore they take special care to record all the decisions formerly made against common justice and the general reason of mankind." Attributed to Jonathan Swift (Irish writer, 1667-1745).

[18] "The virtue of justice consists in moderation, as regulated by wisdom." Attributed to Aristotle (Greek Philosopher, 384 B.C.-322 B.C.).

Privilege and Expert Discovery under Federal Rule of Civil Procedure 26 in Bankruptcy Adversary Proceedings

Paul J. Hammer

I. Introduction

At some point in your career, your practice will likely inter lap with an issue that must be resolved in federal bankruptcy court. Whether it's a client in financial difficulty or you being retained to pursue the collection of assets or debts owed, you will be surprised at how prominent insolvency issues come into play for federal practitioners with commercial and general litigation practices. This becomes even more pertinent when considering the recent historic fiscal crisis in places such as Detroit, Michigan, Stockton, California and Puerto Rico.

What is surprising to many practitioners is how similar the litigation of adversary proceedings in bankruptcy can be to federal practice. Below I provide a general summary of how mechanisms available under Federal Rule of Civil Procedure 26(a)(2) and (b)(3)(4)(5) in regards to Privilege and Expert Discovery will come in handy should you find yourself having to litigate in bankruptcy court someday.

II. Rule 26 Discovery Available in Adversary Proceedings

An adversary proceeding in bankruptcy court is a lawsuit filed within a bankruptcy case.[1] While it remains a part of the bankruptcy case, it has its own separate case number, and may involve a different attorney than the one handling the bankruptcy itself. Any party can file an adversary proceeding in a bankruptcy—the trustee, a creditor, or the debtor. The purpose of an adversary proceeding is to obtain some form of relief that requires a judge's attention and cannot be accomplished through a court motion. Adversary proceedings are resolved by the presiding bankruptcy judge, and juries are not selected, only bench trials are held, when necessary.

An adversary proceeding starts when the plaintiff files a complaint with the bankruptcy court. The complaint lists the facts that pertain to the lawsuit and asks the court to enter a judgment based on the facts and the law. When the plaintiff files, the court will issue a summons, which the plaintiff must serve upon the defendant, along with a copy of the complaint. Once the defendant receives the complaint, he or she generally has 30 days to respond, depending on the local rules of the bankruptcy court. To respond, the defendant must file an answer, which responds to the allegations in the complaint. If the defendant does not file an answer on or before the deadline, the court will enter a default, and the plaintiff can obtain a default judgment. The most common types of adversary proceedings are fraudulent transfers, preferential transfers, lien stripping, a proceeding to obtain an injunction or other equitable relief and objections to discharge.[2]

Disputes between or among parties arise often in adversary proceedings, and vary from simple, relatively straightforward matters to those involving complex, protracted litigation. The nature of a proceeding and the degree of its complexity cannot always be determined simply. Occasionally, adversary proceedings may require. Further, these types of disputes may oftentimes exist simultaneously in a single bankruptcy case or, if not simultaneous, may occur one after the other without much time elapsing in between. These realities of bankruptcy practice necessitate cooperation of counsel, realistic discovery requests and earnest attempts to compromise. Notwithstanding these unique aspects of bankruptcy litiga-

tion, Bankruptcy Rules 7026 through 7037 make Civil Rule 26 applicable in adversary proceedings.

III. Expert Witness Discovery

Rule 26(a) (2) requires a party to disclose the identity of any witness who will provide expert testimony. Absent a stipulation or court order to the contrary, these disclosures must occur 90 days before trial. Parties to adversary proceedings should consider whether to adjust the default disclosure schedule—and obtain a stipulation or order from the court, accordingly. Another feature of Rule 26(a) (2) is that it distinguishes between witnesses who must provide a full expert report and witnesses for whom a party must merely disclose the subject matter of the testimony and a summary of the facts and opinions that will be the subject of the testimony. The rule provides that a full report is required only from witnesses retained specifically to provide expert testimony, or witnesses who are employed by the party and whose duties as an employee regularly involve giving expert testimony. Expert testimony from other witnesses is subject only to the abbreviated disclosures required by this rule.

Federal Rule of Civil Procedure 26(b) (4) governs the disclosure of, and discovery related to, expert witness testimony in adversary proceedings. This rule sets forth certain rules and procedures regarding discovery related to expert witness testimony. First, the rule provides that a party may depose any person identified as testifying expert -- and if the witness is required to supply a report, the deposition must occur only after that report is issued. Second, the rule protects against disclosure of (1) drafts of any expert report and (2) most communications between a party's attorney and any witness required to provide a report.

