



CLAIM-LIMITATION ESTOPPEL—A FRAMEWORK TO NARROWING CLAIMS IN MULTI-PATENT LITIGATION

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## I. INTRODUCTION—STRIKING A BALANCE BETWEEN CONSTITUTIONALITY AND ADMINISTRABILITY

Today, most technology is protected by aggregating a number of commonly controlled and closely related patents into a patent portfolio.<sup>1</sup> In effect, size does matter. Holders of large-scale patent portfolios dominate the marketplace.<sup>2</sup> This “super-patent”<sup>3</sup> quality creates distinct economic advantages<sup>4</sup> and has dictated patent litigation for decades.<sup>5</sup> However, as a direct consequence of the complexity of protecting a singular process-based, problem-based, or product-based invention,<sup>6</sup> the number of unwieldy cases that assert a multitude of both patents and patent claims has become commonplace.<sup>7</sup>

Patent litigation is complex, expensive, and difficult to manage.<sup>8</sup> There is an industry “consensus that the numbers of asserted claims, claim terms, and prior art references in patent cases are often problematically excessive.”<sup>9</sup> Optimistically, neither litigant wants the

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1. A patent portfolio is a collection of related patents within a technological field, held under common control. See Gideon Parchomovsky & R. Polk Wagner, *Patent Portfolios*, 154 U. PA. L. REV. 1, 29–30 (2005).

2. *E.g.*, Tim O’Reilly, *The Internet Patent Land Grab*, 43 COMM’NS ACM 29, 30 (2000) (arguing that “the [patent] system is tilted heavily in favor of companies with large patent portfolios.”). *But see* Ted Pigott, *IBM Patents: You No Longer Have to Fear Large U.S. Patent Portfolios*, INQUARTIK, <https://www.inquartik.com/inq-large-us-patent-portfolios/> (last visited Jan. 11, 2021) (arguing that a new wave of artificial intelligence defeats the quantity advantage of companies with large patent portfolios and rather focuses on the quality of individual patents).

3. Parchomovsky & Wagner, *supra* note 1, at 31 (describing a “super patent”).

4. *Id.* at 31–32 & n.108 (arguing that “a well-conceived patent portfolio . . . shar[es] many of the marketplace advantages conventionally attributed to individual patents,” such as the right to exclude). More so, a large patent portfolio has diversification advantages like the ability to address asset risk management. See Harry Markowitz, *Portfolio Selection*, 7 J. FIN. 77, 89 (1952).

5. See Parchomovsky & Wagner, *supra* note 1, at 35 n.120 (discussing how the presence of a large patent portfolio will likely tip the scales past a fifty-percent victory likelihood for the patentee).

6. *Id.* at 30.

7. See Bernard Chao, *Focusing Patent Litigation*, 18 CHI.-KENT J. INTELL. PROP. 497, 497 (2019) (“Patentees often assert an excessive number of patent claims and even pile on unnecessary patents . . . [b]ut so long as they can make a colorable infringement argument, patentees typically include many weaker claims too.”); see also John R. Allison, Mark A. Lemley & Joshua Walker, *Extreme Value or Trolls on Top? The Characteristics of the Most-Litigated Patents*, 158 U. PA. L. REV. 1, 16 tbl.3 (2009) (calculating that once-litigated patents contain an average of twenty-four claims and cite twenty-three prior art references).

8. See Chao, *supra* note 7, at 498, 507.

9. MODEL ORD. COMM., A MODEL ORDER LIMITING EXCESS PATENT CLAIMS AND PRIOR ART 1 (2013), <https://patentlyo.com/media/docs/2013/07/model-order-excess-claims.pdf>.

trouble or expense of a lengthy and complicated multi-patent trial.<sup>10</sup> Neither does the court.<sup>11</sup> In a Sisyphean effort to tame an unmanageable caseload, the judge must decide how to narrow the issues to best serve the administrability interests of the parties, the court, and the jurors. But do these court mandated methods employed when narrowing claims in multi-patent litigation coincide with the constitutional safeguard against arbitrary denial of liberty and property guaranteed by procedural due process?

