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2016 Update: Annotated Local Patent Rules for the Northern District of Illinois

In an effort to create greater predictability for patent litigation in the Northern District of Illinois, the District enacted Local Patent Rules (“LPR”) effective as of October 1, 2009.* This annotated version of the LPRs collects decisions interpreting and applying the Rules up through December 8, 2016. After reciting each rule, we provide citations to opinions that have applied the rule, along with a relevant quote from the opinion and an explanatory heading.

We hope the annotated LPRs are a valuable resource to the Judges, parties, and attorneys involved in patent litigation in the Northern District of Illinois. Of course, the LPRs and these annotations should be read in conjunction with the Northern District of Illinois Local Rules as well as any applicable rules or standing orders particular to each Judge.

* On March 1, 2013, the Northern District amended the LPRs.

Although local patent rules from other jurisdictions were considered in drafting the Northern District's, the LPRs differ from other local patent rules in several important respects.

Protective Order

The LPRs include a default protective order that automatically takes effect upon initiation of a lawsuit. (LPR 1.4, Appendix B.) The purpose of this default protective order is to facilitate the early disclosures required by the LPRs without any delay that may otherwise result from the parties' negotiation of a protective order. The parties may seek to modify the default protective order for good cause, but the filing of such a motion does not affect the parties' early disclosure obligations under the LPRs.

Initial Disclosures

Fourteen days after an accused infringer files an answer or otherwise responds to the Complaint, the parties must exchange initial disclosures. (LPR 2.1.) For patentees, these disclosures include documents relating to: (i) the on-sale bar, (ii) conception and reduction to practice, (iii) the communications with the Patent and Trademark Office for each patent-in-suit, and (iv) ownership of the patent rights.

For accused infringers, these disclosures include: (i) documents sufficient to show the operation and construction of all aspects or elements of each accused instrumentality identified with specificity in the Complaint, and (ii) each item of prior art of which the party is aware that allegedly anticipates or renders the patent claims obvious. In a departure from many other local patent rules, the Northern District of Illinois requires that the accused infringer's initial disclosures occur before the patentee provides its Initial Infringement Contentions.

Fact Discovery

The LPRs provide for potentially two stages of fact discovery. (LPR 1.3.) The first stage commences on the date of the Initial Disclosures and ends one week before the opening claim construction brief is due. Upon entry of the claim construction ruling, a party may move the Court for a second stage of fact discovery if necessitated by the claim construction ruling.

Initial Contentions

The patentee must serve its Initial Infringement Contentions within 14 days of the Initial Disclosures. (LPR 2.2.) Then, within 14 days, the accused infringer must submit its Initial Non-Infringement, Invalidity, and Unenforceability Contentions. (LPR 2.3.) The Initial Non-Infringement Contentions must contain a chart responsive to the patentee's Infringement Contentions that identifies whether each claim element is present in each accused instrumentality, and, if it is not, the reason for the denial. The Initial Unenforceability Contentions must identify the acts that allegedly support and all bases for the unenforceability assertion.

Similarly, within 14 days after service of the accused infringer's Initial Contentions, the patentee must serve a response to the contentions. (LPR 2.5.) The response must contain a chart that identifies whether each claim element is present in the prior art, and, if it is not, the reason for the denial.

Final Contentions

While the LPRs provide for the exchange of initial contentions to enable the parties to focus on the contested issues from an early stage of litigation, the LPRs also provide for the exchange of final contentions after the parties have had an opportunity to engage in discovery. To that end, twenty-one weeks after the service of the Initial Infringement Contentions, the patentee must serve its Final Infringement Contentions and the accused infringer must serve its Final Unenforceability and Invalidity Contentions. (LPR 3.1.) Twenty-eight days later, the patentee must serve its response to the Final Unenforceability and Invalidity Contentions, and the accused infringer must serve its Final Non-Infringement Contentions. (LPR 3.2.) The Final Contentions may be amended only with leave of Court upon a showing of good cause and the absence of unfair prejudice. (LPR 3.4.)

Claim Construction

Within 14 days after service of the responsive Final Contentions, the parties must simultaneously exchange a list of the claim terms they contend should be construed along with proposed constructions for such terms. (LPR 4.1.) The parties must then

meet and confer to agree upon no more than 10 claim terms to submit for construction. If the parties cannot agree on 10 terms, each side is allocated five terms. More than 10 terms may be presented only with prior approval by the Court based upon a showing of good cause.

Thirty-five days after the exchange of claim terms, the accused infringer files the opening claim construction brief. (LPR 4.2.) The patentee then files a response brief, and the accused infringer files the reply brief. In contrast to local patent rules in other jurisdictions, the Northern District of Illinois scheduled briefing in this sequence based on the view that there would be a more meaningful exchange of contested points if the patentee, who often argues for a “plain meaning” or no construction of disputed claim terms, did not file the opening brief. (Comment to LPR 4.2.)

In addition, attorneys should be aware that the LPRs require the parties to exchange demonstratives and exhibits to be used at the *Markman* hearing no later than three days before the hearing. (LPR 4.3.)

2013 Amendments

In March 2013, the Northern District of Illinois adopted various amendments to the LPRs. The most notable changes included a clarification to LPR 1.3 that fact discovery does not resume as a matter of right following a claim construction ruling. Instead, the party seeking additional discovery after claim construction must submit a motion explaining why further discovery is necessitated by the claim construction ruling. Also, LPR 3.1 was modified such that in the Final Invalidity Contentions, a party may not rely on more than 25 prior-art references unless it receives permission from the Court to do so. In seeking such permission, the party must demonstrate good cause for exceeding the limit and show an absence of unfair prejudice to the patentee.

In addition to amending specific LPRs, the Northern District of Illinois amended the rules to include Local Patent Rules for Electronically Stored Information (“ESI”). The Northern District of Illinois Local Patent Rules for ESI are based on the Seventh

Circuit’s Electronic Discovery Pilot Program Principles and the Federal Circuit’s Model Order on E-Discovery (which has since been removed from the Federal Circuit’s website).¹

Some notable aspects of the Northern District of Illinois Local Patent Rules for ESI include LPR ESI 2.6(d)-(e), which provide that the default for email discovery is five custodians per producing party, and five search terms per custodian. LPR ESI 2.6(d)-(e) also provide that the Court “shall consider contested requests for up to five additional custodians per producing party and [up to five additional search terms per custodian], upon showing a distinct need based on the size, complexity, and issues of this specific case.”

The LPR for ESI further contemplate cost shifting in the event that a requesting party seeks discovery of a large number of custodians or search terms: “Should a party serve email production requests for additional custodians [or search terms] beyond the limits agreed to by the parties or granted by the Court pursuant to this paragraph, the requesting party shall bear all reasonable costs caused by such additional discovery.” (LPR ESI 2.6(d)-(e).) Similarly, the ESI rules provide for cost shifting when the requesting party seeks documents produced in a format that is not the most convenient for the responding party: “If a party requests production in a format other than the one most convenient for the producing party, the requesting party is responsible for the incremental cost of creating its copy of requested information.” (LPR ESI 2.5(e).)

1 The Northern District of Illinois Local Patent Rules for ESI can be found at https://www.ilnd.uscourts.gov/_assets/_documents/_rules/FINAL%20CLEAN%20Approved%20e%20discovery%20rules.pdf.

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United States District Court for the Northern District of Illinois Local Patent Rules

PREAMBLE

These Local Patent Rules provide a standard structure for patent cases that will permit greater predictability and planning for the Court and the litigants. These Rules also anticipate and address many of the procedural issues that commonly arise in patent cases. The Court's intention is to eliminate the need for litigants and judges to address separately in each case procedural issues that tend to recur in the vast majority of patent cases.

The Rules require, along with a party's disclosures under Federal Rule of Civil Procedure 26(a)(1), meaningful disclosure of each party's contentions and support for allegations in the pleadings. Complaints and counterclaims in most patent cases are worded in a bare-bones fashion, necessitating discovery to flesh out the basis for each party's contentions. The Rules require the parties to provide the particulars behind allegations of infringement, non-infringement, and invalidity at an early date. Because Federal Rule of Civil Procedure 11 requires a party to have factual and legal support for allegations in its pleadings, early disclosure of the basis for each side's allegations will impose no unfair hardship and will benefit all parties by enabling a focus on the contested issues at an early stage of the case. The Rules' supplementation of the requirements of Rule 26(a)(1) and other Federal Rules is also appropriate due to the various ways in which patent litigation differs from most other civil litigation, including its factual complexity; the routine assertion of counterclaims; the need for the Court to construe, and thus for the parties to identify, disputed language in patent claims; and the variety of ways in which a patent may be infringed or invalid.

The initial disclosures required by the Rules are not intended to confine a party to the contentions it makes at the outset of the case. It is not unusual for a party in a patent case to learn additional grounds for claims of infringement, non-infringement, and invalidity as the case progresses. After a reasonable

period for fact discovery, however, each party must provide a final statement of its contentions on relevant issues, which the party may thereafter amend only "upon a showing of good cause and absence of unfair prejudice, made in timely fashion following discovery of the basis for the amendment." LPR 3.4.

The Rules also provide a standardized structure for claim construction proceedings, requiring the parties to identify and exchange position statements regarding disputed claim language before presenting disputes to the Court. The Rules contemplate that claim construction will be done, in most cases, toward the end of fact discovery. The committee of lawyers and judges that drafted and proposed the Rules considered placing claim construction at both earlier and later spots in the standard schedule. The decision to place claim construction near the end of fact discovery is premised on the determination that claim construction is more likely to be a meaningful process that deals with the truly significant disputed claim terms if the parties have had sufficient time, via the discovery process, to ascertain what claim terms really matter and why and can identify (as the Rules require) which are outcome determinative. The Rules' placement of claim construction near the end of fact discovery does not preclude the parties from proposing or the Court from requiring an earlier claim construction in a particular case. This may be appropriate in, for example, a case in which it is apparent at an early stage that the outcome will turn on one claim term or a small number of terms that can be identified without a significant amount of fact discovery.

Finally, the Rules provide for a standardized protective order that is deemed to be in effect upon the initiation of the lawsuit. This is done for two reasons. First, confidentiality issues abound in patent litigation. Second, early entry of a protective order is critical to enable the early initial disclosures of patent-related contentions that the Rules require. Absent a "default" protective order, the making of initial disclosures, and thus the entire schedule, would be delayed while the parties negotiated a protective order. The parties may, either at the outset of the case or later, seek a revised protective order that is more tailored to their case. Because, however, the Rules provide for automatic entry of the default protective order, the desire to negotiate a more tailored version is not a basis to delay the disclosure and discovery schedule that the Rules contemplate.

Annotations

1. Rules Require Parties to Crystallize Theories Early in the Case

“The purpose of these patent rules is to prevent a ‘shifting sands’ approach to claim construction by forcing the parties to crystallize their theories of the case early in litigation Specifically, the purpose of infringement contentions is to provide notice of the plaintiff’s theories of infringement early in the case because, in practice, it is difficult to obtain such information through traditional discovery means, such as interrogatories.” *Sloan Valve Co. v. Zurn Indus.*, 2012 U.S. Dist. LEXIS 176554, *6-7 (N.D. Ill. Dec. 13, 2012) (St. Eve, J.).

2. Expedited Claim Construction Schedule Likely to Be Rejected if it Will Not Lead to an Early Disposition

“The Preamble . . . provides that the Court may consider requiring an early claim construction, particularly in a case where the outcome could depend on a single claim term or a few terms which could be identified with little discovery necessary In a case such as this one, with multiple defendants, and 176 asserted claims across 6 patents, to have an expedited claim construction schedule would not be prudent. It is unlikely that an expedited claim construction briefing schedule and hearing would lead to greater efficiencies in the case; rather, it would force the parties to make claim construction arguments without adequate discovery or time to develop their arguments [I]t is unlikely that an expedited claim construction would lead to an early disposition of the case.” *Helferich Patent Licensing, L.L.C. v. New York Times Co.*, 2012 U.S. Dist. LEXIS 160804, *4-5 (N.D. Ill. Nov. 8, 2012) (Darrah, J.).

3. The Local Patent Rules Do Not Supplant the Pleading Standards Set Forth By the Supreme Court in *Twombly* and *Iqbal*

“There is no question that the counterclaims and affirmative defenses in question are, as [Plaintiff] describes them, ‘bare bones’ and do not satisfy the plausibility standards set forth by the Supreme Court’s opinions in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) [T]his District’s local rules cannot supplant the standard for pleading claims (and counterclaims) required by the Federal

Rules of Civil Procedure and the case law interpreting them—namely, in this context, Rule 8(a) and the plausibility standard it incorporates. Those standards do not vary based on the type of case; ‘the federal rules reject the notion that certain actions inherently carry a different pleading burden than others.’ 5 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 1221 (3d ed. 2004). [Defendants’] argument that patent cases should be excepted from application of the plausibility standard simply cannot stand in light of the Court’s confirmation in *Iqbal* that ‘*Twombly* expounded the pleading standard for all civil actions.’ 556 U.S. at 684.” *Tactical Medical Solutions v. Karl*, No. 14 C 06035, at *1-2 (N.D. Ill. Sep. 21, 2015) (Tharp, J.).

4. Boilerplate Invalidity Affirmative Defenses Permitted Because Fleshed Out in Invalidity Contentions

“Defendant does not object to striking its first, second, eleventh, and sixteenth affirmative defenses. These are stricken with prejudice because they generally repeat defendant’s denials of the complaint’s allegations and thus are not proper affirmative defenses. The same is not true, however, of defendant’s third, fourth, fifth, and sixth affirmative defenses, all of which assert patent invalidity—an appropriate affirmative defense, see *Cornwall v. U.S. Const. Mfg., Inc.*, 800 F.2d 250 (Fed. Cir. 1986) (defense of patent invalidity is an affirmative defense)—on various statutory grounds. While it is true that these affirmative defenses are pled in boilerplate fashion, that is not unusual in patent cases, since the Local Patent Rules specifically provide for fleshing out the factual basis for invalidity defenses. Allowing these affirmative defenses to pend while the litigation pursues its course does not ‘clutter’ the pleadings unnecessarily.” *Arroweye Solutions, Inc. v. Harry & David Operations, Inc.*, No. 15-cv-11524, at *2 (N.D. Ill. Sep. 8, 2016) (Bucklo, J.).

I. SCOPE OF RULES

LPR 1.1 Application and Construction

These Rules (“LPR”) apply to all cases filed in or transferred to this District after their effective date in which a party makes a claim of infringement, non-infringement, invalidity, or unenforceability of a utility patent. The Court may apply all or part of the LPR to any such case already pending on the effective

date of the LPR. The Court may modify the obligations and deadlines of the LPR based on the circumstances of any particular case. If a party files, prior to the Claim Construction Proceedings provided for in LPR Section 5, a motion that raises claim construction issues, the Court may defer the motion until after the Claim Construction Proceedings.

Annotations

1. LPRs Do Not Apply to Design Patent Cases

“The Local Patent Rules do not by their terms apply to design patent cases . . . and there is no reason to impose a schedule of that length and complexity in this present case.” *Colida v. Panasonic Corp.*, 2010 U.S. Dist. LEXIS 98574, *4-5 (N.D. Ill. Sept. 20, 2010) (Kennelly, J.).

2. LPRs Do Not Apply to False Marking Cases

“By their terms, the Local Patent Rules do not apply to false-marking cases.” *Zojo Solutions, Inc. v. Leviton Mfg. Co.*, 2010 U.S. Dist. LEXIS 112370, *9 (N.D. Ill. Oct. 20, 2010) (Grady, J.).

3. LPRs Do Not Apply Retroactively

“The court also rejects [Plaintiff’s] request that the court apply the Local Patent Rules retroactively to [Defendant], thereby creating ‘deadlines’ for [Defendant’s] initial and final contentions that had already come and gone by the time the Local Patent Rules went into effect. The court agrees with [Defendant] that ‘[s]uch a scenario is patently ridiculous.’” *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 101008, *26 (N.D. Ill. July 19, 2012) (Holderman, C.J.).

“The Court recognizes that the local patent rules were drafted by practicing patent lawyers and experienced district court judges. The LPR provide helpful guidance regarding the types of issues which frequently arise in patent case, but the LPR do not automatically apply here. The LPR apply to cases ‘filed in or transferred to [the Northern District of Illinois] after their effective date [of October 1, 2009].’ [This case] was filed on June 9, 2008. Judge Hibbler entered the current protective order which does not include [Defendant’s] requested language on February 24, 2009, seven months before the LPR

were effective. While it is true that the Court has authority to apply all or part of the LPR to already pending cases (LPR 1.1), the Court declines to do so here where the provisions [Defendant] seeks were specifically rejected by Judge Hibbler and [Defendant] has not identified any new specific concerns or reasons for the protection it seeks.” *Memorylink Corp. v. Motorola Solutions, Inc.*, 1-08-cv-03301 (N.D. Ill. July 29, 2010) (Nolan, M.J.).

4. The Court May Modify Requirements of the LPRs

“[T]he court suspends the default requirements of the Local Patent Rules while the parties conduct initial discovery focusing on damages and indirect infringement issues.” *In re Innovatio IP Ventures, LLC, Patent Litigation*, 1-11-cv-09308 (N.D. Ill. Sept. 18, 2014) (Holderman, J.).