IV. Asserting and Protecting the Privilege in Response to Discovery Requests

Federal Rule of Civil Procedure 26(b) (3) protects documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative (including the other party's attorney, consultant, surety, indemnitor, insurer, or agent). Federal Rules of Civil Procedure 26(b)(5) requires the submission of a privilege log where a person served with a document request or subpoena objects to the production of requested documents on the ground of privilege. However, a document-by-document privilege log is not always necessary when a party has, in good faith, asserted other non-privilege objections to the discoverability of a whole range of materials. Rule 26(b) (5) does not expressly state a deadline for submitting the privilege log. A party asserting a privilege or attorney work product must describe in detail the documents or information sought to be protected and provide precise reasons for the objection to discovery.

V. Conclusion

Federal Rule of Civil Procedure 26(a) (2) and 26(b)(3) (4)(5) play a role in adversary proceedings in regards to Privilege and Expert Discovery. As such, all federal litigators should take this into consideration when they step into the bankruptcy forum. **SB**

Paul J. Hammer is the Director of the Bankruptcy and Financial Reorganization Practice Group at Estrella, LLC in San Juan, Puerto Rico. He is a member of the Louisiana, Texas and Puerto Rico (Federal) Bars. He is certified by the Puerto Rico Supreme Court in bankruptcy and regularly teaches CLE courses to attorneys, accountants and other professionals. He has published works in the legal journals of both Harvard and the University of Pennsylvania and is regularly featured in Caribbean Business, Puerto Rico's top business publication, to discuss financial reorganization issues.

Endnotes

[1]See generally Rule 7001 of the Federal Rules of Bankruptcy Procedure.

[2]See generally Rule 7001(4) of the Federal Rules of Bankruptcy Procedure.

SideBAR is published by the Federal Litigation Section of the Federal Bar Association; the views expressed herein do not necessarily represent those of the FBA. Send all articles or other contributions to Jeffrey T. Cox, 937-227-3704 or jcox@ficlaw.com.

2015 FEDERAL LITIGATION CONFERENCE

FEDERAL BAR ASSOCIATION

October 27, 2015 • FHI 360 Conference Center
1825 Connecticut Avenue, NW – 8th Floor
Washington, D.C.

Federal judges and federal court practitioners from across this country will meet in our nation's capital to discuss the latest issues in federal practice. Join the FBA's Federal Litigation Section as it explores federal litigation from start to finish, including programs on jurisdictional and venue traps, admissibility of electronic and social media evidence, and the latest issues impacting federal litigators with respect to cyber security and data breaches. At least six hours of CLE credit, including ethics credit, will be available and attendees will benefit from multiple networking opportunities including a welcome reception, lunch and a closing reception.

SCHEDULE AT A GLANCE

OCTOBER 26, 2015

5:30-7:00 p.m. Welcome Reception at Winston & Strawn LLP
1700 K Street, N.W. (Rooftop/12th Floor)
Washington, DC 20006-3817

OCTOBER 27, 2015

8:30-9:00 a.m. Registration and Networking Continental Breakfast

9:00-10:20 a.m. CLE Session 1: Cyber Security and Data Breach
Grey Burkhart, Booz Allen Hamilton Inc.
Jeffrey T. Cox, Faruki Ireland & Cox
Kevin Minsky, Booz Allen Hamilton Inc.
Michael Woods, Verizon
Moderator: Charles B. Molster, III, Winston & Strawn LLP

10:20-10:30 a.m. Networking Break

10:30 a.m.-Noon CLE Session 2: Civil Procedure
John G. McCarthy, Smith, Gambrell & Russell LLP
Hon. Loretta A. Preska, Chief U.S. District Judge, Southern District of New York
Hon. Gerald E. Rosen, Chief U.S. District Judge, Eastern District of Michigan
Hon. Suzanne H. Segal, Chief U.S. Magistrate Judge, Central District of California
Moderator: James M. Wagstaffe, Kerr & Wagstaffe

Noon-1:15 p.m. Networking Luncheon with Keynote Speaker
Thomas C. Goldstein, Goldstein & Russell P.C.; co-founder of SCOTUS-blog.com

1:15-2:05 p.m. CLE Session 3A: SCOTUS Panel
Michael A. Carvin, Jones Day
Moderator: Steffen N. Johnson, Winston & Strawn LLP

