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Eastern District of Texas Issues New Model Order Regarding E-Discovery in Patent Cases

10/03/2012

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Background: The Federal Circuit Model Order

At the Eastern District of Texas Judicial Conference on September 27, 2011, Federal Circuit Chief Jud Randall Rader unveiled a new Model Order Regarding E-Discovery in Patent Cases during his remark Citing the disproportionately high expenses of discovery in intellectual property cases and the rapid increase in discovery complexity and volume brought on by e-discovery, Chief Judge Rader discussec his hope that the model order would help bring discipline to e-discovery expenses and curtail the us e-discovery as a tactical weapon.

The Model Order was drafted by a special subcommittee of the Federal Circuit Advisory Committee th consisted of federal judges and attorneys from around the country, including then-Eastern District of Texas Magistrate Judge Charles Everingham. It was unanimously adopted by the Federal Circuit Advisory Committee. A model order was seen as an efficient way to address the challenges of e-discovery by providing an effective starting point, but allowing the flexibility needed by courts and parties in the rapidly evolving field of e-discovery.

Significant provisions of the Federal Circuit Model Order include:

- A party's meaningful compliance or non-responsiveness and dilatory tactics should be taken into account when considering cost-shifting of e-discovery.
- Metadata is excluded from general electronically-stored information ("ESI") production requests absent good cause.
- Email is not included in general ESI production requests.
- Parties exchange core documentation concerning the patent, the accused product, the prior art, a the relevant finances before making email production requests.
- Email production requests must specify the custodian, search terms, and time frame.
- Email production requests are presumptively limited to five custodians per producing party and five search terms per custodian, although the parties can agree to higher limits.
- An email production request going beyond the agreed upon or ordered limits automatically shifts t reasonable costs of the excess request to the requesting party.

The Eastern District of Texas Model Order

Following the September 2011 conference, Chief Judge Davis of the Eastern District of Texas reques that the Local Rules Advisory Committee form a working group to review the Model Order and determine whether any changes to the local rules were warranted. The working group, of which Jud Everingham was also a member, concluded that a variation of the Model Order would be beneficial ir streamlining patent case e-discovery in the District. Rather than including any requirements in the lo rules, the group recommended including a model order as an appendix to the local rules. The Easter District's Model Order was issued in February 2012 as Appendix P to the Local Rules, and contained significant changes to the Federal Circuit Model Order, including the addition of several notable provisions. The working group felt that these changes would better meet the needs of the Eastern

District based on past patent cases.

Noteworthy changes in the Eastern District's Model Order from the Federal Circuit Model Order includ

- Emphasizing the flexibility of the Model Order by changing the "good cause" requirement for modification of the order to the "Court's discretion or by agreement of the parties."
- Eliminating a requirement that email production requests be made only for specific issues. The working group felt that issue narrowing was better managed through the identification and select of custodians and search terms.
- Further separating email discovery from other discovery by requiring a specific listing of likely emai custodians, disclosure of infringement and invalidity contentions, information relevant to damages and allowing for other discovery and depositions prior to beginning email discovery. To ensure fairness in limiting email discovery, the working group decided that parties needed sufficient information before using their limited opportunity.
- Expanding the presumptive limit of five email custodians and search terms to eight custodians anc ten search terms.
- Eliminating the allowance of excess email requests with automatic cost-shifting in order to give th court tighter control over email discovery. This directly addresses one criticism against the Federal Circuit Model Order concerning the possibility of making the scope of discovery simply a matter of investment.
- The addition of basic protocols for production of ESI, including a requirement for production in TIFF document file format, parameters on text-searchable documents, and requests for native-format files. The working group based its Model Order provisions on protocols frequently used or recommended by parties in the past.
- The specific exclusion of voice-mail and mobile device discovery absent a showing of good cause.
- A specific prohibition against requiring backup restoration absent a showing of good cause.

Implications of the New Eastern District of Texas Model Order

The Model Order has already been widely implemented in Eastern District of Texas patent cases. Chi Judge Davis, Judges Gilstrap and Schneider, and Magistrate Judges Craven, Love, and Payne have a used the Model Order or a modified version in patent cases since its adoption in February. The judge also seem very willing to modify the Model Order at the joint request of the parties and as needed t the needs of the parties and case.

Some have speculated that the Model Order will be most beneficial where large discovery asymmetri exist, such as when a Non-Practicing Entity ("NPE"), which typically has little ESI to produce, initiates infringement suit against a larger company, which normally bears much greater expenses for e-discovery. A recent patent case in the Northern District of California dispelled any notion that use of Federal Circuit's Model Order is limited to, or even primarily intended for, NPE or similarly asymmetric cases.[1] In a patent dispute between two competitors with no large imbalance in the cost and volum of discovery between parties, the plaintiff opposed the defendant's motion requesting entry of the Model Order to control e-discovery in the case. In granting the defendant's motion and issuing a modified version of the Model Order, the court noted that nothing in Chief Judge Rader's September 2011 speech or in the introduction or text of the Model Order indicated any intent to limit the application to asymmetric cases. The court also posited that e-discovery production limits might be e more appropriate in competitor cases than in asymmetric cases since such limits decrease the burde on both parties rather than just one.

Finally, although the Model Order was promulgated for use in patent cases, recent cases indicate th parties in other types of cases are similarly concerned about the costs of e-discovery and are lookin the Model Order. An e-discovery order was recently issued in a copyright infringement case in the Eastern District of Texas on a joint motion by the parties.[2] Minor changes to the Model Order remove patent-specific provisions, but the Order remained otherwise substantially unchanged. Even beyond intellectual property cases, parties to a breach of contract case in the Eastern District recently filed a

joint motion requesting issuance of the Model Order, again almost exclusively modifying the patent-specific provisions.[3] These examples illustrate that reducing e-discovery costs is an idea that appeal beyond patent and other intellectual property cases.

The Federal Circuit Advisory Committee gave the district courts a very useful tool in the Model Order help structure e-discovery in patent cases. The Eastern District of Texas was quick to take advantag of that tool for its patent-heavy docket, and other courts are already following suit. While the broad consequences and effects on patent litigation will take time to ascertain, for the time being both the Federal Circuit's and Eastern District's Model Orders are at least providing the helpful starting point t Chief Judge Rader hoped for in his September 2011 remarks.

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[1] *DCG Systems, Inc. v. Checkpoint Technologies, LLC,* No. C-11-03792, 2011 WL 5244356 (N.D. Cal. N 2, 2011).

[2] *Rogue Satellite Comics v. DreamWorks Animation SKG, Inc.*, No. 6:11-cv-00253-LED (E.D. Tex. filed M 17, 2011) (Order Regarding E-Discovery issued Apr. 16, 2012).

[3] *Stout v. Pierce,* No. 4:12-cv-00051-RAS (E.D. Tex. Filed Feb. 1, 2012) (Joint Motion for Proposed Ord Regarding E-Discovery filed May 11, 2012).