5. Summary Judgment Deferred Until After Claim Construction

“This district’s local rules create a standardized procedural framework for the disposition of patent cases, and local patent rule 1.1 provides that when a party in a patent case files a motion that requires claim construction prior to the claim construction hearing dictated by the rules, the court may defer the motion until after the hearing. . . . [T]he court finds that [Defendant’s] assertion of non-infringement requires construction of plaintiff’s patent claim. The court concludes that the analysis of both claim construction and non-infringement contentions are most appropriately conducted in accordance with the rules of the district. Defendant’s motion for summary judgment is accordingly denied without prejudice to its right to renew the motion following claim construction proceedings.” *Lucas-Milhaupt, Inc. v. Bellman-Melcor, LLC*, 1-11-cv-07557 (N.D. Ill. Sept. 28, 2012) (Coleman, J.).

6. Summary Judgment Adjudicated in Conjunction with Claim Construction

“An early summary judgment motion in a patent case makes sense if there is a reasonable possibility that the case can be resolved without the expense of discovery, including expert discovery, and if it will be a simple matter to construe the claims. In this case, there appear to be few terms that will

need to be construed and the Federal Circuit has defined at least two of them I understand that the nature of this case makes it different from the usual patent case to which we apply our local patent rules, and that the opposing sides have very different interests in the speed at which this case can be resolved. Therefore, any party that wishes to file a motion for summary judgment shall do so by December 31, 2012 That will also be the date on which defendants' claim construction briefs shall be filed. I assume all discovery, including expert discovery shall be completed before that date." *Forest Labs, Inc. v. Indchemie Health Specialties PVT. LTD.*, 1-12-cv-01855 (N.D. Ill. June 22, 2012) (Bucklo, J.).

LPR 1.2 Initial Scheduling Conference

In their conference pursuant to Fed. R. Civ. P. 26(f), the parties must discuss and address those matters found in the form scheduling order contained in LPR Appendix "A." A completed proposed version of the scheduling order is to be presented to the Court within seven (7) days after the Rule 26(f) conference or at such other time as the Court directs. Paragraphs 4(e), 7(c) and 7(d) of the form scheduling order shall be included, without alteration, in this proposed scheduling order.

Annotations

1. Proposed Scheduling Order Must Be Submitted Before Initial Scheduling Conference

"The Court strikes the status hearing ... because of the parties failure to comply with this Court's standing order regarding initial status conferences. The parties are to refer to the Court's standing order and file an initial status report and they should also refer to the Local Patent Rules." *Nalco Co. v. Ashland Inc.*, 1-13-cv-07332 (N.D. Ill. May 5, 2014) (Zee, J.).

LPR 1.3 Fact Discovery

Fact discovery shall commence upon the date for the Initial Disclosures under LPR 2.1 and shall be completed twenty-eight (28) days after the date for exchange of claim terms and phrases under LPR 4.1. Fact discovery may resume upon entry of a claim construction ruling and shall end forty-two (42) days after entry of the claim construction ruling.

Comment by N.D. Illinois

The Rule states that resumption of fact discovery upon entry of a claim construction ruling "may" occur. The Rule does not provide that discovery shall automatically resume as a matter of right. It is intended that parties seeking further discovery following the claim construction ruling shall submit a motion explaining why further discovery is necessitated by the claim construction ruling.

Annotations

1. Resumption of Fact Discovery After Claim Construction Is Not a Matter of Right

"The Court's ... scheduling order [tracking the language of the LPRs] did not provide for automatic reopening of discovery following a claim construction ruling. Specifically, the order does not state that fact discovery 'will resume' or 'shall resume' after a claim construction ruling. Rather, the order states that '[f]act discovery may resume upon entry of a claim construction ruling and shall end forty-two (42) days after entry of the claim construction ruling.' ... The use of the word 'may' was intended to communicate that reopening of fact discovery was a possibility, not an absolute certainty." *Illinois Computer Research, LLC v. Harpo Prods., Inc.*, 2010 WL 2136665, *4 (N.D. Ill. May 26, 2010) (Kennelly, J.).

2. Parties May Agree to Conduct Fact Discovery After Claim Construction Ruling

"It is true that Local Patent Rule 1.3 generally contemplates a motion to restart post-construction fact discovery, and generally the post-construction [discovery] should be related to issues (if any) that arise from the construction. But very often (at least in the Court's experience) the parties agree early-on to that restart period, as the parties here agreed; the parties then agreed to a specific deadline of December 1, 2014, R. 238. So the absence of a formal Rule 1.3 order is not a fatal problem." *Weber-Stephen Products, Inc. v. Sears Holding Corp.*, 13-cv-01686 (N.D. Ill. Dec. 27, 2014) (Chang, J.).

"Fact discovery shall resume after the issuance of any claim construction ruling and shall end 42 days after issuance of a claim

construction decision.” *National Steel Car Ltd. v. Freightcar America, Inc.*, 15-cv-03418 (N.D. Ill. Jul. 16, 2015) (Zagel, J.).

3. After Claim Construction Ruling, Discovery Is for Limited Purposes

“The LPR and the scheduling order in this case provide that fact discovery ‘may’ reopen for six weeks (forty-two days) after the court rules on claim construction. The primary purpose of this is to deal with unanticipated points that may have arisen due to the court’s claim construction ruling. This narrow focus is why the LPR and the scheduling order in this case contemplated only for a brief period to reopen fact discovery if otherwise appropriate—six weeks, a small fraction of the time allowed for fact discovery prior to the outset of the claim construction process.” *Illinois Computer Research, LLC v. Harpo Prods., Inc.*, 2010 WL 2136665, *5 (N.D. Ill. May 26, 2010) (Kennelly, J.).

“[Defendant] argues that it is ‘more efficient to seek discovery of people connected to prior art after claim construction.’ . . . But that is directly contrary to the scheme set forth in the LPR and the scheduling order in this case, which required [defendant] to set out its final invalidity contentions (including identification of prior art) many weeks before claim construction.” *Illinois Computer Research, LLC v. Harpo Prods., Inc.*, 2010 WL 2136665, *11 (N.D. Ill. May 26, 2010) (Kennelly, J.).

LPR 1.4 Confidentiality

The protective order found in LPR Appendix B shall be deemed to be in effect as of the date for each party’s Initial Disclosures. Any party may move the Court to modify the Appendix B protective order for good cause. The filing of such a motion does not affect the requirement for or timing of any of the disclosures required by the LPR.

Annotations

1. “Good Cause” Requires Movant to Establish that Disclosure of Confidential Information Will Cause a Clearly Defined and Serious Injury

“[Defendant] has not met its burden to show good cause for its proposed modification of the Protective Order. ‘Good cause is established by showing that the disclosure will cause a clearly defined and serious injury.’ . . . To establish good cause under

Rule 26(c), the moving party must present a ‘particular and specific demonstration of fact, as distinguished from stereotyped and conclusory statements.’ . . . [Defendant’s] arguments are vague and speculative, and [Defendant] fails to identify a ‘clearly defined and serious injury.’ [Defendant] bases its argument on its need to protect its ‘most sensitive forward-looking secret competition information’ but does not identify any specific information that would cause it injury if disclosed. . . . [Defendant] both fails to provide any particular and specific demonstrations of its ‘product development information’ and does not expound on how [Defendant’s] product development information could be claimed by [Plaintiff] in a patent application.” *AmTab Mfg. Corp. v. SICO Inc.*, 2012 U.S. Dist. LEXIS 7307, *5-6 (N.D. Ill. Jan. 19, 2012) (Darrah, J.).

2. No Per Se Rule Barring Disclosure of Confidential Information to In-House Counsel

“Courts have rejected a per se rule barring the disclosure of confidential information to in-house counsel or other parties. . . . Instead, courts look to whether in-house counsel is involved in competitive decisionmaking that would create a risk of inadvertent disclosure. . . . [Defendant] has not cited any evidence to support the conclusion that [Plaintiff’s] in-house counsel is involved in competitive decisionmaking at [Plaintiff]. Rather, [Defendant] states generally that [Plaintiff] has six in-house patent attorneys, at least two of whom are involved in this litigation, and that [Plaintiff] appears to have hundreds of assigned patents relating to cheese food products. [Plaintiff’s] proposed modification to allow in-house counsel to review Highly Confidential information will be accepted.” *Kraft Foods Global, Inc. v. Dairilean, Inc.*, 2011 U.S. Dist. LEXIS 44279, *13 (N.D. Ill. Apr. 25, 2011) (Lefkow, J.).

3. Receiving Party Must Disclose Non-Testifying Experts if They Are to Receive Confidential Material of the Producing Party

“The default Local Patent Rule protective order provides, and Weber acknowledges, that Sears need only disclose the identity of non-testifying experts if Sears intends to give those experts Weber[’]s confidential and trade secret information. In light of the importance of protecting the confidentiality of information that is covered by the protective order, the default order has struck the right balance. One side’s own investigation of the propriety of disclosure of confidential information is

insufficient to protect the other side, particularly from inadvertent failures to realize that disclosure would be inappropriate.” *Weber-Stephen Prods., LLC v. Sears Holding Corp.*, 1:13-cv-01686 (N.D. Ill. May 24, 2013) (Chang, J.)

4. Prosecution Bar Considered on Facts of Each Case

“The Federal Circuit has discouraged a per se bar on in-house counsel accessing confidential information disclosed by a competitor during litigation. Likewise, attorneys who litigate patent infringement, and gain access to a competitor’s confidential information, are not automatically barred from prosecuting patents for those same clients. Instead, courts analyze ‘the particular counsel’s ‘relationship and activities’ in the company’s competitive decision making.’... Defendants have failed to articulate the competitive decision making that plaintiff’s counsel is involved in that would make a patent prosecution bar necessary. Defendants state only generally that there is high risk of exposing defendants’ confidential technical information without a prosecution bar and that the plaintiff is currently prosecuting two patent applications that ‘directly relate to the patents-in-suit.’” *Intellect Wireless, Inc. v. T-Mobile USA, Inc.*, 2010 WL 1912250, *2 (N.D. Ill. May 12, 2010) (Cox, M.J.).

“This record presents no indicia of competitive decisionmaking such as participation in a client’s pricing or product design. In order to prevail [on a motion to add a prosecution bar], [movant] must rely on specific evidence – not an inflexible rule – that supports a finding of competitive decisionmaking.” *AmTab Mfg. Corp. v. SICO Inc.*, 2012 U.S. Dist. LEXIS 7307, *11 (N.D. Ill. Jan. 19, 2012) (Darrach, J.).

“[Plaintiff] has not cited any evidence to demonstrate that [Defendant’s] outside counsel is involved in competitive decisionmaking with respect to [Defendant] or any of its other clients who might compete with [Plaintiff]... Essentially, [Plaintiff] requests a prosecution bar because [Defendant’s] litigation counsel also prosecutes patents. This type of prosecution bar was squarely rejected by the Federal Circuit in *Deutsche Bank*, 605 F.3d at 1381... [Plaintiff’s] proposed patent prosecution bar will be stricken from the protective order.” *Kraft Foods Global, Inc. v. Dairilean, Inc.*, 2011 U.S. Dist. LEXIS 44279, 12 (N.D. Ill. Apr. 25, 2011) (Lefkow, J.).

“It is clear that [Plaintiff’s] counsel is involved in competitive decisionmaking and participates extensively in prosecuting new

patent claims and defending patent reexaminations, crafting patent applications, negotiating licenses for the patents, and litigating [Plaintiff’s] patent rights in federal court.... Because of [Plaintiff’s] counsel’s extensive responsibilities and the scope of their roles in this litigation and the reexamination proceedings before the PTO... there is an unacceptable risk of inadvertent disclosure in this litigation.... [This], however, does not end the inquiry and is not enough to justify the issuance of a patent prosecution bar.... [E]ven if the Court finds that the risk of misuse is unacceptably high, the Court still must weigh that risk against the harm that may occur from imposition of a prosecution bar, especially the prejudice from denying the patentee access to the counsel of its choice.... The risk of competitive misuse of Defendants’ confidential information, however, is outweighed by the significant harm [Plaintiff] would suffer if [Plaintiff] were denied the counsel of its choice in both its patent prosecution and the reexaminations. [Plaintiff’s] counsel has been representing [Plaintiff] in litigation in this Court and before the PTO for years, including the multiple rounds of reexaminations filed by Defendants in this case. Defendants raised the issue of a prosecution bar almost two years ago but did not seek relief from this Court until now.... The playing field would have been more level had Defendants sought relief from the Court on this issue prior to the production of Defendants’ documents. If the Court had modified the default protective order to include a prosecution bar at that time, [Plaintiff’s] counsel could have made a more informed decision about which of [Plaintiff’s] counsel should be reviewing Defendants’ documents so as to shield some of [Plaintiff’s] attorneys from any prosecution bar that may have been entered at the time.... The Court concludes that the risk of inadvertent or competitive use of Defendants’ confidential information by [Plaintiff’s] counsel is outweighed by the significant harm that [Plaintiff] would suffer if it were denied the full benefit of its chosen counsel, particularly at this stage in the litigation in this case and given the status of the reexaminations before the PTO.” *Helperich Patent Licensing, L.L.C. v. New York Times Co.*, 2013 U.S. Dist. LEXIS 87374, *12-18 (N.D. Ill. June 21, 2013) (Gilbert, M.J.).

“[Defendant] has not met its burden to show good cause for its proposed modification of the Protective Order. Mavrakakis is the sole manager of [Plaintiff], but he is not one of the prosecuting attorneys in the case. James Shimota, one of the actual prosecuting attorneys, was involved in a related entity in the past but is not alleged to be a current member or manager of [Plaintiff]. [Defendant] has not shown that Mavrakakis

is involved in patent prosecution or that Shimota is involved in competitive decisionmaking. [Defendant] points to a prior decision of this court that found litigation attorneys to be competitive decisionmakers when they were ‘deeply involved in a [patentee’s] business decisionmaking in the area of intellectual property’ and ‘involved in representing the client in multiple, related infringement cases.’ However, in that case, the law firm was likely to represent the patent holder ‘in the prosecution of numerous related patents ... in the context of a fluid, developing technology.’ Here there is only one patent at issue; and this area is not a fluid, developing technology. And as previously stated, [Defendant] has not shown that the litigation attorneys are involved in business decisionmaking.” *Velocity Patent, LLC v. Audi of Am., Inc.*, 2015 WL 294849, *1 (N.D. Ill. Jan. 21, 2015) (Darrah, J.).

5. Access to Highly Confidential Information May Be Denied for Failure to Specify Scope of Information Being Disclosed

“[Defendant’s] motion will be denied without prejudice to its right to file a motion requesting permission for [individual] to review specific categories of [Plaintiff’s] Highly Confidential documents that may be necessary for preparing his anticipated expert testimony and report.” *Kraft Foods Global, Inc. v. Dairilean, Inc.*, 2011 WL 1557881, *3 (N.D. Ill. Apr. 25, 2011) (Lefkow, J.).

LPR 1.5 Certification of Disclosures

All disclosures made pursuant to LPR 2.2, 2.3, 2.4, 2.5, 3.1, and 3.2 must be dated and signed by counsel of record (or by the party if unrepresented by counsel) and are subject to the requirements of Federal Rules of Civil Procedure 11 and 26(g).

LPR 1.6 Admissibility of Disclosures

The disclosures provided for in LPR 2.2, 2.3, 2.4, and 2.5 are inadmissible as evidence on the merits.

Comment by N.D. Illinois

The purpose of the initial disclosures pursuant to LPR 2.2 – 2.5 is to identify the likely issues in the case, to enable the parties to focus and narrow their discovery requests. Permitting use of the initial disclosures as evidence on the merits would defeat this purpose.

A party may make reference to the initial disclosures for any other appropriate purpose.

Annotations

1. Using Contentions Permitted

“In support of jurisdiction, [Defendant’s] counterclaim alleges that [Plaintiff’s] original complaint and initial infringement contentions assert that [Defendant] infringed the ‘964 patent. . . . [Plaintiff] argues that [Defendant] cannot rely on [Plaintiff’s] initial infringement contentions because Local Patent Rule 1.6 provides that initial disclosures are not admissible ‘as evidence on the merits.’ The comment to the rule explains, however, that ‘[a] party may make reference to the initial disclosures for any other appropriate purpose.’ Therefore [Defendant] may reference [Plaintiff’s] initial disclosures at this preliminary stage in the proceedings.” *Knowles Elecs., LLC v. Analog Devices, Inc.*, 2012 U.S. Dist. LEXIS 56135, 5, n.1 (N.D. Ill. Apr. 23, 2012) (Lefkow, J.).

2. Using Contentions Rejected

“Claim construction has not yet occurred in this case, and [Plaintiff] may thus under the court’s Local Patent Rules have opportunities to amend its infringement contentions. In light of those opportunities, it is inappropriate at this point in the litigation process to use [Plaintiff’s] infringement contentions to pin it down to a certain position for purposes of deciding an issue related to damages, in which infringement is not at issue.” *In re Innovatio IP Ventures, LLC Patent Litig.*, 956 F. Supp. 2d 925, 941 (N.D. Ill. 2013) (Holderman, C.J.).

“Nor could [Plaintiff] reasonably rely on the positions the Defendants’ took in their initial non-infringement contentions as evidence of infringement. The Local Patent Rules make clear that initial disclosures are inadmissible as evidence on the merits. LPR 1.6. Their purpose is to enable the parties to identify likely issues in the case and to enable them to focus and narrow their discovery requests. They are a vehicle through which the party that bears the burden of proof on an issue provides notice of its legal theories to the other party. . . . In turn, the party that does not have the burden of proof on an issue provides its legal theories with respect to that issue in its

responsive contentions.” *Northgate Techs., Inc. v. Stryker Corp.*, 1-12-cv-07032 (N.D. Ill. Dec. 16, 2013) (Kendall, J.).