1:15-2:05 p.m. CLE Session 3B: IP Cease and Desist Letters: Ethics & Practice
Raymond J. Dowd, Dunnington, Bartholow & Miller LLP
John G. Froemming, Jones Day
Matthew T. Salzmann, Arnold & Porter LLP
Moderator: Hon. Lisa Margaret Smith, U.S. Magistrate Judge, Southern District of New York

2:05-2:10 p.m. Networking Break

2:10-3:00 p.m. CLE Session 4: In-house Counsel Panel
Joseph Clark, Hewlett-Packard
Neuman Leverett,Tyco International
Rachel V. Rose, JD, Rachel V. Rose Attorney at Law, PPLC
Timothy Wilson, SAS Institute Inc.
Moderator: Karla Palmer, Hyman, Phelps & McNamara, P.C.

3:00-3:15 p.m. Networking Break

3:15-4:10 p.m. CLE Session 5: Obtaining and Using Electronic & Social Media Evidence
Mark H. Churchill, McDermott Will & Emery
Daniel D. Mauler, Redmon, Peyton, & Braswell LLP
Mark J. McLaughlin, Computer Foresnics International
Mark K. Vincent, U.S. Attorney's Office, District of Utah; FBA President
Moderator: Charles B. Molster, III, Winston & Strawn LLP

4:15-5:15 p.m. CLE Session 6: Judges Panel
Hon. Gerald E. Rosen, Chief U.S. District Judge, Eastern District of Michigan
Hon. Suzanne H. Segal, Chief U.S. Magistrate Judge, Central District of California
Hon. Lisa Margaret Smith, U.S. Magistrate Judge, Southern District of New York
Moderator: Robert E. Kohn, Kohn Law Group, Inc.

5:15 p.m. Networking Cocktail Reception

OCTOBER 28, 2015

11:00 a.m. Golf Tournament and Reception
Army Navy Country Club
1700 Army Navy Drive
Arlington, VA 22202

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Trolling for Solutions: Innovation Act Would (Again) Fundamentally Change Patent Litigation Practice

Jeffrey T. Cox

Among the myriad of legislative initiatives confronting the 114th Congress, one bill—unlike most others—began the journey towards potential enactment with seemingly broad-based bipartisan support. The Innovation Act, H.R. 9, was introduced on February 5, 2015 and is now in its sophomore campaign.[1] First introduced in 2013 (in much the same form), the Innovation Act was previously passed by the House of Representatives by an overwhelming 325-91 vote, reflecting wide support. The 2015 version seemed destined for a similar glide path, but as this legislation progresses, the breadth of its potential impact bears careful consideration. Its supporters seek to arrest the abusive behavior of "patent trolls,"[2] the manner in which this laudable goal may be accomplished, could have a profound effect on federal court practice and patent law jurisprudence—and perhaps, far beyond intellectual property litigation.

The root problem H.R. 9's sponsors seek to address is the explosion of patent litigation brought by patent owners who have little, if any relationship, to the protected innovation or invention beyond owning it. Indeed, many companies have emerged in recent years to acquire patents and then aggressively litigate infringement claims solely to extract payments for the defendants' right to continue to utilize the patented device or practice. "Trolls" drive revenue from the patent litigation, with no intent to actually practice the patent. The value in this scenario, is in the ownership, not in the innovation. Defendants in such cases must weigh the cost of litigation against the cost of buying liberty.

H.R. 9 features further reforms expanding on the 2011 "America Invents Act" and is designed to address these perceived abuses. The challenge (one of several) however, lies in how to curb abuse "while ensuring that any patent owner, large or small, will be able to enforce a patent that is valid and infringed."[3] Preventing patent trolls without inhibiting legitimate patent holders from enforcing their rights is one of the key considerations as the Innovation Act is debated. Nowhere is this concern more profound than across university campuses. A recent editorial in the *Wall Street Journal* from the presidents of Boston University and Clemson University supported efforts to curb patent troll behavior, but cautioned that the Innovation Act, as currently constructed, "would make universities more reluctant to assume the risk of defending their patents."[4]

The legislation features many proposed changes, but most notable among them, from the perspective of federal court litigators (regardless if you are prosecuting or defending a case) are 1) the heightened pleading requirements; 2) discovery limits; and 3) presumption of attorney fees—largely abandoning the "American Rule" for a modified version of the "loser pays" approach favored in the English system. Any one of these three areas merit discussion longer than this article can afford, but each bears cautious consideration.