LPR 1.7 Relationship to Federal Rules of Civil Procedure

A party may not object to mandatory disclosures under Federal Rule of Civil Procedure 26(a) or to a discovery request on the ground that it conflicts with or is premature under the LPR, except to the following categories of requests and disclosures:

- (a) requests for a party’s claim construction position;
- (b) requests to the patent claimant for a comparison of the asserted claims and the accused apparatus, device, process, method, act, or other instrumentality;
- (c) requests to an accused infringer for a comparison of the asserted claims and the prior art;
- (d) requests to an accused infringer for its non-infringement contentions; and
- (e) requests to the patent claimant for its contentions regarding the presence of claim elements in the prior art.

Federal Rule of Civil Procedure 26’s requirements concerning supplementation of disclosure and discovery responses apply to all disclosures required under the LPR.

II. PATENT INITIAL DISCLOSURES

Comment by N.D. Illinois

LPR 2.2 – 2.5 supplements the initial disclosures required by Federal Rule of Civil Procedure 26(a)(1). As stated in the comment to LPR 1.6, the purpose of these provisions is to require the parties to identify the likely issues in the case, to enable them to focus and narrow their discovery requests. To accomplish this purpose, the parties’ disclosures must be meaningful – as opposed to boilerplate – and non-evasive. These provisions should be construed accordingly when applied to particular cases.

LPR 2.1 Initial Disclosures

The plaintiff and any defendant that files an answer or other response to the complaint shall exchange their initial disclosures under Federal Rule of Civil Procedure 26(a)(1) (“Initial

Disclosures”) within fourteen (14) days after the defendant files its answer or other response, provided, however, if defendant asserts a counterclaim for infringement of another patent, the Initial Disclosures shall be within fourteen (14) days after the plaintiff files its answer or other response to that counterclaim. As used in this Rule, the term “document” has the same meaning as in Federal Rule of Civil Procedure 34(a):

- (a) A party asserting a claim of patent infringement shall produce or make the following available for inspection and copying along with its Initial Disclosures, to the extent they are in the party’s possession, custody or control.
 - (1) all documents concerning any disclosure, sale or transfer, or offer to sell or transfer, of any item embodying, practicing or resulting from the practice of the claimed invention prior to the date of application for the patent in suit. Production of a document pursuant to this Rule is not an admission that the document evidences or is prior art under 35 U.S.C. § 102;
 - (2) all documents concerning the conception, reduction to practice, design, and development of each claimed invention, which were created on or before the date of application for the patent in suit or a priority date otherwise identified for the patent in suit, whichever is earlier;
 - (3) all documents concerning communications to and from the U.S. Patent Office for each patent in suit and for each patent on which a claim for priority is based; and
 - (4) all documents concerning ownership of the patent rights by the party asserting patent infringement.

The producing party shall separately identify by production number which documents correspond to each category.

- (b) A party opposing a claim of patent infringement shall produce or make the following available for inspection and copying, along with its Initial Disclosures:
 - (1) documents sufficient to show the operation and construction of all aspects or elements of each accused apparatus, product, device, component, process, method or other instrumentality identified with specificity in the pleading of the party asserting patent infringement; and
 - (2) a copy of each item of prior art of which the party is aware that allegedly anticipates each asserted patent

and its related claims or renders them obvious or, if a copy is unavailable, a description sufficient to identify the prior art and its relevant details.

Annotations

1. Initial Disclosures Must Anticipate Possibility of Adverse Claim Construction Ruling

"[Defendant] was not entitled to hold back on its Rule 26(a) (1) disclosures on the assumption that it would win across the board on its combined claim construction / summary judgment submission. Rather, [defendant] was required to disclose, at least once it had [plaintiff's] contentions, all witnesses that would support [defendant's] own contentions regarding infringement and validity, irrespective of who later prevailed on claim construction. In other words, [defendant] was required to anticipate the possibility of an adverse claim construction ruling." *Illinois Computer Research, LLC v. Harpo Prods., Inc.*, 2010 WL 2136665, *8 (N.D. Ill. May 26, 2010) (Kennelly, J.).

2. Promotional Material Insufficient When Better Information Is Available

"[Defendant's] initial disclosures (a two-page marketing brochure and short promotion video) under Local Patent Rule 2.1(b)(1) were insufficient to allow [Plaintiff] to assess potential infringement. This Court also ruled at that time that, by its own submissions, [Defendant] had clearly demonstrated that it had in its possession or control other information that would have more clearly allowed [Plaintiff] to assess infringement but failed to turn it over." *PACTIV Corp. v. Multisorb Techs. Inc.*, 2012 WL 1831517, *6 (N.D. Ill. May 18, 2012) (Leinenweber, J.).

3. Belated Identification of Witnesses Not Permitted as a Matter of Right

"Given the structure of the LPR as incorporated in the Court's scheduling order, any contention that [defendant] appropriately waited until past the eleventh hour to add prior art witnesses necessarily fails—absent (perhaps) unusual circumstances that [defendant] has made no effort to show. In particular, [defendant] does not identify anything about the Court's claim construction order that was unanticipated or that

somehow made pertinent either prior art not previously identified or a not-previously-applicable invalidity/unenforceability argument." *Illinois Computer Research, LLC v. Harpo Prods., Inc.*, 2010 WL 2136665, *7 (N.D. Ill. May 26, 2010) (Kennelly, J.).

LPR 2.2 Initial Infringement Contentions

A party claiming patent infringement must serve on all parties "Initial Infringement Contentions" containing the following information within fourteen (14) days after the Initial Disclosure under LPR 2.1:

- (a) identification each claim of each patent in suit that is allegedly infringed by the opposing party, including for each claim the applicable statutory subsection of 35 U.S.C. § 271;
- (b) separately for each asserted claim, identification of each accused apparatus, product, device, process, method, act, or other instrumentality ("Accused Instrumentality") of the opposing party of which the party claiming infringement is aware. Each Accused Instrumentality must be identified by name, if known, or by any product, device, or apparatus which, when used, allegedly results in the practice of the claimed method or process;
- (c) a chart identifying specifically where each element of each asserted claim is found within each Accused Instrumentality, including for each element that such party contends is governed by 35 U.S.C. § 112(6), a description of the claimed function of that element and the identity of the structure(s), act(s), or material(s) in the Accused Instrumentality that performs the claimed function;
- (d) identification of whether each element of each asserted claim is claimed to be present in the Accused Instrumentality literally or under the doctrine of equivalents. For any claim under the doctrine of equivalents, the Initial Infringement Contentions must include an explanation of each function, way, and result that is equivalent and why any differences are not substantial;
- (e) for each claim that is alleged to have been indirectly infringed, an identification of any direct infringement and a description of the acts of the alleged indirect infringer that contribute to or are inducing that direct infringement. If alleged direct infringement is based on joint acts of multiple parties, the role of each such party in the direct infringement must be described;

- (f) for any patent that claims priority to an earlier application, the priority date to which each asserted claim allegedly is entitled;
- (g) identification of the basis for any allegation of willful infringement; and
- (h) if a party claiming patent infringement wishes to preserve the right to rely, for any purpose, on the assertion that its own or its licensee's apparatus, product, device, process, method, act, or other instrumentality practices the claimed invention, the party must identify, separately for each asserted patent, each such apparatus, product, device, process, method, act, or other instrumentality that incorporates or reflects that particular claim, including whether it is marked with the patent number.

Annotations

1. Initial Infringement Contentions Held Sufficient

"[Plaintiff's] Amended Initial Infringement Contentions contain detailed charts that both identify the specific elements for each of its claims and locate where those elements can be found within each of the accused [Defendant] products. [Plaintiff's] contentions also provide sufficient detail concerning the function and structure of each means-plus-function element asserted in its claims. That is all that is necessary under the local rules and the Court declines to require anything further of [Plaintiff] at this point." *Rehco, LLC v. Spin Master, Ltd.*, 2014 U.S. Dist. LEXIS 34111, *14 (N.D. Ill. Mar. 17, 2014) (Leinenweber, J.).

2. Initial Infringement Contentions Held Insufficient

"[Plaintiff's] claim under the doctrine of equivalents, however, falls short of compliance with the local rules. Local Patent Rule 2.2(d) requires that '[f]or any claim under the doctrine of equivalents, the Initial Infringement Contentions must include an explanation of each function, way, and result that is equivalent and why any differences are not substantial.' [Plaintiff's] Amended Initial Infringement Contentions state that the accused [Defendant] products 'perform substantially the same function, in substantially the same way, to achieve substantially the same result,' but provide no explanation as to why this is the case or why any differences in the accused products are not substantial. [Plaintiff's] claim therefore is insufficient in its

current form." *Rehco, LLC v. Spin Master, Ltd.*, 2014 U.S. Dist. LEXIS 34111, *14-15 (N.D. Ill. Mar. 17, 2014) (Leinenweber, J.).

"As a threshold matter, in its Initial Infringement Contentions, [Plaintiff] failed to assert that any element of the claim was present under the doctrine of equivalents rather than under direct infringement.... Specifically, [Plaintiff] did not 'include an explanation of each function, way and result that is equivalent and why any differences are not substantial' as required under Local Patent Rule 2.2(d)." *Smart Options, LLC v. Jump Rope, Inc.*, 2012 U.S. Dist. LEXIS 161750, *21 (N.D. Ill. Nov. 13, 2012) (St. Eve, J.).

"[Plaintiff's] initial infringement contention on literal infringement and infringement under the doctrine of equivalents provides as follows: '[Plaintiff] presently contends that the [Defendant's] Accused Instrumentalities literally infringe the asserted claim of the '361 Patent. Nevertheless, with respect to any claim element or limitation that may be found not to be literally embodied in the Accused instrumentalities, [Plaintiff] contends in the alternative that the Accused Instrumentalities embody such claim elements or limitations under the doctrine of equivalents and that any claim element [or] limitation not found to be literally met is equivalently met because any difference between the claim element or limitation and the Accused Instrumentalities is not a substantial difference. Accordingly, [Plaintiff] contends that any asserted claim not found to be embodied literally is nevertheless embodied by the Accused Instrumentalities under the doctrine of equivalents.' [Plaintiff's] contention provides no explanation as to why this is so; nor does it explain why any differences in the accused products are not substantial. As a result, it is insufficient under LPR 2.2(d). . . . [Likewise, Plaintiff's] contention on direct and indirect infringement provides as follows: 'For the reasons explained with respect to the accused part that is the subject of the ESI Report, [Plaintiff] presently contends that [Defendant] sourced parts from at least [REDACTED] in a way that induced infringement of the '361 Patent.' The attached report does not mention anyone other than [Defendant] and does not describe any acts by [Defendant]. Although the contention itself references 'sourcing,' [Plaintiff] has not described the 'way' in which [Defendant] induced infringement. For these reasons, [Plaintiff's] contentions are insufficient in their current form. [Plaintiff] is given 21 days from the date of this Order to amend its infringement contentions to include additional

information consistent with the requirements of LPR 2.2.” *Fatigue Fracture Technology LLC v. Navistar, Inc.*, No. 15-cv-05667 (N.D. Ill. Oct. 17, 2016) (Blakey, J.).

3. Party Need Not Cite All Evidence on Which It Will Ultimately Rely

“[A] party need not identify every piece of evidence on which it will ultimately rely to show infringement in its infringement contentions. Instead, it need only identify ‘where each element of each asserted claim is found within each Accused Instrumentality.’ [Plaintiff’s] infringement contentions might successfully perform this task with respect to non-standard-essential claims without citing any sources other than the 802.11 standard. Accordingly, [Plaintiff’s] failure to cite to anything beyond portions of the 802.11 standard in its infringement contentions with respect to a particular patent claim does not limit [Plaintiff] to using only those portions of the standard to prove its case.” *In re Innovatio IP Ventures, LLC Patent Litig.*, 956 F. Supp. 2d 925, 940-41 (N.D. Ill. 2013) (Holderman, C.J.).

4. Contentions Help Define Scope of Discovery

“Defendant is correct that the stated purpose of the IICs [Initial Infringement Contentions] ‘is to identify the likely issues in the case, to enable the parties to focus and narrow their discovery requests,’ but that is not the same as limiting the scope of discovery to only the products listed in the IICs, or requiring the Final Infringement Contentions to be identical to the IICs. . . . Case law from various circuits clearly states that there is no bright-line rule limiting discovery to only those products specifically accused in a party’s infringement contentions. Rather, the rule is that discovery concerning products not explicitly listed in the infringement contentions is appropriate when: (1) the infringement contentions give notice of a specific theory of infringement; and (2) the products for which a plaintiff seeks discovery operate in a manner reasonably similar to that theory. . . . Thus, the issue for the Court is whether the products sought in [Plaintiff’s] discovery requests operate in a manner reasonably similar to the theory of infringement listed in the IICs.” *Micro Enhanced Tech., Inc. v. Videx, Inc.*, 1-11-cv-05506 (June 28, 2013) (Valdez, M.J.).

LPR 2.3 Initial Non-Infringement, Unenforceability, and Invalidity Contentions

Each party opposing a claim of patent infringement or asserting invalidity or unenforceability shall serve upon all parties its “Initial Non-Infringement, Unenforceability and Invalidity Contentions” within fourteen (14) days after service of the Initial Infringement Contentions. Such Initial Contentions shall be as follows:

- (a) Non-Infringement Contentions shall contain a chart, responsive to the chart required by LPR 2.2(c), that identifies as to each identified element in each asserted claim, to the extent then known by the party opposing infringement, whether such element is present literally or under the doctrine of equivalents in each Accused Instrumentality and, if not, the reason for such denial and the relevant distinctions.
- (b) Invalidity Contentions must contain the following information to the extent then known to the party asserting invalidity:
 - (1) identification, with particularity, of each item of prior art that allegedly anticipates each asserted claim or renders it obvious. Each prior art patent shall be identified by its number, country of origin, and date of issue. Each prior art publication must be identified by its title, date of publication, and where feasible, author and publisher. Prior art under 35 U.S.C. § 102(b) shall be identified by specifying the item offered for sale or publicly used or known, the date the offer or use took place or the information became known, and the identity of the person or entity which made the use or which made and received the offer, or the person or entity which made the information known or to whom it was made known. Prior art under 35 U.S.C. § 102(f) shall be identified by providing the name of the person(s) from whom and the circumstances under which the invention or any part of it was derived. Prior art under 35 U.S.C. § 102(g) shall be identified by providing the identities of the person(s) or entities involved in and the circumstances surrounding the making of the invention before the patent applicant(s);
 - (2) a statement of whether each item of prior art allegedly anticipates each asserted claim or renders it obvious.

If a combination of items of prior art allegedly makes a claim obvious, each such combination, and the reasons to combine such items must be identified;

- (3) a chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found, including for each element that such party contends is governed by 35 U.S.C. § 112(6), a description of the claimed function of that element and the identity of the structure(s), act(s), or material(s) in each item of prior art that performs the claimed function; and
- (4) a detailed statement of any grounds of invalidity based on indefiniteness under 35 U.S.C. § 112(2) or enablement or written description under 35 U.S.C. § 112(1).

(c) Unenforceability contentions shall identify the acts allegedly supporting and all bases for the assertion of unenforceability.

Annotations

1. Prior Art Embodiments Must Be Specifically Identified to Avoid Potential Waiver

“Local Patent Rule 2.3 requires a party asserting invalidity to serve the other party with its invalidity contentions. This includes the identification—with particularity—of relevant prior art. [Defendant] does not claim that it identified ECN 6102 in its invalidity contentions. Instead, it argues that the court allowed it to rely on the ‘Gennady brackets’ in arguing obviousness, and that the ECN 6102 bracket is one of the Gennady brackets. Therefore, [Defendant] reasons, [Plaintiff] was put on notice in the same way it would have been had [Defendant] included the ECN 6102 bracket in its invalidity contentions. What the court stated, however, was that [Defendant] may ‘rely on the Gennady brackets listed as prior art in figures 1 and 2 of the ‘850 Patent.’ Thus, the court’s reference to the ‘Gennady brackets’ is limited to those two figures. Because [Defendant] has not offered any evidence that the ECN 6102 bracket is one of those two figures, the court will not consider it..” *Peerless Indus., Inc. v. Crimson AV LLC*, 2015 WL 1275908, *4 (N.D. Ill. Mar. 17, 2015) (Lefkow, J.).

2. Exemplary Charts Do Not Provide Specificity Required by Rules

“L.P.R. 2.3 explicitly requires ‘a chart identifying where specifically in each alleged item of prior art each element of each

asserted claim is found. . . . An ‘exemplary chart’ that allows [Defendant] to rely on uncited portions of prior art is contrary to the high level of specificity required by this rule, which demands identification of wherein each alleged item of prior art each claim is found.” *Pactiv Corp. v. Multisorb Techs.*, 2013 WL 2384249, *3 (N.D. Ill. May 29, 2013) (Leinenweber, J.).

3. General Reference to Prior Art Is Insufficient

“[Defendant] argues that it complied with the Local Patent rules because the body of its Invalidity Contentions state that some of [Plaintiff’s] patent claims are invalid based on combinations of prior art references. However, simply citing or referencing a piece of prior art, without specifying where an element of an asserted claim is found therein, is also insufficient under Rule 2.3.” *Pactiv Corp. v. Multisorb Techs.*, 2013 WL 2384249, *3 (N.D. Ill. May 29, 2013) (Leinenweber, J.).