Pleading Requirements

H.R. 9's proposed enhanced pleading requirements far surpass current practice and leapfrog changes presently underway from the Judicial Conference that implicitly increase pleading requirements but are not even slated to take effect until December 2015. For example, the Innovation Act would require a patent holder to set forth in chart form—at the time of filing suit—a demonstration of how each limitation in each claim being asserted of each patent in question is found within each accused infringing product. There are other related requirements as well. Already many district courts throughout the United States have adopted patent rules borne out of study and discussion among local judges and practitioners. These "local" rules reflect patent practice and litigation behavior unique to specific districts, and there has not been a hue and cry suggesting these efforts have failed; indeed, the FBA reports that patent infringement filings were down nearly 20 percent in 2014 from prior years. The heightened pleading requirements in H.R. 9 may well run directly counter to the well-reasoned local patent rules of district courts.

Fee Shifting

35 U.S.C. § 285 has long provided judges handling patent litigation with the discretion to shift fees in extraordinary cases: "(1) The case must be exceptional, (2) the fees must be reasonable, and (3) the fees may be awarded only to the prevailing party."[5] Two Supreme Court cases last year, *Highmark Inc. v. Allcare Health Mgmt.*, 577 Fed. Appx. 995 (Fed. Circ., 2014) and *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 570 Fed. Appx. 936 (Fed. Circ., 2014) removed some of the precedential hurdles that had built up over the years to §285 fee shifting awards, further empowering federal judges with the flexibility to award fees. Indeed, the Federal Circuit Bar Association, which opposes H.R. 9's fee shifting provisions, advised the House Judiciary Committee that fee awards post-*Octane* have risen from 13 percent to 36 percent over the last twelve months.[6] Likewise, the FBA has urged Congress to allow trial judges to continue to have discretion "to shift fees when abuses occur—before an outright presumption of fee-shifting is imposed statutorily."[7]

Discovery Limits

Proposed changes to FRCP 26 (and Rules 33, 34 and 37 too, among others), would substantially alter discovery practice under the current rules, restricting the scope of discoverable materials and information available in the early stages of a patent infringement case prior to the court reaching the claim construction hearing and decision. The claim construction decision often is dispositive, and in those instances, the proposed changes may result in reduced costs to the litigants. While H.R. 9 provides some exceptions, limiting patent litigants at the outset of a case to discovery of "core documentary evidence" is a substantial departure from current practice and may result in creating a competitive imbalance among patent litigants.

In a March 26, 2015 letter to the House Judiciary

Committee, FBA President Matthew Moreland raised concerns with the proposed discovery and case management changes, contending that H.R. 9 would set aside "a tradition of Congressional deference to the authority of the courts to establish subject-specific procedural rules, as recognized under the Rules Enabling Act." Moreland noted further that the Judicial Conference is in the near-final stages of approving amendments to the Federal Rules of Civil Procedure with "new limits on discovery regarding proportionality and the allocation of the cost of discovery" applicable to all civil litigation. The FBA has urged Congress to allow the courts to implement these changes, providing flexibility to tailor discovery in case-specific instances, and to assess the effectiveness of this approach over the next several years rather than layering in another set of requirements now that eliminate court flexibility to manage patent cases.

The question all of these proposed changes raise is whether the consequence of less uniformity in federal practice is a reasonable "cost" to curb abusive patent litigation. While H.R. 9 weaves its way through committee on the House side, the Senate path is less certain, but congressional support for some further patent reforms appears unflagging. Republican leaders in both houses of Congress consider patent reform a priority; likewise the White House. With both parties mindful of the approaching 2016 elections, passage of this legislation may be a win-win for the politicians seeking to demonstrate to voters the ability to break through partisan gridlock and pass important legislation. The long-term effect on our judicial system, however, faces a less certain and potentially much less favorable outcome. **SB**

Jeff is a partner at Faruki Ireland & Cox P.L.L., a national litigation firm with offices in Dayton and Cincinnati. He has served as President of the Dayton FBA Chapter and is Co-Chair of the FBA's Federal Rules and Trial Practice Committee, and the new editor of SideBAR. Jeff can be reached at jcox@ficlaw.com.

Endnotes

[1]www.congress.gov/bill/114th-congress/house-bill/9/text

[2]There are a multitude of attempted definitions of a "patent troll" that focus on those individuals and entities that do not practice the patent but instead litigate patent rights to exact license fees from companies using the patented technology but which are unwilling to incur the cost of discovery and trial, and the risk of an adverse ruling. For a good explanation of the challenge of defining "patent troll" behavior, see Brian Hannon and Margaret Welsh's July 29, 2013 article, "Challenges of Defining a Patent Troll," Bloomberg Law (www.bna.com).

[3]Michelle Lee, Director, U.S. Patent and Trademark Office, April 14, 2015 testimony to U.S. House Judiciary Committee.

[4]"A Patent-Troll Bill with Bad College Grades," Wall Street Journal, April 14, 2015.

[5]Schwartz & Goldman, Patent Law & Practice (6th ed.), /w 8.V (2008).

[6]Kelly Knaub, "Fed. Cir. Bar Says Fee Awards Have Tripled Post-Octane," Law 360 (April 14, 2015) (www.law360.com/artiles/642964/fed-circ-bar-says-fee-awards-have-tripled-post-octane).

[7]Matthew Moreland, March 26, 2015 Letter to Representatives Robert Goodlatte and John Conyers regarding Innovation Act, N.R. 9.

Eastern District of New York Celebrates 150 Years

Russell Penzer

On March 16, the Eastern District of New York held a special session to commemorate the 150th Anniversary of its creation. The event, which was held at the Theodore Roosevelt Federal Courthouse in Brooklyn, New York, was presided over by Eastern District Chief Judge Carol Bagley Amon. In addition to all of the sitting District Judges in the Eastern District, Chief Judge Amon was joined on the bench by Supreme Court Justices, Ruth Bader Ginsburg and Sonia Sotomayor. Among the several hundred attendees that packed the courthouse's ceremonial courtroom were many judges, dignitaries and bar leaders, including E.D.N.Y U.S. Attorney Loretta Lynch, former E.D.N.Y. U.S. Attorney Alan Vinegrad, Second Circuit Court of Appeals Chief Judge Robert A. Katzmann, S.D.N.Y. Chief Judge Loretta A. Preska, Federal Bar Association ("FBA") Directors Raymond J. Dowd and Katherine González-Valentín, and FBA Second Circuit Vice Presidents Ernest T. Bartol and John G. McCarthy.

The special session was called to order by Clerk of Court Douglas Palmer, followed by a presentation of the colors and singing of the National Anthem by Rosalie Sullivan of the New York Metropolitan Opera. Chief Judge Amon then addressed the audience, speaking about the history of the Eastern District, from its creation by a bill signed by President Abraham Lincoln in the waning days of the Civil War, through its present state as one of the nation's busiest courts. She highlighted some of the high-profile cases that have been adjudicated in the Eastern District, and noted that, since 9/11, no other Article III court has been the venue of more terrorism cases. Chief Judge Amon observed that the court "reflected the wise and humble spirit of Lincoln," and expressed that she and her fellow judges are grateful to President Lincoln for giving them the opportunity to serve as members of the court.

Chief Judge Amon then introduced Justice Ginsburg, observing that Justice Ginsburg had reached rock star, or "rap star," status among her many young followers. Justice

Ginsburg spoke to the history of the Eastern District, with an emphasis on the role of women judges. She noted that 28 years after now Second Circuit Court of Appeals Judge Reena Raggi became the first woman appointed as an Eastern District judge. Woman now make up a majority of district and magistrate judges on the court, a development that she described as an "incredible dream come true." Justice Ginsburg also addressed Eastern District Judge Jack Weinstein. She noted that, having spent 48 years on the bench, there were only seven other sitting judges with longer tenure than the "indomitable" Weinstein and "none with greater zeal, ingenuity and initiative." Justice Ginsburg also noted that Judge Weinstein had been her evidence professor at Columbia Law School.

Chief Judge Amon then called upon Alan Vinegrad to speak as a representative of the court's bar. After discussing the history and current state of the Eastern District, Mr. Vinegrad noted that, while the Eastern District has been housed in various locations throughout its history, "one thing is constant: the judiciary has always been committed to the fair administration of justice."

Judge Weinstein rounded out the live presentations speaking largely about the role that judges in the Eastern District play. He observed that "the rich, the poor, the middle class, the powerful and the powerless" all depended on the judiciary "for justice and protection." He added that "the judges of this court are the human face of the law. To all who seek justice, this court's doors are open." Judge Weinstein also noted that since 9/11, in which local firefighters "were killed trying to save some of the thousands who died within our sight", the court has had a "heightened critical duty: maintaining our people's individual freedom and constitutional rights while meeting the challenges of a dangerous, new, continuing terrorism". On a more personal level, he also observed that "more than any court I know of, our judges work together as friends and colleagues" and said that it has been "a joyful and humbling experience" participating in the work of the court.