4. Contentions Need Not Include § 101 Invalidity Defenses

“[Plaintiff] contends that [defendant’s] invalidity argument under 35 U.S.C. § 101 is untimely because [defendant] failed to raise it in any of its responses to [plaintiff’s contention] interrogatory[.] . . . Whether or not [defendant] could have disclosed a § 101 contention earlier, the court will not impose a forfeiture. Local Patent Rule 2.3 does not explicitly require the disclosure of a § 101 argument; it only requires the disclosure of arguments under §§ 102 and 112. Neither does Local Patent Rule 3.1 require a § 101 disclosure in a party’s final invalidity contentions. Nor does either rule bar undisclosed § 101 challenges for failure to disclose. . . . Moreover, [plaintiff] would not suffer any prejudice from allowing the argument to be presented after the close of fact and expert discovery where it addresses a purely legal issue that may be decided on the pleadings.” *Tech. Dev. & Lic., LLC v. Gen. Instrument Corp.*, No. 07 C 4512, at *5 (N.D. Ill. Dec. 6, 2016) (Lefkow, J.).

LPR 2.4 Document Production Accompanying Initial Invalidity Contentions

With the Initial Non-Infringement and Invalidity Contentions under LPR 2.3, the party opposing a claim of patent infringement shall supplement its Initial Disclosures and, in particular, must produce or make available for inspection and copying:

- (a) any additional documentation showing the operation of any aspects or elements of an Accused Instrumentality identified by the patent claimant in its LPR 2.2 chart; and
- (b) a copy of any additional items of prior art identified pursuant to LPR 2.3 that does not appear in the file history of the patent(s) at issue.

LPR 2.5 Initial Response to Invalidity Contentions

Within fourteen (14) days after service of the Initial Non-Infringement and Invalidity Contentions under LPR 2.3, each party claiming patent infringement shall serve upon all parties its “Initial Response to Invalidity Contentions.” The Initial Response to Invalidity Contentions shall contain a chart, responsive to the chart required by LPR 2.3(b)(3), that states as to each identified element in each asserted claim, to the extent then known, whether the party admits to the identity of elements in the prior art and, if not, the reason for such denial.

LPR 2.6 Disclosure Requirement in Patent Cases Initiated by Complaint for Declaratory Judgment

In a case initiated by a complaint for declaratory judgment in which a party files a pleading seeking a judgment that a patent is not infringed, is invalid, or is unenforceable, LPR 2.2 and 2.3 shall not apply unless a party makes a claim for patent infringement. If no claim of infringement is made, the party seeking a declaratory judgment must comply with LPR 2.3 and 2.4 within twenty-eight (28) days after the Initial Disclosures.

III. FINAL CONTENTIONS

LPR 3.1 Final Infringement, Unenforceability, and Invalidity Contentions

A party claiming patent infringement must serve on all parties “Final Infringement Contentions” containing the information required by LPR 2.2 (a)–(h) within twenty-one (21) weeks after the due date for service of Initial Infringement Contentions. Each party asserting invalidity or unenforceability of a patent claim shall serve on all other parties, no later than the same time that the Final Infringement Contentions are due, “Final Unenforceability and Invalidity Contentions” containing the information required by LPR 2.3 (b) and (c). Final Invalidity

Contentions may rely on more than twenty-five (25) prior art references only by order of the Court upon a showing of good cause and absence of unfair prejudice to opposing parties.

Annotations

1. Infringement Contentions Must Provide Sufficient Notice of Infringement Theories

“Infringement contentions are generally considered adequate if they ‘provide fair notice of the scope of [the plaintiff’s] infringement theory.’ ... In other words, infringement contentions must ‘set[] forth particular theories of infringement with sufficient specificity to provide defendants[] with notice of infringement beyond that which is provided by the mere language of the patents themselves.’” *Fujitsu Ltd. v. Tellabs Operations, Inc.*, U.S. Dist. LEXIS 101766, *25 (N.D. Ill. Jul. 23, 2012) (Holderman, C.J.).

“While it is true that infringement contentions need not establish a plaintiff’s entitlement to relief on the merits, they must at least provide reasonable notice to the defendant why the plaintiff believes it has a reasonable chance of proving infringement.” *Visual Interactive Phone Concepts, Inc. v. U.S. Cellular Corp.*, 1:11-cv-5289 (N.D. Ill. May 26, 2015) (Bucklo, J.).

2. Contentions Held Sufficient

“[Defendant] argues that [Plaintiff’s] statement alleging literal infringement does not fulfill its requirements under LPR 3.1. The Court disagrees. [Plaintiff’s] contention provides a specific description regarding how the hot gas vented from the [accused product’s] cooking enclosure mixes with the air vented from the series of apertures in the side service of the powerhead. Under LPR 3.1, this information is sufficiently specific.” *Morningware, Inc. v. Hearthware Home Prods.*, 2010 U.S. Dist. LEXIS 98927, *20-21 (N.D. Ill. Sept. 22, 2010) (St. Eve, J.).

“[Defendant] also disclosed Angiomax® batches as prior art in Table 5 of its Final Unenforceability and Invalidity Contentions. ... In Table 5, [Defendant] stated that Angiomax® anticipated the asserted claims in the ‘727 patent. ... In support of this contention, [Defendant] cited ... a document listing Angiomax® batches by number and their corresponding Asp9-bivalirudin impurity levels and manufacture release dates. ... This [Plaintiff]-produced document includes batches 339257

and 515495 and lists their Asp9-bivalirudin impurity levels as below 0.6%. . . . Accordingly, although [Defendant] did not specifically list Angiomax® batches 339257 and 515495 in its Final Unenforceability and Invalidity Contentions, the information [Defendant] provided was sufficient to put [Plaintiff] on notice that it contended batches 339257 and 515495 anticipated certain claims in the '727 patent." *Medicines Co. v. Mylan Inc.*, 1-11-cv-01285 (N.D. Ill. May 27, 2014) (St. Eve, J.).

"[Defendant contends that Plaintiff's] Final Infringement Contentions do not provide any evidence of actual usage of the accused products. [Plaintiff] asserts that the Local Patent Rules do not require it to point to 'specific, actual use of the product' for method claims. Nor do the rules require the 'reasonably capable' analysis that [Defendant] contends [Plaintiff] must demonstrate in its Final Infringement Contentions. This Court agrees that the Local Patent Rules do not require the Final Infringement Contentions to provide evidence of actual usage of the accused products." *Trading Techs. Int'l, Inc. v. CQG, Inc.*, 2014 WL 4477932, *4 (N.D. Ill. Sept. 10, 2014) (Coleman, J.).

3. Contentions Held Insufficient

"[Plaintiff] fails to cite to a particular diagram or photograph or give a detailed explanation of where the fan chamber is located in the powerhead. Therefore, the Court grants [Defendant's] motion to compel a more detailed Final Infringement Contention." *Morningware, Inc. v. Hearthware Home Prods.*, 2010 WL 3781254, *4 (N.D. Ill. Sept. 22, 2010) (St. Eve, J.).

"[T]he Court agrees with [Defendant] that [Plaintiff] has failed to fulfill the relevant LPR for its alternative claims under the doctrine of equivalents. In its motion and memoranda, [Defendant] makes specific arguments how [Plaintiff's] contentions fail to explain why the purported aspects of the [Defendant's accused product] are equivalent and why any differences are insubstantial. . . . [Plaintiff's] bare-boned response that it has sufficiently set forth its alternative theory under the doctrine of equivalents—without any details or explanation—does not save the day. The Court therefore strikes [Plaintiff's] contentions concerning its alternative claims under the doctrine of equivalents." *Morningware, Inc. v. Hearthware Home Prods.*, 2010 U.S. Dist. LEXIS 98927, *21-22 (N.D. Ill. Sept. 22, 2010) (St. Eve, J.).

"[Plaintiff] has not provided the requisite explanation of each function, way, and result that is equivalent and why any differences are not substantial and therefore [Plaintiff] has not provided a Doctrine of Equivalents theory. . . . The sections of its Contentions to which [Plaintiff] refers describe only a theory of literal infringement. Rule 2.2 clearly requires more than the passing reference to infringement under the Doctrine of Equivalents." *Trading Techs. Int'l, Inc. v. CQG, Inc.*, 2014 WL 4477932, *3 (N.D. Ill. Sept. 10, 2014) (Coleman, J.).

"Plaintiff's use throughout its infringement contentions of constructions such as 'and/or,' inter alia, etc., and 'including but not limited to' leave its infringement theory far too nebulous to satisfy this requirement." *Visual Interactive Phone Concepts, Inc. v. U.S. Cellular Corp.*, 1:11-cv-5289 (N.D. Ill. May 26, 2015) (Bucklo, J.).

"[P]laintiff's final infringement contentions assert that the 'central data center' is found in defendant's 'interconnected computer systems/servers/devices/routers, including but not limited to the regional connectivity centers at Schaumburg and Knoxville, the local connectivity centers at New Berlin and Madison, the billing and/or connectivity center in Middleton, and the CARES and/or TOPS system.' While it may be that the 'central data center' cannot be defined with reference to a precise physical location, and may indeed comprise a number of interrelated elements, it cannot be an infinitely expandable, open set of systems, devices, and facilities as plaintiff's use of the phrases 'including but not limited to' suggests." *Visual Interactive Phone Concepts, Inc. v. U.S. Cellular Corp.*, 1:11-cv-5289 (N.D. Ill. May 26, 2015) (Bucklo, J.).

"Although the contentions suggest various ways in which 'inter-connected' components might perform certain functions, they fail to identify where specific elements required by the asserted claims may be found." *Visual Interactive Phone Concepts, Inc. v. U.S. Cellular Corp.*, 1:11-cv-5289 (N.D. Ill. May 26, 2015) (Bucklo, J.).

"The constellation of slash symbols, inter alia, and 'and/or' expressions in this loquacious contention puts one in mind of a Choose Your Own Adventure[] with its fulsome array of possible infringement theories. Yet, despite multiple theories as to how defendant (and third parties) might transmit, receive, and store transaction information and video content, nowhere does it identify the existence or location of 'a computer processor

connected to a video storage center,' which is required for infringement of any claim containing this element. Rather, plaintiff merely states, in a conclusory fashion, that the multitude of items identified as the 'central data center' 'include computer processors that are connected to U.S. Cellular customers' video-phones.'" *Visual Interactive Phone Concepts, Inc. v. U.S. Cellular Corp.*, 1:11-cv-5289 (N.D. Ill. May 26, 2015) (Bucklo, J.).

4. Final Contentions Limit Scope of Summary Judgment Motions

"To the extent that [Defendant's] argument on summary judgment exceeds the scope of its [final] invalidity contentions, the court agrees with [Plaintiff] that [Defendant] is procedurally barred from advancing a new invalidity theory at this stage of the litigation." *Fujitsu Ltd. v. Tellabs, Inc.*, 898 F. Supp. 2d 1047, 1051 (N.D. Ill. Sept. 26, 2012) (Holderman, C.J.).

"[Defendant] failed to disclose its [best mode] theory in its Final Contentions.... [Defendant] cannot now add an additional invalidity contention without notice. Accordingly, the Court grants summary judgment on this aspect of the best mode defense as a matter of law." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 165968, *70-71 (N.D. Ill. Nov. 20, 2013) (St. Eve, J.).

"[Defendant] for the first time in its summary judgment briefing raised invalidity arguments that it did not include in its initial and supplemental invalidity contentions.... That [Defendant] alleged the on-sale bar doctrine in its amended answer does not save the defense because [Defendant] had an obligation to disclose the defense in its invalidity contentions, which it failed to do.... That [Defendant] reserved the right to supplement its invalidity defenses does not excuse its failure to comply with this court's local rules, which require that a party assert all invalidity defenses in its final invalidity contentions. Nor has [Defendant] offered any explanation as to why it did not timely raise these defenses. Accordingly, [Defendant] is barred from raising invalidity defenses." *Peerless Indus., Inc. v. Crimson AV, LLC*, 2013 WL 6197096, *4 (N.D. Ill. Oct 2, 2013) (Lefkow, J.).

5. Final Contentions Limit Scope of Expert Reports

"Expert infringement reports may not introduce theories not previously set forth in infringement contentions." *Fujitsu Ltd.*

v. Tellabs Operations, Inc., U.S. Dist. LEXIS 101766, *26 (N.D. Ill. Jul. 23, 2012) (Holderman, C.J.).

"As this court has previously noted, 'local rules are meant to prevent a shifting sands approach to claim construction by forcing the parties to crystallize their theories of the case early in litigation'... [Plaintiff] had a duty to be 'as specific as possible' when identifying the 'Accused Instrumentality,' and to include in its infringement contentions 'specifically where each element of each asserted claim is found within each Accused Instrumentality'.... Although [Plaintiff] now asserts its intention to accuse all [products with certain modules] and all modules 'conceptually identical' to the [identified] module ... this intention is not clear from the [] Infringement Contentions' vague allusions. ... If [Plaintiff] intended to rely on the inclusion of [certain] modules in the [Defendant's product] for purposes of proving infringement, it should have explicitly said so. As drafted, the [] Infringement Contentions do not put [Defendant] on notice of [Plaintiff's] intent to rely on the inclusion of [certain modules] in the [Defendant's product] for purposes of proving infringement. Because the [] Infringement Contentions do not assert infringement of the [] Patent by [certain] modules, [Defendant's] Renewed Motion [to Strike] is granted with respect to those portions of the Infringement Report that rely on an analysis of these modules for purposes of infringement." *Fujitsu Ltd. v. Tellabs, Inc.*, 1-09-cv-04530 (N.D. Ill. May 24, 2013) (Holderman, C.J.).

"[Plaintiff] contends that the [Defendant's expert report] discloses new prior art references ... [Defendant's] first argument, that these references only provided context and were included 'as complementary to understanding the invalidity references' is unpersuasive. If these new materials are not prior art, not necessary references, and not something that their expert relied upon, then there is truly no reason for them to be in the Report. If, however, these materials are prior art, then they should have been disclosed over a year ago with the Invalidity Contentions pursuant to Local Patent Rule 3.1. [Plaintiff] points out several cases that rejected similar attempts to offer previously undisclosed materials as 'background on the art' or 'state of the art,' and this Court agrees that parties should not be able to circumvent the disclosure requirements of our Local Patent Rules by offering such materials as background. Similarly, [Defendant's] argument that [Defendant's expert's] inclusion of these new materials is acceptable because some

of them were referred to in the patents-in-suit is also unsuccessful. Again, if the materials are not prior art and not necessary to [Defendant's expert's] opinions, there is no reason to include them. If they are new prior art, they were required to be disclosed previously by our Local Patent Rules. It would be improper to allow an expert to rely on undisclosed prior art merely because it was cited in an asserted patent.” *Pactiv Corp. v. Multisorb Techs.*, 2013 U.S. Dist. LEXIS 75585, *6-7 (N.D. Ill. May 29, 2013) (Leinenweber, J.).

“[Defendants] experts are limited to the [Final] Invalidation Contentions it served.... To allow an expert to go beyond those would render them useless and ignore the specificity requirements of the Local Patent Rule 2.3 [incorporated by LPR 3.1].” *Pactiv Corp. v. Multisorb Techs.*, 2013 U.S. Dist. LEXIS 75585, *10 (N.D. Ill. May 29, 2013) (Leinenweber, J.).

“[Defendant] does not dispute that [its written description defense] is not expressly included in its Final Invalidation Contentions.... As stated in *Pactiv Corp. v. Multisorb Techs.*: ‘To allow an expert to go beyond [Final Invalidation Contentions] would render them useless and ignore the specificity requirements of the Local Patent Rule 2.3.’ Accordingly, this Court finds that [Defendant] has waived [its written description defense].” *Trading Techs. Int'l, Inc. v. CQG Inc.*, 1-05-cv-04811 (N.D. Ill. May 14, 2014) (Coleman, J.).

“[Plaintiff] lists in its supplemental infringement contentions commands/events in certain accused products that are ‘manual’ per the construction of ‘static’ for the dependent claims and supplemented the claim charts for its dependent claims. However, [Plaintiff] fails to identify a manual re-centering command for each of the independent claims. [Plaintiff] now asserts that the re-centering/centering instructions in certain dependent claims are identical in scope to the independent claims’ manual re-centering command. Therefore, [Plaintiff] has not complied with L.P.R. 2.2 (c) and its experts may not present opinions regarding the presence of manual re-centering commands for each of the independent claims.” *Trading Techs. Int'l, Inc. v. CQG, Inc.*, 2014 WL 4477932, *3 (N.D. Ill. Sept. 10, 2014) (Coleman, J.).

“[Defendant] contends that [Plaintiff] failed to claim infringement or willful infringement in [Plaintiff's] Final Infringement Contentions based on [Defendant] having copied various

features and functionalities in [Plaintiff's] products, but both [Plaintiff's] experts claim to have reviewed documents produced by [Defendant] that demonstrate copying by [Defendant]. . . . [Defendant's] motion is granted as to copying. Nowhere in [Plaintiff's] infringement contentions does there appear to be an infringement theory based on copying.” *Trading Techs. Int'l, Inc. v. CQG, Inc.*, 2014 WL 4477932, *3 (N.D. Ill. Sept. 10, 2014) (Coleman, J.).