After the live presentations, attendees were treated to a trailer for a film that is being made about the Eastern District to commemorate its 150th Anniversary. The film laced together historical images and notes, with interviews from current Eastern District judges.

Following the special session was a cocktail reception.

The March 16 program was just the first in a series of events this year to commemorate the 150th Anniversary of the Eastern District. On April 16, an exhibit, "E.D.N.Y. in the Headlines," opened in the Brooklyn Courthouse. Then, on June 4, the Eastern District's Central Islip Courthouse was the site of an event celebrating the anniversary. Finally, on October 19, Justice Sotomayor was the featured speaker at an Eastern District en banc naturalization ceremony. These educational, informative and entertaining programs were outstanding celebrations of the Eastern District of New York's 150th anniversary. **SB**

Russell Penzer is President of the Eastern District of New York Chapter. He is a Litigation Partner with Lazer, Aptheker, Rosella & Yedid, P.C. in Melville, New York.

FLS Leadership News

The Federal Litigation Section is pleased to announce the election of Susan D. Pitchford as Secretary/Treasurer of the FLS. Susan is a partner at Chernoff Vilhauer LLP in Portland, Oregon and was the FBA's Oregon Chapter President from 2011-12.

Joining the FLS governing board in 2015 are United States Magistrate Judge Suzanne Segal, Chief Magistrate for the United States District Court for the Central District of California. Before appointment to the Bench, Chief Judge Segal had a distinguished career in the civil and appellate divisions of the U.S. Attorney's Office for the Central District of California, and prior to that was a civil litigator in Los Angeles. Welcome Judge Segal!

Also joining the FLS Board is Nicole Newlon, a partner at Johnson & Cassidy in Tampa, Florida. A commercial litigator, Nicole recently concluded her term as President of the FBA's Tampa Bay Chapter, where she remains an active chapter leader.

Federal Bar Association
Annual Meeting and Convention

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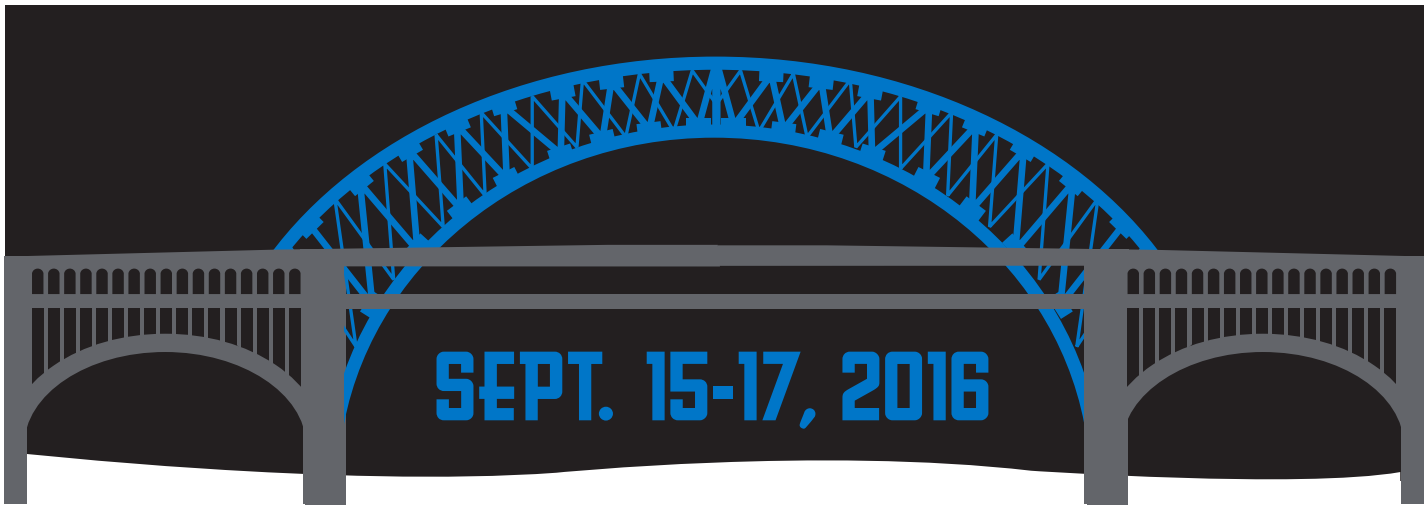

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