“Defendants argue in two footnotes that this argument should be procedurally barred because it did not first appear in Plaintiffs’ Final Infringement Contentions. In particular, Defendants submit that Plaintiffs should have amended their Final Infringement Contentions rather than introduce the argument for the first time in their expert reports. The Court is not persuaded. Not only do Defendants fail to cite a local rule or case law, but their argument ignores the goals of the local patent rules. The local patent rules were enacted to ‘prevent a shifting sands approach to claim construction by forcing the parties to crystallize their theories of the case early in litigation’ and to ‘provide notice of the plaintiff’s theories of infringement early in the case because, in practice, it is difficult to obtain such information through traditional discovery means, such as interrogatories.’ *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 08 C 3379, 2012 WL 5444979, at *4 (N.D. Ill. Mar. 21, 2012); *Sloan Valve Co. v. Zurn Indus., Inc.*, 2013 WL 622951, at *2 (N.D. Ill. Feb. 20, 2013). Plaintiffs’ Final Infringement Contentions included a detailed description of the Accused Structure and a photograph with red marks drawing attention to the toggle, making clear that the toggle played an important role in the infringement claim. The arguments in Plaintiffs’ subsequent expert reports and motions are consistent with this suggestion. The Final Infringement Contentions therefore gave Defendants fair notice of Plaintiffs’ theory of infringement, satisfying the purpose of the local patent rules. The absence of the particular words ‘pivot lever’ in the Contentions is to be expected; the Court did not use those words in its claim construction opinion until over one year later. Requiring an amendment in these circumstances would only prolong the litigation, increasing the costs to both parties and needlessly wasting judicial resources. Accordingly, the Court finds that Plaintiffs’ argument is not procedurally barred.” *The Black & Decker Corp. v. Positec USA Inc.*, 11-cv-5426 (N.D. Ill. Mar. 31, 2015) (Dow, J.)

“Like the party in [*Pactiv Corp. v. Multisorb Techs., Inc.*, No. 10 C 461, 2013 WL 238249 (N.D. Ill. May 29, 2013)], if [Defendant]

wished to have [its expert] rely on the [reference], it should have identified that material as prior art in its L.P.R. 3.1 contentions or timely moved for leave to amend its contentions to include it. This Court will not now permit [Defendant] 'to circumvent the disclosure requirements of our Local Patent Rules by offering such materials as background' in an expert report.... Moreover, the fact that [Defendant's expert] uses the [reference] as prior art not standing alone, but in combination with other prior art, does not render his reliance on the [reference] merely background information. '[I]f a combination of items of prior art allegedly makes a claim obvious, each such combination, and the reasons to combine such items must be identified.' Thus, in *Pactiv*, the court granted the defendant's motion to strike portions of the plaintiff's expert report where that report contained new invalidity arguments by relying on combinations and citations of prior art not disclosed previously in its invalidity contentions. Likewise, [Defendant's expert's] introduction of the [reference] as prior art in combination with other prior art introduced a new theory of invalidity that was not included in [Defendant's] L.P.R. 3.1 contentions." *Avnet, Inc. v. Motio, Inc.*, No. 12 C 2100, 2016 WL 3365430, at *4 (N.D. Ill. June 15, 2016) (Schenkier, M.J.) (citations omitted).

"[W]e disagree with [Defendant] that [its expert] should be allowed to rely on the [reference] because [Defendant's other expert] and plaintiffs' expert discussed the [reference] in their reports, and it was known in the industry. The Local Patent Rules are clear: if the [reference] was known to [Defendant], then [Defendant] was required to have disclosed the [reference] under L.P.R. 3.1 and 2.3(b), or to have sought leave to amend its invalidity contentions to include it. The fact that the defense expert ... discussed it in his report and plaintiff's expert then did so in a rebuttal report does not excuse [Defendant] of its threshold failure to comply with the Local Patent Rules. To the contrary, this highlights the vice in the approach [Defendant] advocates. One of the purposes of final invalidity contentions is to give notice to plaintiffs of the defendant's contentions, and the bases for them, prior to expert discovery, because 'there is much for a plaintiff to do. Witnesses may have to review the document(s), and rebuttal evidence may have to be sought out and examined.' ... It would turn the local rule on its head to allow a defendant to withhold prior art references from its invalidity contentions, only to spring them on the plaintiff in the defense expert report." *Avnet, Inc. v. Motio, Inc.*, No. 12 C 2100, 2016 WL 3365430, at *5 (N.D. Ill. June 15,

2016) (Schenkier, M.J.) (citations omitted) (internal quotation marks omitted).

6. Court Has Discretion to Consider Theories Not Set Forth in Final Contentions

"Plaintiff's Final Infringement Contentions did not explain how the [accused product] infringes claim 4 under the doctrine of equivalents, but because both parties have addressed the issue on this [summary judgment] motion, the court does so, as well." *Thermapure, Inc. v. RxHeat, LLC*, 2014 U.S. Dist. LEXIS 43024, *45-46 n.12 (N.D. Ill. Mar. 31, 2014) (Pallmeyer, J.).

"As an initial matter, [Plaintiff] correctly notes that [Defendant's] response raises a defense that it failed to disclose in its Amended Final Invalidity and Unenforceability Contentions.... [Plaintiff] argues that the Court should therefore preclude [Defendant] from raising it at this stage.... [Defendant] did, however, assert this argument in [its expert's] corresponding Invalidity Report.... Further, [Plaintiff] was clearly on notice of [Defendant's] argument because [Plaintiff] addressed the merits of [Defendant's expert's] written description invalidity opinion in its memorandum in support of its motion for summary judgment.... Therefore, the Court will not preclude [Defendant] from raising this defense." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 165968, *78-79 (N.D. Ill. Nov. 20, 2013) (St. Eve, J.).

"[Defendant] timely asserted obviousness as a defense in its invalidity contentions; however, it added additional supporting prior art ... after the court-imposed deadline for disclosing final invalidity contentions.... Because [Defendant] disclosed the prior art, albeit after the deadline, [Plaintiff] was aware of [Defendant's] bases for asserting obviousness, thus reducing any resulting prejudice. Accordingly, the court will allow it to rely on this prior art for purposes of arguing obviousness." *Peerless Indus., Inc. v. Crimson AV, LLC*, No. 1-11-cv-01768 (N.D. Ill. Oct. 2, 2013) (Lefkow, J.).

7. Final Invalidity Contentions Limited to 25 References Except for Good Cause and Absence of Unfair Prejudice

"Local Patent Rule 3.1 was crafted by experienced patent counsel from various segments of patent law practice. Local Patent Rule 3.1 was approved by the judges of this court unanimously after public comment and was designed to focus the issues

surrounding contentions of invalidity on a reasonable number of discernible identified prior art references. In most cases, culling the potential prior art references on the issue of patent invalidity to a representative 25 is reasonable. Typically, if parties asserting patent invalidity cannot persuasively present their best 25 prior art references to meet their burden on that issue, allowing them 30, 40 or 50 references will not improve their position but will merely burden the record to no useful end. Of course, in the proper case, appropriate additional references will be allowed, but this is not that case.” *CoStar Realty Info., Inc. v. CIVIX-DDI, LLC*, 1-12-cv-04968 (N.D. Ill. Aug. 8, 2013) (Holderman, C.J.).

8. Multiple Documents Describing Prior Art System Count as Single Reference

“[T]he Court concludes that it is appropriate to construe the term ‘prior art reference’ within LPR 3.1 as including, in addition to a prior art instrumentality, the associated references necessary to describe that instrumentality.” *GeoTag Inc. v. Classified Ventures, LLC*, 1-13-cv-00295 (N.D. Ill. Feb. 13, 2014) (Tharp, J.).

9. Production of Documents Does Not Replace Obligation to Disclose Prior Art References in Contentions

“The fact that [Defendant] produced these five pages along with thousands of other pages of documents does not mitigate [the] prejudice [of not disclosing these documents in their L.P.R. 3.1 disclosures]. On this issue, [Defendant] again circumvented the Local Patent Rules, and [Defendant] has not presented any reason for failing to disclose these documents in its L.P.R. 3.1 contentions or to seek to amend its contentions to include them. ‘If these new materials are not prior art, not necessary references, and not something that their expert relied upon, then there is truly no reason for them to be in the Report.’ If, however, these documents were prior art, necessary references, or something that [Defendant’s expert] relied upon, then they should have been disclosed in [Defendant’s] invalidity contentions.” *Avnet, Inc. v. Motio, Inc.*, No. 12 C 2100, 2016 WL 3365430, at *6 (N.D. Ill. June 15, 2016) (Schenkier, M.J.) (citations omitted) (quoting *Pactiv Corp. v. Multisorb Techs., Inc.*, No. 10 C 461, 2013 WL2384249 (N.D. Ill. May 29, 2013)).

10. Contentions Need Not Include § 101 Invalidity Defenses

“[Plaintiff] contends that [defendant’s] invalidity argument under 35 U.S.C. § 101 is untimely because [defendant] failed to

raise it in any of its responses to [plaintiff’s contention] interrogatory[.] ... Whether or not [defendant] could have disclosed a § 101 contention earlier, the court will not impose a forfeiture. Local Patent Rule 2.3 does not explicitly require the disclosure of a § 101 argument; it only requires the disclosure of arguments under §§ 102 and 112. Neither does Local Patent Rule 3.1 require a § 101 disclosure in a party’s final invalidity contentions. Nor does either rule bar undisclosed § 101 challenges for failure to disclose. . . . Moreover, [plaintiff] would not suffer any prejudice from allowing the argument to be presented after the close of fact and expert discovery where it addresses a purely legal issue that may be decided on the pleadings.” *Tech. Dev. & Lic., LLC v. Gen. Instrument Corp.*, No. 07 C 4512, at *5 (N.D. Ill. Dec. 6, 2016) (Lefkow, J.).

LPR 3.2 Final Non-Infringement, Enforceability, and Validity Contentions

Each party asserting non-infringement of a patent claim shall serve on all other parties “Final Non-infringement Contentions” within twenty-eight (28) days after service of the Final Infringement Contentions, containing the information called for in LPR 2.3(a). Each party asserting patent infringement shall serve, at the same time the “Final NonInfringement Contentions” are due, Final Contentions in Response to any “Final Unenforceability and Invalidity Contentions.”

Annotations

1. Final Contentions Limit Scope of Summary Judgment Motions

“[Defendant] never previously disclosed this ‘flexible bushing’ [non-infringement] argument. For the first time in its summary judgment brief, [Defendant] argues that its bushing is flexible and, thus, does not have a horizontal axis of plunger travel. [Defendant] never disclosed this non-infringement theory in its final contentions, never previously disclosed that its bushing was too flexible to allow a ‘horizontal axis of plunger travel,’ and never raised this theory in any of its expert reports. [Plaintiff] did not have notice of this non-infringement argument. Further, [Defendant] failed to seek leave to amend its final non-infringement contentions to include this theory. It is now too late to do so.” *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 165968, *37 (N.D. Ill. Nov. 20, 2013) (St. Eve, J.).

2. Final Contentions May Not Limit Scope of Evidence Presented at Trial for Certain Purposes

"[Plaintiff] argues . . . that [Defendant's] Notice of Prior Art under 35 U.S.C. § 282 . . . should be excluded at trial because it is in violation of Local Patent Rule 3.4. [Plaintiff] alleges that the cited prior art references will be used by [Defendant] to support its invalidity defenses at trial. However, [Defendant] contends that the references are unrelated to invalidity contentions. Rather, the references will be used for the limited purpose of showing the 'state of the art' as required by 35 U.S.C. § 282(c). . . . In addition, the record reflects that [the expert] disclosed such prior art references through his expert report. [Defendant's] late disclosure of these references is not unfairly prejudicial to [Plaintiff] given their limited purpose at trial." *PSN III, LLC v. Abbott Labs.*, 2012 U.S. Dist. LEXIS 155637, *13-14 (N.D. Ill. Oct. 31, 2012) (Der-Yeghiayan, J.).

LPR 3.3 Document Production Accompanying Final Invalidity Contentions

With the Final Invalidity Contentions, the party asserting invalidity of any patent claim shall produce or make available for inspection and copying: a copy or sample of all prior art identified pursuant to LPR 3.2, to the extent not previously produced, that does not appear in the file history of the patent(s) at issue. If any such item is not in English, an English translation of the portion(s) relied upon shall be produced. The translated portion of the non-English prior art shall be sufficient to place in context the particular matter upon which the party relies.

The producing party shall separately identify by production number which documents correspond to each category.

LPR 3.4 Amendment of Final Contentions

A party may amend its Final Infringement Contentions; Final Non-infringement, Unenforceability and Invalidity Contentions; or Final Contentions in Response to any Unenforceability and Invalidity Contentions only by order of the Court upon a showing of good cause and absence of unfair prejudice to opposing parties, made promptly upon discovery of the basis for the amendment. An example of a circumstance that may support

a finding of good cause, absent undue prejudice to the non-moving party, includes a claim construction by the Court different from that proposed by the party seeking amendment. A motion to amend final contentions due to a claim construction ruling shall be filed, with proposed amendment(s), within fourteen (14) days of the entry of such ruling.

The duty to supplement discovery responses does not excuse the need to obtain leave of court to amend contentions.

Annotations

1. Moving Party Must Establish Both Good Cause and Absence of Unfair Prejudice

"The court notes that according to the plain language of Local Patent Rule 3.4, which provides that a party may amend its final infringement contentions only upon a 'showing of good cause and absence of unfair prejudice to opposing parties' [Plaintiff's] failure to establish good cause warrants denial without consideration of any prejudice to [Defendant]." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 38740, *35 (N.D. Ill. Mar. 21, 2012) (Holderman, C.J.).

"[Movant] has the burden of demonstrating both good cause and lack of prejudice." *R-Boc Representatives, Inc. v. Minemyer*, 2014 WL 4412311, *4 (N.D. Ill. Sept. 5, 2014) (Cole, M.J.).

2. Good Cause Determination Is Within Discretion of Court

"Determining whether a party has satisfied the good cause requirement is within the discretion of the court." *Thermapure, Inc. v. Giertsen Co.*, 2012 U.S. Dist. LEXIS 175612, *5-6 (N.D. Ill. Dec. 11, 2012) (Lefkow, J.).

3. Amendment Permitted to Respond to Corresponding Amended Contentions by Opposing Party

"[T]he Court grants [Defendant's] Motion for Leave to Amend its Non-infringement, Invalidity/Unenforceability Contentions to the extent that those amendments are necessary to respond to the permissible amendments to Amended Final Infringement Contentions." *Sloan Valve Co. v. Zurn Indus.*, 2012 U.S. Dist. LEXIS 176554, *14 (N.D. Ill. Dec. 13, 2012) (St. Eve, J.).

4. Amendment That Did Not Change Infringement Theory Rejected

“Because the purpose of infringement contentions is to provide notice of the plaintiff’s theories of infringement early in the case, and [Plaintiff] is not, by its own concession, seeking to change its theory, this proposed amendment to its contentions is unnecessary.” *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 22739, *9 (N.D. Ill. Feb. 20, 2013) (St. Eve, J.).

5. Amendment Including Extra Data Supporting Infringement Theory Rejected

“[T]he proposed additions are evidence that will be used by [Plaintiff] at trial to prove its previously disclosed theories of infringement. Although the Court does not currently address the issue of whether such data will be admissible at trial, the Court agrees that there is no cause at this stage to amend the contentions in order to include extra data to support the theories included in these contentions.” *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 22739, *12-13 (N.D. Ill. Feb. 20, 2013) (St. Eve, J.)

6. Willingness to Provide Additional Details May Constitute Good Cause

“[Plaintiff] maintains that before [Defendant] filed the present motion, [Plaintiff] had indicated its willingness to amend its final contentions and provide additional details, but [Defendant] nevertheless filed the present motion.... The Court considers this good cause for allowing [Plaintiff] to amend its final contentions ... and concludes that [Defendant] will not be prejudiced in allowing [Plaintiff] to do so.” *Morningware, Inc. v. Hearthware Home Prods.*, 2010 U.S. Dist. LEXIS 98927, *22 (N.D. Ill. Sept. 22, 2010) (St. Eve, J.).

7. Good Cause Shown Where Expert Did Not Disclose Opinion Until Deposition

“Because [Plaintiff’s expert’s] opinion and understanding of the ‘visually negligible’ term was not elucidated until his deposition, Defendants’ response is timely and they have shown ‘good cause’ for leave to amend their invalidity contentions in this

manner.” *Sonix Tech. Co. v. Publications Int’l, Ltd.*, 13-cv-2082 (N.D. Ill. Aug. 10, 2015) (St. Eve, J.).

8. Good Cause Requires Diligence

“To demonstrate good cause to amend invalidity or infringement contentions, a party must demonstrate that it acted diligently and that the accused infringer would suffer no unfair prejudice if the moving party were permitted to amend. . . . ‘In showing diligence, the relevant inquiry is not when the party learned about the information, but when it could have made the discovery’.... Furthermore, ‘good cause requires more than a showing that new information has been revealed in discovery.’” *Peerless Indus. v. Crimson AV, LLC*, 2013 WL 6197096, *5 (N.D. Ill. Nov. 27, 2013) (Lefkow, J.).

“In determining whether amendments of final infringement contentions are appropriate, the two factors that govern are whether (1) the party seeking the amendment acted with diligence and (2) the accused infringer would suffer prejudice. . . . The party seeking to amend its final infringement contentions has the burden of establishing that it acted diligently and that the accused infringer will suffer no unfair prejudice.” *Thermapure, Inc. v. Giertsen Co.*, 2012 U.S. Dist. LEXIS 175612, *5-6 (N.D. Ill. Dec. 11, 2012) (Lefkow, J.).

9. Cases Holding Party Acted Diligently in Amending Contentions

“[Plaintiff] seeks to amend its final infringement contentions to include [certain Defendant products] as accused instrumentalities. . . . [I]n discovery requests and in [Defendant’s] deposition, [Plaintiff] inquired into these topics; however, it did not receive a forthright response regarding [Defendant’s] use of these [products]. After learning about [Defendant’s product] use in November 2012, [Plaintiff] timely filed a motion seeking leave to amend its final infringement contentions with this new information. The court concludes that [Plaintiff] acted with the requisite diligence to satisfy Local Patent Rule 3.4’s good cause requirement.” *Thermapure, Inc. v. Giertsen Co.*, 2012 WL 6196912, *3 (N.D. Ill. Dec. 11, 2012) (Lefkow, J.).

“[T]he Court will credit [Defendant’s] representation that it did not become aware of the process [Defendant’s subsidiary]

used in 1980s until January 2013 and finds that [Defendant] acted diligently in pursuing the amendment [three months later].” *Oleksy v. General Elec. Co.*, 2013 U.S. Dist. LEXIS 107638, *13 (N.D. Ill. July 31, 2013) (Kendall, J.).

10. Cases Rejecting Amendment of Contentions for Lack of Diligence

“[Plaintiff] has not demonstrated good cause to amend its final infringement contentions because its actions demonstrate a lack of diligence. As noted above, [defendant’s] initial non-infringement contentions dated September 7, 2012 provided that ‘[defendant] does not perform, nor does it instruct others to perform, the step of removing a lamp from a motor vehicle.’ Similarly, [defendant’s] interrogatory responses dated October 5, 2012 provided that ‘[t]he first step of [defendant’s] refinishing process involves the delivery of candidate head lamps to [defendant’s] facility from either [defendant’s] salvage yards or from third party salvage companies.’ Thus, [plaintiff] had notice of [defendant’s] position in the fall of 2012 and, while [defendant] elaborated on its argument in its final non-infringement contentions, [plaintiff] cannot now argue that [defendant’s] final non-infringement contentions represent a material change in [defendant’s] position. Indeed, [plaintiff] acknowledged [defendant’s] position in its final infringement contentions. (See *dk. 103-4 Exh. 5 at 5* (‘[Plaintiff] understands that in some instances [defendant] may not perform the step of removing the lamp from the motor vehicle.’).)” *Clearlamp LLC v. LKQ Corp.*, 1-12-cv-02533 (N.D. Ill. Jul. 2, 2015) (Lefkow, J.).

“The relevant inquiry is not when [Plaintiff] learned about the information, but when it could have made the discovery....[Plaintiff] could have subpoenaed [Defendant’s] affiliates before fact discovery closed (as it had done in 2011) requesting this type of information, but it never did so. [Plaintiff] failed to act with the required diligence to show good cause under Local Patent Rule 3.4 that would allow amendment.” *Thermapure, Inc. v. Giertsen Co.*, 2012 WL 6196912, *2 (N.D. Ill. Dec. 11, 2012) (Lefkow, J.).

“[T]he local patent rules require the plaintiff to file its final infringement contentions after the close of fact discovery, but before claim construction and expert discovery. Here, [Plaintiff] seeks to amend its final infringement contentions after claim construction, after the close of expert discovery, and after the

Court’s ruling on the parties’ motions for summary judgment. The Court’s summary judgment opinion on certain affirmative defenses in this case is not the type of information that is highly relevant to final infringement contentions and certainly does not meet the good cause standard that Local Patent Rule 3.4 requires. Rather, [Plaintiff’s] proposed amendments give credence to [Defendant’s] argument that [Plaintiff’s] true intent is to inform the jury of the Court’s adverse rulings on certain of [Defendant’s] affirmative defenses. This is not a proper use of final infringement contentions.” *Sloan Valve Co. v. Zurn Indus.*, 2014 U.S. Dist. LEXIS 1208, *11-12 (N.D. Ill. Jan. 7, 2014) (St. Eve, J.)

“[Defendant] has not established good cause to amend its invalidity contentions because its actions demonstrate a lack of diligence in pursuing these defenses.... [Defendant] argues that it could not have filed this motion any sooner because it lacked necessary information due to [Plaintiff’s] admonishable discovery tactics. . . . But [Defendant] does not explain why it was able to include the unnamed inventor and on-sale bar doctrine contentions in its April summary judgment motion but was unable to request leave to properly add those contentions. Even if it received confirmation of this through discovery during the summer and fall (and is still awaiting confirmation through discovery that [Plaintiff] has not yet turned over), that is no excuse. ‘[T]heories of [invalidity] do not need to be confirmed before [invalidity] contentions may be amended.’” *Peerless Indus. v. Crimson AV, LLC*, 2013 WL 6197096, *6 (N.D. Ill. Nov. 27, 2013) (Lefkow, J.).

“[Plaintiff] relies heavily on the fact that much of the source code cited in its proposed amended infringement contentions is recently produced. But good cause requires more than a showing that new information has been revealed in discovery. . . . It requires the party to show that it acted with reasonable diligence in asserting the new infringement theory. . . . [Plaintiff] has not met its burden to show good cause. Notably, [Defendant] designated [witnesses] in late 2009 to testify regarding the operation of [Defendant’s] products as they relate to the [asserted] patent. But [Plaintiff] did not set dates to depose these witnesses until late January, as the fact discovery deadline approached. . . . Further, while [Plaintiff] complains of the confusing and incomplete nature of [Defendant’s] source code production, it did not raise those issues with this court until now. [Plaintiff] simply has not shown diligence either in pursuing its [new infringement] theory or

updating its infringement contentions.” *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 38740, *32-33 (N.D. Ill. Mar. 21, 2012) (Holderman, C.J.).

“[B]y its own admission, [Plaintiff] identified many of [Defendant’s] ‘new’ products as potentially infringing in 2009 and 2010. . . . [Plaintiff] points to recent deposition testimony that it argues ‘confirm[ed]’ the bases for infringement . . . but . . . theories of infringement do not need to be confirmed before infringement contentions may be amended. Additionally, the court agrees with [Defendant] that it would be prejudiced by having to analyze and defend itself with respect to these additional products at this late stage of the case. Because [Plaintiff] has not explained how these proposed amendments were made promptly upon discovery of their bases or shown an absence of unfair prejudice to [Defendant], the motion to amend is denied as to the new products.” *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 38740, *41-42 (N.D. Ill. March 21, 2012) (Holderman, C.J.).

“[I]n addition to failing to show good cause for this amendment, [Plaintiff] has not shown that it sought leave add this amendment ‘promptly upon discovery of the basis for the amendment.’ Indeed, the Court issued its claim construction ruling September 13, 2012 and [Plaintiff] did not file the present motion until January 28, 2013. . . . [Plaintiff] had access to this data and had analyzed it prior to October 9, 2012, yet did not seek leave to include these contentions until January 28, 2013. . . . This lack of diligence and repeated delay by [Plaintiff] undermines any good cause it could have to warrant amendment.” *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 22739, *10-11 (N.D. Ill. Feb. 20, 2013) (St Eve, J.).

“[Plaintiff], however, was delinquent in seeking to amend its contentions to reflect this information. . . . Despite having obtained this information in the fall, [Plaintiff] offers no explanation in its motion for the three month delay in seeking to amend its contentions in this manner . . . the parties appeared before the Court and filed multiple documents with the Court, yet failed to bring this issue to the Court until months later. Moreover, the parties are currently in the middle of expert discovery, having already exchanged initial expert reports. The Court will not reward such delay by [Plaintiff], particularly when [Plaintiff] has not offered any justification for its actions.” *Sloan*

Valve Co. v. Zurn Indus., 2013 U.S. Dist. LEXIS 22739, *14-15 (N.D. Ill. Feb. 20, 2013) (St. Eve, J.).

“[Defendant] did not raise the issue of seeking leave to amend its Invalidity and Unenforceability Contentions until July 25, 2013 (nearly four months [after discovering its basis]) and only did so in response to [Plaintiff’s] motion for summary judgment. Further, [Defendant’s] January 2012 Invalidity and Unenforceability Contentions included §§ 102 and/or 103 invalidity contentions as to all of the asserted claims. . . . [Defendant] removed these contentions from its January 2013 invalidity and unenforceability contentions, which it filed after the *Markman* hearing. . . . Even if it had shown good cause to amend its contentions, [Defendant] has not shown that it sought leave to add these invalidity contentions ‘promptly upon discovery of the basis for the amendment.’ This lack of diligence and delay by [Defendant] undermines any good cause it could have to warrant amendment, which it also has not shown.” *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 165968, *59-60 (N.D. Ill. Nov. 20, 2013) (St. Eve, J.).

“[Defendant] seeks to . . . amend[] its non-infringement contentions . . . [Defendant] has not shown good cause to amend this contention because its proposed amendment improperly re-argues issues the court treated during claim construction. . . . Because [Defendant] is attempting to re-argue an issue at play in the claim construction process, it could and should have included this amended contention earlier. [Defendant] thus has failed to demonstrate good cause or diligence, and the court need not delve into whether [Plaintiff] would suffer prejudice if [Defendant] were allowed to amend this contention.” *Avnet, Inc. v. Motio, Inc.*, 1-12-cv-02100 (N.D. Ill. Nov. 27, 2013) (Lefkow, J.).

“[Defendant] has not shown the good cause necessary to amend this contention. While the proposed amended contention incorporates the court’s claim construction ruling . . . [Defendant] has not demonstrated why this addition is necessary. The unamended iteration of its non-infringement contention encapsulates this idea. . . . It is thus unnecessary to update this contention as [Defendant] proposes, and [Defendant] provides the court with no good cause to find to the contrary.” *Avnet, Inc. v. Motio, Inc.*, 1-12-cv-02100 (N.D. Ill. Nov. 27, 2013) (Lefkow, J.).

"[Plaintiff] did not assert indirect infringement in its final infringement contentions. . . . [Plaintiff] filed its motion for leave to amend its infringement contentions less than three weeks [after Defendants served their final non-infringement contentions]. . . . [Plaintiff] has not shown that good cause to amend its final infringement contentions exists. This Court has not yet construed the claims and [Plaintiff] does not claim that discovery revealed any new information that warrants an amendment. Rather, [Plaintiff] claims that the positions the Defendants have taken in response to [Plaintiff's] final infringement contentions necessitate an amendment by [Plaintiff]. But the facts have not changed. . . . [Plaintiff] has the burden of proof with respect to infringement and had to provide notice of its legal theories in view of the information revealed through discovery. . . . There is no new information that requires an amendment. The only thing that has changed is the Defendants' legal theory. In other words . . . all that has changed is how the Defendants' view the facts in the context of [Plaintiff's] allegations. This does not establish good cause." *Northgate Techs., Inc. v. Stryker Corp.*, 1-12-cv-07032 (N.D. Ill. Dec. 16, 2013) (Kendall, J.).

"These 'undisturbed' principles on which [Defendant] is basing its new invalidity contentions were as available to [Defendant] when it made its final invalidity contentions . . . and when it submitted its expert report . . . as they are [now]. . . . This is a waiver of an argument regarding indefiniteness in any sense, and the fact that [Defendant's] indefiniteness contention is based on case law that was readily available to counsel at the time he came up with his definition for the claim term certainly scuttles any contention that there was good cause." *R-Boc Representatives, Inc. v. Minemyer*, 2014 WL 4412311, *5 (N.D. Ill. Sept. 5, 2014) (Cole, M.J.).

"[Plaintiff] waited . . . nearly two years . . . to seek leave to make these amendments. . . . [Plaintiff's] delay in seeking leave to make these amendments is unjustified. . . . To suggest that [Plaintiff's] counsel was so busy with the other issues in this case that it required almost two years to prepare a motion for leave to file the amended complaint and amended infringement contentions is unfounded." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2011 U.S. Dist. LEXIS 112672, *10-11 (N.D. Ill. Sept. 29, 2011) (Holderman, C.J.).

11. Non-Movant Receiving Notice or Discovery from Movant Does Not Excuse Delay in Seeking Amendment

"[Plaintiff's] contention that [Defendant's] will not be prejudiced because [Defendant] has had notice of these potential amendments [for nearly two years] is not well-taken. [Plaintiff] dedicates a substantial portion of its arguments to this court outlining when [Defendant] received notice of these potential amendments. . . . [Plaintiff], however, never took the requisite step of seeking the court's leave to amend the . . . Infringement Contentions. That [Defendant] had notice that [Plaintiff] ultimately could seek to make these amendments and include new infringement theories does not excuse [Plaintiff's] delay nor does it ameliorate the prejudice to [Defendant], particularly whereas here, [Plaintiff's] extensive and ever-continuing delay in pursuing these theories raised a substantial likelihood that [Plaintiff's] request for leave to amend would be denied." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2011 U.S. Dist. LEXIS 112672, *12-13 (N.D. Ill. Sept. 29, 2011) (Holderman, C.J.).

"[T]he fact that [Plaintiff] provided discovery on these theories does not demonstrate compliance with the Local Patent Rules." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 38740, *n.9 (N.D. Ill. Mar. 21, 2012) (Holderman, C.J.).

12. Expert Declaration May Help Establish Reasonableness of Delay in Seeking Amendment

"[Plaintiff] does assert that until it received source code files recently produced by [Defendant], it could not have understood the theory of infringement it now advances. . . . In its voluminous filings, however, [Plaintiff] has not included an affidavit from one its experts explaining what information it needed to articulate [its new infringement theory] and when that information became available." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 38740, *31-32 (N.D. Ill. Mar. 21, 2012) (Holderman, C.J.).

13. Amendment Held Not Unduly Prejudicial

"[T]he Court must determine whether [Plaintiff] would be unduly prejudiced by the three-month delay between the date the Final Invalidity Contentions were due and the

time [Defendant] sought leave to amend those contentions. . . . [Plaintiff] contends that he would be prejudiced because documents relating to the [Defendant's subsidiary's] process could have been destroyed because [Defendant's subsidiary] only holds records for seven years and did not receive a litigation hold notice until January 2013. However, the risk of document destruction from the ordinary course of business would exist regardless of whether [Defendant] asserted this defense in December 2012 or March 2013. Therefore, [Defendant's] delay does not prejudice [Plaintiff] on this ground. . . . The Court also does not find the discovery time and costs that are associated with the [Defendant's subsidiary] defense are overly prejudicial to [Plaintiff]. . . . discovery on the [Defendant's subsidiary's] process would likely have to be performed regardless of whether or not this prior use affirmative defense is allowed. Moreover . . . there is still time before the fact discovery cut-off to take the necessary discovery on this issue." *Oleksy v. General Elec. Co.*, 2013 U.S. Dist. LEXIS 107638, *14-15 (N.D. Ill. July 31, 2013) (Kendall, J.).

14. Amendment Rejected as Unduly Prejudicial

"[T]he court also finds that [Defendant] would be severely prejudiced by allowing [Plaintiff] to now pursue these infringement theories at this late date. The parties have been actively engaged in discovery, including document production and depositions. The identification of new accused products that previously were not at issue in this case creates the very likely possibility that [Defendant] will have to once again perform extensive (and costly) searches and reviews of electronically stored information and re-depose witnesses, all of which could have been handled more cost-effectively by [Plaintiff's] counsel adding the new infringement theories had been added to this action when the case was transferred to this court in 2009 as opposed to nearly two years later. . . . Introducing additional [Defendant] products and infringement theories into the litigation at this late stage, after [Defendant] has committed to its claim construction positions, would be highly prejudicial." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2011 U.S. Dist. LEXIS 112672, *11-12 (N.D. Ill. Sept. 29, 2011) (Holderman, C.J.).

"[Plaintiff] has not carried its burden to show that [Defendant] would not be unfairly prejudiced by the introduction of a new

theory of infringement. . . . In regard to prejudice to [Defendant], the court finds that interjecting a completely new theory of infringement at this stage of the case, when it has been pending for more than four years and is on the verge of trial, would prejudice [Defendant] . . . introducing additional [Defendant's] products and infringement theories into the litigation at this late stage, after [Defendant] has committed to its claim construction positions, would be highly prejudicial." *Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2012 U.S. Dist. LEXIS 38740, *35 (N.D. Ill. Mar. 21, 2012) (Holderman, C. J.).

15. Delay Itself May Constitute Prejudice

"[T]he public has a significant and transcendent interest in the speedy and efficient resolution of disputes and that delay alone can impair the public interest in the prompt resolution of disputes. . . . There comes a point where delay, itself, is prejudicial. . . . We are at that point now, if we haven't already been before." *R-Boc Representatives, Inc. v. Minemyer*, 2014 WL 4412311, *5 (N.D. Ill. Sept. 5, 2014) (Cole, M.J.).

16. Amendment Allowed Only to Extent Permitted by Court

"[Plaintiff's] Motion to Amend Its Final Infringement Contentions explicitly stated a single basis for its request: 'that the Court enter an order permitting [Plaintiff] to amend its Final Infringement Contentions against [Defendant] to specifically recite [Plaintiff's] claim for provisional damages relating to [Defendant's] pre-issuance activities.' . . . [Plaintiff's] motion was silent as to requesting leave to amend its contentions on the basis of the Court's . . . claim construction order or any other basis outside of the clear request under Section 154(d). Furthermore, the Court limited the extent to which [Plaintiff] could amend its Final Infringement Contentions to recite claims for provisional damages. Yet, [Plaintiff's] Amended Final Infringement Contentions . . . explicitly state that its amended contentions 'have been updated in view of the court's claim construction decision' . . . The Court, however, did not grant [Plaintiff] permission to amend based on the claim construction ruling. [Plaintiff's] attempts to circumvent the Court's October 2, 2012 Order are improper. As such, the Court strikes these amendments." *Sloan Valve Co. v. Zurn Indus.*, 2012 U.S. Dist. LEXIS 176554, *9 (N.D. Ill. Dec. 13, 2012) (St. Eve, J.).

17. LPR 3.4 Is Consistent With Federal Rules of Civil Procedure

"[Defendant] argues that local patent rules should not trump Federal Rule of Civil Procedure 26(e). In particular, [Defendant] takes issue with Local Patent Rule 3.4, providing that a party wishing to amend its invalidity contentions may only do so 'by order of the Court upon a showing of good cause and absence of unfair prejudice to opposing parties, made promptly upon discovery of the basis for the amendment.' The rule expressly provides that a party's 'duty to supplement discovery responses does not excuse the need to obtain leave of court to amend contentions.' Federal Rule of Civil Procedure 26(e) provides that a party has a continuing obligation to supplement disclosures and responses if the party learns that a disclosure or response is incomplete or incorrect. . . . [Defendant's] argument fails. . . . [T]he Federal Circuit recently affirmed a decision denying leave to amend infringement contentions based on a local rule resembling Local Patent Rule 3.4." *Peerless Indus. v. Crimson AV, LLC*, 2013 U.S. Dist. LEXIS 168684, *22-24 (N.D. Ill. Nov. 27, 2013) (Lefkow, J.).

LPR 3.5 Final Date to Seek Stay Pending Reexamination

Absent exceptional circumstances, no party may file a motion to stay the lawsuit pending reexamination in the U.S. Patent Office after the due date for service of the Final Contentions pursuant to LPR 3.2.

Annotations

1. Granting Stay During Early Stages of Case

"Plaintiff argues that 'a significant amount of work has already occurred in this case,' noting that the parties have served initial contentions and responses and have produced certain documents pursuant to the Local Patent Rules. . . . Plaintiff does not dispute, however, that the parties have not answered interrogatories, taken depositions, filed substantive motions, briefed claim-construction issues, or requested a trial date. Accordingly, 'the litigation is in its infancy,' which militates in favor of granting a stay." *JAB Distrib., LLC v. London Luxury, LLC*, 2010 WL 1882010, *4 (N.D. Ill. May 11, 2010) (St. Eve, J.).

2. LPR 3.5 Does Not Currently Address Post-Issuance Reviews Under the America Invents Act

LPR 3.5 imposes a time limit on motions to stay "pending reexamination in the U.S. Patent Office" ("PTO"). The Local Patent Rules were adopted before the passage of the America Invents Act ("AIA"), and LPR 3.5 does not currently address motions to stay pending any of the three new proceedings created by the AIA for challenging issued patents in the PTO: Inter Partes Review ("IPR"), Covered Business Method Review ("CBM"); and Post-Grant Review ("PGR") (for issued patents having effective filing dates on or after March 16, 2013). By statute, a party is barred from filing an IPR petition more than one year "after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b). The timing of a PGR petition is similarly dictated by statute, and a PGR petition must be filed within nine months of the issuance of the patent. 35 U.S.C. § 321(c). There is no comparable statutory deadline for filing a CBM petition in the PTO.

LPR 3.6 Discovery Concerning Opinions of Counsel

- (a) The substance of a claim of reliance on advice of counsel offered in defense to a charge of willful infringement, and other information within the scope of a waiver of the attorney-client privilege based upon disclosure of such advice, is not subject to discovery until thirty-five (35) days prior to the close of the period of fact discovery that, under LPR 1.3, follows the court's claim construction ruling.
- (b) On the day advice of counsel information becomes discoverable under LPR 3.6(a), a party claiming reliance on advice of counsel shall disclose to all other parties the following:
 - (1) All written opinions of counsel upon which the party will rely;
 - (2) All information provided to the attorney in connection with the advice;
 - (3) All written attorney work product developed in preparing the opinion that the attorney disclosed to the client; and
 - (4) Identification of the date, sender and recipient of all written and oral communications with the attorney or

law firm concerning the subject matter of the advice by counsel.

- (c) After advice of counsel information becomes discoverable under LPR 3.6(a), a party claiming willful infringement may take the deposition of any attorneys preparing or rendering the advice relied upon and any persons who received or claims to have relied upon such advice.
- (d) This Rule does not address whether materials other than those listed in LPR 3.6(b)(1-4) are subject to discovery or within the scope of any waiver of the attorney client privilege.

Annotations

1. LPR 3.6 Limited to Opinions of Counsel

“Plaintiff requests documents reviewed by [Witness] prior to his deposition to refresh his recollection. . . . [Witness] admits that he reviewed notes from two December meetings; from a telephone call ... and from an April 2009 meeting to refresh his recollection for the testimony. . . . Defendants argue that these documents are not discoverable under the Local Patent Rule 3.6(a) ‘until thirty-five (35) days prior to the close of the period of fact discovery that, under LPR 1.3, follows the court’s claim construction ruling’.... This argument, however, is unpersuasive as the Local Patent Rule 3.6(a) narrowly refers to Opinions of Counsel and is not applicable in this instance.” *Schultz v. iGPS Inc.*, 1-10-cv-00071 (N.D. Ill. Nov. 3, 2010) (Valdez, M.J.).

IV. CLAIM CONSTRUCTION PROCEEDINGS

LPR 4.1 Exchange of Proposed Claim Terms to Be Construed Along with Proposed Constructions

- (a) Within fourteen (14) days after service of the Final Contentions pursuant to LPR 3.2, each party shall serve a list of (i) the claim terms and phrases the party contends the Court should construe; (ii) the party’s proposed constructions; (iii) identification of any claim element that the party contends is governed by 35 U.S.C. § 112(6); and (iv) the party’s description of the function of that element, and the structure(s), act(s), or material(s) corresponding to

that element, identified by column and line number with respect to the asserted patent(s).

- (b) Within seven (7) days after the exchange of claim terms and phrases, the parties must meet and confer and agree upon no more than ten (10) terms or phrases to submit for construction by the court. No more than ten (10) terms or phrases may be presented to the Court for construction absent prior leave of court upon a showing of good cause. The assertion of multiple non-related patents shall, in an appropriate case, constitute good cause. If the parties are unable to agree upon ten terms, then five shall be allocated to all plaintiffs and five to all defendants. For each term to be presented to the Court, the parties must certify whether it is outcome-determinative.

Comment by N.D. Illinois

In some cases, the parties may dispute the construction of more than ten terms. But because construction of outcome-determinative or otherwise significant claim terms may lead to settlement or entry of summary judgment, in the majority of cases the need to construe other claim terms of lesser importance may be obviated. The limitation to ten claim terms to be presented for construction is intended to require the parties to focus upon outcome-determinative or otherwise significant disputes.

Annotations

1. Claim Construction Set Near Close of Fact Discovery to Focus on Significant Claim Terms

“The decision to place the claim construction process toward the end of fact discovery (in both the LPR and the scheduling order in this case) was premised upon the belief that this would result in focusing the issues so that the claim construction process would involve claim terms whose construction is determinative or otherwise significant, rather than unimportant claim terms.” *Illinois Computer Research, LLC v. Harpo Prods., Inc.*, 2010 WL 2136665, *5 (N.D. Ill. May 26, 2010) (Kennelly, J.).

“[Claim construction] is a question of law, to be decided by the trial court, ‘toward the end of fact discovery’ (under this

jurisdiction's Local Patent Rules)." *Weber-Stephen Prods. LLC v. Sears Holding Corp.*, 2014 WL 5333364, *9 (N.D. Ill. Oct. 20, 2014) (Chang, J).

2. Cases Rejecting Belated Proposed Claim Constructions

"The parties failed to coordinate the exchange [of proposed claim constructions], and as a result [Plaintiff] has not offered a construction for nine of the defendants' proposed terms. [Plaintiff] states that 'while [it has] no present intent to offer counter-constructions, nothing in the Scheduling Order, the Local Patent Rules, or relevant precedent dictates that [it] could not do so if the circumstances so warrant.' I will not permit [Plaintiff] to offer last-minute constructions for these terms. It is free to argue that each term is clear and doesn't require an interpretation, but if it wants a construction it must disclose its proposed construction [within two business days]." *Brandeis Univ. v. East Side Ovens, Inc.*, 1-12-cv-01508 (N.D. Ill. June 28, 2012) (Posner, J).

"To the extent that [Plaintiff] did not propose its own construction, then [Plaintiff] opted to have that term construed according to its plain and ordinary meaning as understood by a person of ordinary skill in the art. [Plaintiff's] decision constrains [Plaintiff] somewhat in that it cannot propose a claim construction different from what a person of ordinary skill in the art would understand that claim term to mean. In other words, [Plaintiff] can present evidence and arguments showing that a person of ordinary skill in the art would understand a claim term to have a particular meaning. But [Plaintiff] cannot propose a previously undisclosed claim construction that extends beyond the plain and ordinary meaning of the term as understood by a person of ordinary skill in the art. That would violate the spirit of the Local Patent Rules, which contemplate early and meaningful disclosure." *Scholle Corp. v. Rapak LLC*, 2014 WL 3687734, *5 (N.D. Ill. July 24, 2014) (Kendall, J).

3. Cases Permitting Belated Proposed Claim Constructions

"[O]nly [Defendant] proposed constructions of terms....[Plaintiff] contended that no constructions were necessary and that the terms should simply be given their plain and ordinary meaning. [Plaintiff] reiterated this position during the meeting

between the parties contemplated by LPR 4.1(b).... In its [claim construction] response brief, [Plaintiff] maintains its position that the Court should not construe any terms. However, in its arguments against [Defendant's] proposed constructions, [Plaintiff] also set forward proposed alternatives to [Defendant's] constructions....[G]iven that [Plaintiff] maintains its contention that the Court should not construe any terms in this case, the Court feels that the alternatives set forth by [Plaintiff] in its response brief are more properly characterized as part of its argument against [Defendant's] constructions, rather than as newly proposed constructions.... In fact, many of [Plaintiff's] proposed alternatives simplify [Defendant's] language so much that it seems clear that [Plaintiff's] aim in submitting them was actually to bolster its argument that constructions are not necessary in this case. The Court is concerned that perhaps [Plaintiff] could have made more of an effort during their conference with [Defendant] to come to some agreement regarding language that [Defendant] could cut from their proposed constructions. Nonetheless, the Court will not strike [Plaintiff's] arguments simply because they propose some middle ground between the constructions proposed by [Defendant] and [Plaintiff's] desire to go without constructions. LPR 4.1 mandates that [Plaintiff] set forth its proposal, which it did, not that it explicitly set forth all edits of [Defendant's] constructions that it would find more agreeable. While the Court sympathizes with [Defendant's] position that it is somewhat surprised by [Plaintiff's] proposals, the company's concern about prejudice is tempered by the fact that it may respond to [Plaintiff's] arguments in its reply brief." *Memorylink Corp. v. Motorola, Inc.*, 2011 U.S. Dist. LEXIS 80137, *2-4 (N.D. Ill. July 18, 2011) (Hibbler, J).

"[Plaintiff's] disagreement with [Defendant's] proposed construction of this term provided sufficient notice to [Defendant] that [Plaintiff] believed that some of the retaining ring could be above the top surface of the body. Therefore, there is no reason to strike [Plaintiff's] proposed construction. Because [Plaintiff] either proposes the plain and ordinary meaning as understood by a person of ordinary skill in the art or responds to [Defendant's] proposed constructions for each of the claim terms at issue, this Court denies [Defendant's] motion to strike [Plaintiff's] proposed constructions." *Scholle Corp. v. Rapak LLC*, 2014 WL 3687734, *6 (N.D. Ill. July 24, 2014) (Kendall, J).

4. Cases Permitting Construction of More Than 10 Claim Terms

"[Plaintiff] also complains that the defendants have violated local patent rule 4.1(b) by proposing more than ten terms for construction. But the thirteen terms proposed between the parties are a manageable set, and I will construe all of them at the *Markman* hearing." *Brandeis Univ. v. East Side Ovens, Inc.*, 1-12-cv-01508 (N.D. Ill. June 28, 2012) (Posner, J.).

"A total of sixteen (16) claim terms and phrases may be presented to the Court for construction. Of the sixteen (16) claim terms and phrases that may be presented to the Court for construction, [Plaintiff] may present eight (8) claim terms and phrases and [Defendant] may present eight (8) claim terms and phrases." *Dunnhumby USA, LLC v. emnos USA Corp.*, 1-13-cv-00399 (N.D. Ill. Sept. 30, 2014) (St. Eve, J.).

5. Parties Must Certify Whether Claim Terms Are Outcome-Determinative

"[Defendant] has not certified whether any of the claim terms it intends to submit for construction are outcome-determinative. The Local Patent Rules require this certification to make the parties focus on significant disputes. . . . Despite [Defendant's] failure to follow the Local Patent Rules . . . this Court will consider all of [Defendant's] proposals. The primary reason this Court will do so is to avoid further delay." *Scholle Corp. v. Rapak LLC*, 2014 WL 3687734, *2 (N.D. Ill. July 24, 2014) (Kendall, J.).

LPR 4.2 Claim Construction Briefs

(a) Within thirty-five (35) days after the exchange of terms set forth in LPR 4.1, the parties opposing infringement shall file their Opening Claim Construction Brief, which may not exceed twenty-five (25) pages absent prior leave of court. The brief shall identify any intrinsic evidence with citation to the Joint Appendix under LPR 4.2(b) and shall separately identify any extrinsic evidence the party contends supports its proposed claim construction. If a party offers the testimony of a witness to support its claim construction, it must include with its brief a sworn declaration by the witness setting forth the substance of the witness' proposed testimony, and promptly make the witness available for deposition concerning the proposed testimony.

(b) On the date for filing the Opening Claim Construction Brief, the parties shall file a Joint Appendix containing the patent(s) in dispute and the prosecution history for each patent. The prosecution history must be paginated, and all parties must cite to the Joint Appendix when referencing the materials it contains. Any party may file a separate appendix to its claim construction brief containing other supporting materials.

(c) Within twenty-eight (28) days after filing of the Opening Claim Construction brief, the parties claiming infringement shall file their Responsive Claim Construction Brief, which may not exceed twenty-five (25) pages absent prior leave of Court. The brief shall identify any intrinsic evidence with citation to the Joint Appendix under LPR 4.2(b) and shall separately identify any extrinsic evidence the party contends supports its proposed claim construction. If a party offers the testimony of a witness to support its claim construction, it must include with its brief a sworn declaration by the witness setting forth the substance of the witness's proposed testimony and promptly make the witness available for deposition concerning the proposed testimony, in which case the date for the filing of a Reply Claim Construction brief shall be extended by seven (7) calendar days. The brief shall also describe all objections to any extrinsic evidence identified in the Opening Claim Construction Brief.

(d) Within fourteen (14) days after filing of the Responsive Claim Construction Brief, the parties opposing infringement shall file their Reply Claim Construction Brief, which may not exceed fifteen (15) pages absent prior leave of Court. The brief shall describe all objections to any extrinsic evidence identified in the Opening Claim Construction Brief.

(e) The presence of multiple alleged infringers with different products or processes shall, in an appropriate case, constitute good cause for allowing additional pages in the Opening, Responsive, or Reply Claim Construction Briefs or for allowing separate briefing as to different alleged infringers.

(f) Within seven (7) days after filing of the Reply Claim Construction Brief, the parties shall file (1) a joint claim construction chart that sets forth each claim term and phrase addressed in the claim construction briefs; each party's proposed construction, and (2) a joint status report

containing the parties' proposals for the nature and form of the claim construction hearing pursuant to LPR 4.3.

Comment by N.D. Illinois

The committee opted for consecutive claim construction briefs rather than simultaneous briefs, concluding that consecutive briefing is more likely to promote a meaningful exchange regarding the contested points. For the same reason, the committee opted to have the alleged infringer file the opening claim construction brief. Patent holders are more likely to argue for a "plain meaning" construction or for non-construction of disputed terms; alleged infringers tend to be less likely to do so.

The Rules provide for three briefs (opening, response, and reply), not four, due to the likelihood of a claim construction hearing or argument. The Court's determination not to hold a hearing or argument may constitute a basis to permit a surreply brief by the patent holder. A judge may choose not to require a reply brief.

Annotations

1. Prosecution History for Each Asserted Patent Must Be Part of Joint Appendix

"Pursuant to Local Patent Rule 4.2(b), the parties were to submit a Joint Appendix containing the patents in dispute and the prosecution history for each patent. N.D. Ill. LPR 4.2(b). The Joint Appendix submitted in this case was deficient as it failed to provide the complete prosecution history." *Albecker v. Contour Prods., Inc.*, 2010 WL 1839803, *1 n.1 (N.D. Ill. May 3, 2010) (Castillo, J).

2. Good Cause for Exceeding Page Limit Not Shown Despite Multiple Accused Infringers with Different Products

"Defendants' joint motion for relief under Local Patent Rule 4.2(e) ... is denied for failure to show good cause." *Activision TV, Inc. v. Richardson Elecs., Ltd.*, 1-10-cv-03483 (N.D. Ill. Nov. 9, 2010) (Conlon, J.).

3. "Plain and Ordinary Meaning" Insufficient to Satisfy LPR 4.2(f)

"Plaintiff has failed to comply with Local Patent Rule 4.2(f), which requires the parties within seven days after the filing of the reply claim construction brief to file 'a joint claim construction chart that sets forth each claim term and phrase addressed in the claim construction briefs [and] each party's proposed construction' of those terms and phrases.... Plaintiff lists '[Plaintiff's] Proposed Construction' of each disputed term as simply 'Plain and ordinary meaning' without explaining what he contends the 'plain and ordinary meaning' of each disputed term is. . . . Plaintiff must amend his entries to the Joint Claim Construction Chart to comply with Local Patent Rule 4.2(f)." *Bobel v. Maxlite, Inc.*, 1-12-cv-05346 (N.D. Ill. Dec. 23, 2013) (St. Eve., J.).

LPR 4.3 Claim Construction Hearing

Unless the Court orders otherwise, a claim construction oral argument or hearing may be held within twenty-eight (28) days after filing of the Reply Claim Construction Brief. Either before or after the filing of claim construction briefs, the Court shall issue an order describing the schedule and procedures for a claim construction hearing. Any exhibits, including demonstrative exhibits, to be used at a claim construction hearing must be exchanged no later than three (3) days before the hearing.

Annotations

1. Order Setting Procedure for Claim Construction Hearing

"During the hearing, the court anticipates hearing Plaintiffs' construction of each claim term first, followed by Defendants' construction, with an opportunity for rebuttal, and allowing parties to cross-examine witnesses. Parties should inform the court if they agree to a different procedure. Parties are to exchange exhibits and demonstratives to be used at the hearing [three days before], in accordance with LPR 4.3." *Schultz v. iGPS*, 1-10-cv-00071 (N.D. Ill. Oct. 3, 2012) (Gottschall, J.).

V. EXPERT WITNESSES

LPR 5.1 Disclosure of Experts and Expert Reports

Unless the Court orders otherwise,

- (a) for issues other than claim construction to which expert testimony shall be directed, expert witness disclosures and depositions shall be governed by this Rule;
- (b) within twenty-one (21) days after the claim construction ruling or the close of discovery after the claim construction ruling, whichever is later, each party shall make its initial expert witness disclosures required by Federal Rule of Civil Procedure 26 on issues for which it bears the burden of proof;
- (c) within thirty-five (35) days after the date for initial expert reports, each party shall make its rebuttal expert witness disclosures required by Federal Rule of Civil Procedure 26 on the issues for which the opposing party bears the burden of proof.

Annotations

1. Untimely Disclosure of Expert Report Held “Substantially Justified”

“Even assuming that [Defendant’s] disclosure of its commercial success expert report was untimely, such failure was ‘substantially justified.’ ... [Plaintiff] did not disclose its expert’s opinions on this issue until March 21, 2013, following the Court’s deadline for initial and rebuttal expert reports.... Moreover, any prejudice to [Plaintiff] from the timing of the disclosure is curable.... Furthermore, the record does not show any evidence of bad faith by [Defendant].... [Defendant] also served the expert report by the reply expert report deadline.... Accordingly, in light of the procedural history of this case, any failure by [Defendant] to timely serve the report was ‘substantially justified.’” *Medicines Co. v. Mylan, Inc.*, 2013 U.S. Dist. LEXIS 73597, *9-11 (N.D. Ill. May 24, 2013) (St. Eve, J.).

2. Failure to Disclose Expert Not Justified

“To provide expert testimony, defendants were required to disclose [their managing director as a witness] under Rule 26(a)(2)(A) and Local Patent Rule 5.1. The disclosure, then, was due on October 22, 2013. Under Rule 37(c)(1) failure to identify a

witness as required by Rule 26(a) results in an automatic and mandatory sanction prohibiting the party who failed to make such disclosure from using that witness to supply evidence, unless the offending party establishes that the violation was justified or harmless.... [Defendant] offers no justification for its failure other than its untenable argument that the declaration is lay-witness testimony.... Although [the managing director] may have some lay testimony concerning the development, design, [manufacture] and features of an actual embodiment of the invention on which he worked or of accused products, he may not compare the claims of the patent to prior art or give an opinion that the patent is anticipated, obvious, or fails to disclose the best mode.” *Peerless Indus., Inc. v. Crimson AV LLC*, No. 11 C 1768, at *7-8 (N.D. Ill. Apr. 28, 2016) (Lefkow, J.) (citations omitted).

LPR 5.2 Depositions of Experts

Depositions of expert witnesses shall be completed within thirty-five (35) days after exchange of expert rebuttal disclosures.

LPR 5.3 Presumption Against Supplementation of Reports

Amendments or supplementation to expert reports after the deadlines provided herein are presumptively prejudicial and shall not be allowed absent prior leave of court upon a showing of good cause that the amendment or supplementation could not reasonably have been made earlier and that the opposing party is not unfairly prejudiced.

Annotations

1. General Rule for Supplementing Expert Report

“[U]nder LPR 5.3, a party seeking to supplement its expert report ‘after the deadlines provided herein’ have passed must overcome the presumption against supplementation by showing: (1) good cause that the amendment or supplementation could not reasonably have been made earlier, and (2) that the opposing party is not unfairly prejudiced by the supplementation.” *Berkheimer v. Hewlett-Packard Co.*, No. 12 C 9023, 2016 WL 3030170, at *2 (N.D. Ill. May 25, 2016) (Gilbert, M.J.).

2. Presumption Against Supplementation Is Particularly Strong in Patent Cases

"[Plaintiff] provided [Defendant] with the Supplemental [Expert] Report a mere ten days before [Defendant's] rebuttal expert disclosures were due. [Plaintiff] failed to seek leave of Court to issue the supplemental report as mandated under Local Patent Rule 5.3. . . . The presumption against supplementation of expert reports at the eleventh hour is particularly important in patent cases where expert discovery is expensive and often integral to the success of the claims. It is unfair to expect an opposing party to change course well into expert discovery because of one party's failure to comply with the Rules." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 155730, *6 (N.D. Ill. Mar. 25, 2013) (St. Eve, J.).

3. No Good Cause When Supplementation Is Due to Party's Own Fault

"Significantly, none of the amendments to [Plaintiff's] Supplemental Report are based on any delays by [Defendant's] counsel or expert witnesses. Instead, the amendments are based on the actions or faults of [Plaintiff's] own expert witnesses. . . . [Defendant], however, should not bear the prejudice of [Plaintiff's] failure to discover that its own expert witnesses did not agree on certain factors." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 155730, *6-7 (N.D. Ill. Mar. 25, 2013) (St. Eve, J.).

4. Supplementation Denied Due to Undue Prejudice

"The only thing that patent litigants can rely on to discern their opponent's arguments is the opposing party's disclosure of expert reports and contentions. Indeed, this district's local patent rules, along with Rule 26, exist precisely to encourage such disclosures at an early stage of the litigation. [Defendant] had no reason to believe that just because [Plaintiff] asserted a particular argument with respect to the '689 and '411 Patents, that [Plaintiff] would assert the same argument with respect to the '346 Patent. Indeed, [the expert's] disclosures of his caged material theory with respect to the '689 and '411 Patents in the summer of 2012 makes it all the more inexplicable and inexcusable that he failed to disclose the same theory with respect to the '346 Patent until March 22, 2013. Accordingly, the court will strike [the] supplemental expert report of March 22, 2013 on the basis that (1) there is prejudice to [Defendant] that (2) it

reasonably cannot be expected to cure within the time left before trial (3) without disruption of the trial, and (4) the court finds that [Plaintiff] acted in bad faith when it failed to disclose [expert's] opinion in his March 22, 2013 report as to the '346 Patent at a substantially earlier date, such as when [expert] reported that opinion as to the '689 and '411 Patents. *McDavid, Inc. v. Nike USA, Inc.*, 2013 U.S. Dist. LEXIS 57752, *10-11 (N.D. Ill. Apr. 23, 2013) (Holderman, C.J.).

"[Defendant] has submitted affidavits from two of its experts . . . who had completed initial drafts of their rebuttal reports before [Plaintiff] served [Defendant] with the Supplemental Report. They have submitted uncontested affidavits that [Defendant] would incur an approximate additional \$30,000 to \$40,000 in expert fees in order for [Defendant's] experts to review and analyze the Supplemental Report and 5000 additional documents and revise their rebuttal reports. . . . Furthermore, [Defendant's] attorneys have estimated that [Defendant] will incur at least \$23,000 in additional legal fees to address the supplemental reports, including preparation time to re-depose the experts. . . . This uncontested evidence establishes the unfair prejudice [Defendant] will suffer from the supplemental report." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 155730, *7-8 (N.D. Ill. Mar. 25, 2013) (St. Eve, J.).

5. Supplementation to Address Arguments in Opposing Party's Reply Report Not Permitted

"The Court will not permit [Defendant] to supplement [Defendant expert's] report to address [Plaintiff expert's] arguments in his Reply Report. Because the [relevant] arguments in [Plaintiff expert's] Reply Report are responsive to [Defendant expert's] rebuttal report as noted above, [Defendant] does not have the right to supplement [Defendant Expert's] report to address them." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 85897, *11 (N.D. Ill. June 19, 2013) (St. Eve, J.).

"[A] 'supplemental' report is not contemplated by the Local Patent Rules. The time for [Plaintiff's expert] to set out her opinions was in her previously served report. Rule 26(a)(2)(B) (i) says that a retained expert's report should include 'a complete statement of all opinions the witness will express and the basis and reasons for them.' Expert reports are not first drafts. The Rule does not say that an expert's report should contain her best stab at an opinion that then can be supplemented,

corrected, changed or augmented with new, alternative opinions after she has had a chance to think about it more and review the opposing expert's report. The new analysis contained in [Plaintiff's expert's] 'supplemental' report results in materially lower damages chargeable to HP than did the analysis in her original report. If [Plaintiff's expert] thought it was appropriate to do that analysis, it should have been included in her original report." *Berkheimer v. Hewlett-Packard Co.*, No. 12 C 9023, 2016 WL 3030170, at *4 (N.D. Ill. May 25, 2016) (Gilbert, M.J.) (citation omitted).

6. Expert Declaration Stricken as Improper Supplementation

"[I]n response to the motion to strike now under consideration, [Defendant] submitted a declaration by [expert].... The Local Patent Rules prohibit amendment or supplementing expert reports without leave of court. LPR 5.3. Therefore, this Court will disregard the [expert's] declaration." *Trading Techs. Int'l, Inc. v. CQG Inc.*, 1-05-cv-04811 (N.D. Ill. May 16, 2014) (Coleman, J.).

"Although [Plaintiff] did not file a motion for leave to supplement [its expert's] opinions and reports in this case, the analysis under Local Patent Rule 5.3 is relevant to the issues before the Court. In addition to the fact that [Plaintiff] did not seek leave of Court to submit the [expert] Declaration, its admission at this stage, as discussed above, unfairly prejudices Defendants and provides them no recourse to respond. Furthermore, although Defendants first disclosed [their] Declaration—to which the [Plaintiff's expert] Declaration responds—during summary judgment, the Court does not find that the [Plaintiff's expert] Declaration 'could not reasonably have been made earlier[.]' See LPR 5.3 (requiring a showing of good cause that the amendment or supplementation could not reasonably have been made earlier). The essence of the information disclosed in the [Defendants'] Declaration is the information regarding the function of the Accused Products—information that [Plaintiff] knew belonged to [a third party], yet failed to independently pursue during discovery. The primary rationale for excluding untimely expert opinions is to avoid an unfair 'ambush' in which a party advances new theories or evidence to which its opponent has insufficient time to formulate a response. See *Salgado v. Gen. Motors Corp.*, 150 F.3d 735, 742 (7th Cir. 1998); see also *Finley v. Marathon Oil Co.*, 75 F.3d 1225, 1230–31 (7th Cir. 1996) (experts' new charts 'disclosed only a few days before the start of the trial would have placed

on [the opponent] a heavy burden of meeting the new evidence at trial with its own experts' analysis'). Accordingly, the Court grants Defendants' motion to strike the [Plaintiff's expert] Declaration and does not consider it for the purposes of summary judgment." *Sonix Tech. Co., Ltd. v. Publications Int'l, Ltd.*, No. 13-cv-2082, at *5-6 (N.D. Ill. Dec. 8, 2015) (St. Eve, J.).

7. Supplementation Permitted

"[Defendant] objects to [Plaintiff expert's] reliance on a license agreement between [Plaintiff] and [third party] to support his reasonable royalty opinion.... That agreement became available after [Plaintiff expert's] last expert report. [Plaintiff expert's] comments on it are an appropriate supplementation of his earlier reports. [Defendant] argues that [Plaintiff expert's] new opinion nevertheless relies on a new methodology that [Plaintiff expert] did not use to analyze previous license agreements. The court believes that [Plaintiff expert's] use of a new methodology is insufficient to justify striking the opinion, however. It may be the case that the [] license has unique features requiring [Plaintiff expert's] new methodology for an accurate assessment. That question can be tested on cross examination by [Defendant's] counsel at trial, and, if there is no such justification, may well undermine [Plaintiff expert's] credibility before the jury. Any prejudice to [Defendant] is therefore limited. Consequently, the court declines to strike [Plaintiff expert's] reliance on the [] agreement." *McDavid, Inc. v. Nike USA, Inc.*, 2013 WL 1749805, *5 (N.D. Ill. Apr. 23, 2013) (Holderman, C.J.).

"[Defendant] moves to strike certain evidence in [Plaintiff expert's] supplemental report 'that was available years ago at the time of his original reports,' such as e-mails and deposition testimony.... None of these individual pieces of evidence amount to an entirely new theory that will require [Defendant] to devote significant time or resources to prepare a response. Moreover, much of the new evidence originated from [Defendant], so [Defendant] has been aware of that evidence for a sufficient amount of time. In that circumstance, the court declines to strike the new evidence [Plaintiff's expert] has included in his supplemental report." *McDavid, Inc. v. Nike USA, Inc.*, 2013 WL 1749805, *5 (N.D. Ill. Apr. 23, 2013) (Holderman, C.J.).

"The unfair prejudice ... does not extend to the removal of the references to [Plaintiff's expert A's] expert report [from Plaintiff expert B's report] and the replaced citations to a [Plaintiff] employee. Neither [of Defendant's experts] reference additional

work or analysis necessitated from these changes. In addition, [Defendant] had the opportunity to depose [Plaintiff's expert B] regarding the removal of the [Plaintiff's expert A] references. As such, the Court will not strike this aspect of the Supplemental [Plaintiff's expert B] Report." *Sloan Valve Co. v. Zurn Indus.*, 2013 U.S. Dist. LEXIS 155730, *8 (N.D. Ill. Mar. 25, 2013) (St. Eve, J).

8. Supplementation Must Be Timely

"The Court also does not agree with [Plaintiff] that supplementation of [Plaintiff's expert's] report is timely because it was not served 'after the deadlines provided herein' have passed within the meaning of LPR 5.3. [Plaintiff] argues that the 'deadlines' have not passed because the time for the parties' experts to be deposed has not yet lapsed. But the time for the parties to serve their expert reports has passed. Even if [Plaintiff] is correct that the 'deadlines' referenced in LPR 5.3 may refer both to the deadlines for service of expert reports and for expert depositions in LPR 5.1 and 5.2, that does not mean that a party is free to supplement an expert report as long as the time for taking his expert's deposition has not yet passed. It cannot be that a party can move to extend the date by which experts must be deposed, as occurred in this case, and then have free rein to serve supplemental expert reports whenever he wants to do so without consequence as long as his expert has not yet been deposed. The additional or 'alternative' opinion that [Plaintiff] wants [Plaintiff's expert] to offer now does not really correct or complete her earlier report as much as change it in response to the criticism leveled by [Defendant's] expert. Allowing [Plaintiff] to do that at this late date effectively would reset the clock on expert disclosures in a way that is not in keeping with LPR 5.3." *Berkheimer v. Hewlett-Packard Co.*, No. 12 C 9023, 2016 WL 3030170, at *4 (N.D. Ill. May 25, 2016) (Gilbert, M.J.).

VI. DISPOSITIVE MOTIONS

LPR 6.1 Final Day for Filing Dispositive Motions

All dispositive motions shall be filed within twenty-eight (28) days after the scheduled date for the end of expert discovery.

Comment by N.D. Illinois

This Rule does not preclude a party from moving for summary judgment at an earlier stage of the case if

circumstances warrant. It is up to the trial judge to determine whether to consider an "early" summary judgment motion. See also LPR 1.1 (judge may defer a motion raising claim construction issues until after claim construction hearing is held).

Annotations

1. Court May Consider Early Summary Judgment Motions

"The parties have agreed to litigate the defense summary judgment motion concerning lack of written description before launching into full discovery; based on the discussion in court, the Court accepts that deviation from the Local Patent Rule schedule. The parties represented that only very limited discovery would be necessary to litigate the summary judgment motion." *Advanced Audio Devices, LLC v. Amazon.com, Inc.*, 1:13-cv-07585 (N.D. Ill. Mar. 31, 2014) (Chang, J.).

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