This Note addresses the due process concerns with claim narrowing strategies employed in multi-patent and multi-claim infringement suits. First, in Section II.A, a brief history of patent litigation sets the foundation for why patent infringement suits have become cumbersome and expensive. Next, Section II.B addresses two civil case management methods—Federal Rules of Civil Procedure, and local patent rules—and raises the question of whether these methods, which leave much discretion to the courts, preserve litigants’ due process rights. Part III discusses the Federal Circuit’s *In re Katz* decision, which attempted to answer this question by providing patentees with a “safety-valve” measure while ensuring judicial efficiency by winnowing patent claims. Part IV addresses applications of the Federal Circuit’s decision since *In re Katz*. Section IV.A provides a clear enumeration of the burden-shifting framework—which mirrors the Supreme Court’s doctrine of prosecution history estoppel—that a patentee should take to preserve the right to reassert abandoned or winnowed claims in a future trial. Section IV.B analyzes direct applications of the *In re Katz* decision, which raise new issues of claim preclusion. Section IV.C analyzes a district court’s discretion to limit claims before or after discovery, and an attempt to create uniformity in all claim narrowing cases through the formation of the Model Order. Finally, Section IV.D discusses one extreme approach to limiting claims—the “Showdown Procedure”—and analyzes the

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10. See, e.g., Colleen Chien & Edward Reines, *Why Technology Customers Are Being Sued En Masse for Patent Infringement and What Can Be Done*, 49 WAKE FOREST L. REV. 235, 237 (2014).

11. Judge William H. Alsup of the Northern District of California provides an interesting perspective:

Here’s a typical scenario I face as a district judge: there’s a guy the government wants to put away for 135 months, and then I have to go to a case where they want me to construe 135 claims. My heart sinks that it would be like that today. Today, more than ever, the amount of time and resources patent cases demand feels very off-balance with all the other cases on my docket.

William Alsup, *Huge Number of Patent Cases: How One District Judge Manages Them*, 18 CHI.-KENT J. INTELL. PROP. 111, 112 (2019).

underlying, and newly raised, procedural due process issues. Part V concludes by encouraging district courts to adopt the Model Order, in conjunction with a rebuttable presumption similar to prosecution history estoppel discussed in Section IV.A, to address due process issues, thereby creating benefits such as uniformity in patent-narrowing procedures, decreasing forum-shopping, and lessening the burden of patent-saturated districts.

## II. GROWTH AND EFFORTS TO CONTROL MULTI-PATENT LITIGATION

### A. *Foundations of the American Patent System*

Article I, Section 8 of the United States Constitution authorizes Congress “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>12</sup> Shortly after ratification, Congress exercised its enumerated power, passing the 1790 Patent Act.<sup>13</sup> Through more than 150 years,<sup>14</sup> numerous iterations of the Patent Act were passed by Congress in an effort to tighten gaps for fear of monopolies<sup>15</sup> or to rectify previously overlooked issues.<sup>16</sup> The passage of the Patent Act of 1952 saw the basic structure of the American patent system take shape.<sup>17</sup> Its amended version was later codified in the United States Code in Title 35.<sup>18</sup>

For the first time, the 1952 Patent Act included a section on infringement.<sup>19</sup> This section provides in part:

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12. U.S. CONST. art. I, § 8, cl. 8.

13. Patent Act of 1790, ch. 7, 1 STAT. § 109 (repealed 1793).

14. See generally *A Brief History of the Patent Law of the United States*, LADAS & PARRY (May 7, 2014), <https://ladas.com/education-center/a-brief-history-of-the-patent-law-of-the-united-states-2/>, for a brief history of patent law in the United States.

15. See James Ryan, Note, *A Short History of Patent Remedies*, 6 CYBARIS, INTELL. PROP. L. REV. 150, 156–57 (2015).

16. The Patent Act of 1836 established examinations of patent applications prior to the issuance of a patent. Patent Act of 1836, ch. 357, 5 STAT. § 117(a)(6)–(7) (amended 1839); EDWARD C. WALTERSCHEID, *TO PROMOTE THE PROGRESS OF USEFUL ARTS: AMERICAN PATENT LAW AND ADMINISTRATION, 1798–1836*, at 322–45, 421–32 (1998).

17. Patent Act of 1952, ch. 950, 66 Stat. 792 (codified as amended at 35 U.S.C. §§ 1–46); *A Brief History of the Patent Law of the United States*, *supra* note 14.

18. See Colleen Chien et al., *Santa Clara Best Practices in Patent Litigation Survey*, 42 AILPA Q.J. 137, 147 (2014); *A Brief History of the Patent Law of the United States*, *supra* note 14.

19. Ronald D. Hantman, *Patent Infringement*, 72 J. PAT. & TRADEMARK OFF. SOC’Y 454, 489 (1990). See *id.* at 454–88 for a discussion of patent infringement in the United States prior to the passage of the 1952 Patent Act.

Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States . . . during the term of the patent therefor, infringes the patent.<sup>20</sup>

Violation of a patent is seen as a violation of a patentee's vested property right in their invention<sup>21</sup>—a violation of the patentee's "right to exclude others from making, using, offering for sale, or selling the invention throughout the United States."<sup>22</sup> It is well understood that a patent holder can bring a civil action for direct or indirect infringement— or through the doctrine of equivalents<sup>23</sup>—against an accused infringer.<sup>24</sup>

Unique to only a handful of subject matters, federal courts have "original jurisdiction of any civil action arising under any Act of Congress relating to patents."<sup>25</sup> Because federal courts are the exclusive venue for patent disputes, district courts must apply the Federal Rules of Civil Procedure in all proceedings.<sup>26</sup> In infringement actions, federal courts apply a two-step analysis: "[t]he patented invention as indicated by the language of the claims must first be defined (a question of law), and then the trier must judge whether the claims cover the accused device (a question of fact)."<sup>27</sup>

When a patent holder initiates a suit, they will assert as many counts as possible of patent infringement or claim infringement in hopes of winning a preliminary injunction and potentially monetary and even treble damages at trial.<sup>28</sup> Issues soon arise when companies with large

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20. 35 U.S.C. § 271(a).

21. *Consol. Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96 (1876) ("A patent for an invention is as much property as a patent for land. The right rests on the same foundation, and is surrounded and protected by the same sanctions.").

22. 35 U.S.C. § 154; *see also id.* § 271 (describing patent enforcement rights); *Cont'l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 429 (1908) (holding that the power to exclude others is "the very essence of the right conferred by" patent law).

23. *See In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed. Cir. 2007) (en banc) (holding that "patent infringement is a strict liability offense"); *see also*, Karthik Kumar, Note, *Of Deep-Fryers and (Semiconductor) Chips: Why Ignorance of a Patent Is No Excuse for Its Indirect Infringement*, 40 AILPA Q.J. 727, 733–35 (2012) ("Direct infringement is a strict liability tort: a defendant can be liable even without knowledge of the patent's existence."); Nathaniel Grow, *Resolving the Divided Patent Infringement Dilemma*, 50 U. MICH. J.L. REFORM 1, 14 (2016); *Valmont Indus. v. Reinke Mfg. Co.*, 983 F.2d 1039, 1043 (Fed. Cir. 1993) ("[A]n equivalent under the doctrine of equivalents, though not literally meeting the claims, still infringes the patent.").

24. 35 U.S.C. § 281.

25. 28 U.S.C. § 1338.

26. FED. R. CIV. P. 1.

27. *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 758 (Fed. Cir. 1984).

28. *See* Chao, *supra* note 7, at 497; *see also A Brief History of the Patent Law of the United States*, *supra* note 14.

patent portfolios suspect others of potential infringement. Well within its right, and as a common litigation strategy, these companies may assert tens, hundreds, and even thousands of patents and patent claims against a single party.<sup>29</sup> In a “throw the kitchen sink” effort, these companies aver any and all relevant, and sometimes irrelevant, claims against potential infringers in hopes of proving at least one act of infringement.<sup>30</sup> Accused infringers’ best hope is either showing that plaintiff fails to meet its burden of proof for each count of infringement or proving that plaintiff’s patent—or, in these cases, patents—are invalid.<sup>31</sup> Yet another difficulty arises with a patent’s presumptive validity, the fact that “[a] patent shall be presumed valid . . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”<sup>32</sup>

### B. Case Management Tools and Uniformity of Procedure

Because it is in the best interest of a patent holder to assert as many potentially winning patents and claims as possible, patent litigation is expensive, time consuming, and confusing.<sup>33</sup> In 2015, the American

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29. See Parchomovsky & Wagner, *supra* note 1, at 63 (discussing how a product or technology that infringes one patent is likely to infringe others and, because portfolios are designed with defensive purposes in mind, it is quite likely that defendants will counterclaim by alleging infringements by the plaintiff).

30. Mega-corporations litigating patent portfolios tend to own profitable technology and thus often “have the resources to draw out the length of litigation,” to their opponents’ further detriment. See Sarah M. Dickhut, Note, *Complex Patent Litigation: Limiting Length and Limiting Intricacy*, 4 ST. THOMAS J. COMPLEX LITIG. 13, 15 (2017).

31. See Michael Risch, *A Generation of Patent Litigation*, 52 SAN DIEGO L. REV. 67, 124 & n.157 (2015) (citing John R. Allison et al., *Understanding the Realities of Modern Patent Litigation*, 92 TEX. L. REV. 1769, 1769 (2014)) (finding that defendants were much more successful in noninfringement motions than on invalidity motions); see also Chao, *supra* note 7, at 497 (noting plaintiffs’ inclusion of weak claims); Chien et al., *supra* note 18, at 169 (noting outside counsel’s observation that “litigat[ing] in a district that required formalized responses to both infringement and invalidity contentions’ is a ‘wasteful exercise[], and largely boilerplate reservation[] of rights.’”).

32. 35 U.S.C. § 282(a); see also Matthew D. Henry & John L. Turner, *The Court of Appeals for the Federal Circuit’s Impact on Patent Litigation*, 35 J. LEGAL STUD. 85, 90 (2006) (analyzing how the Federal Circuit’s strong presumption of validity impacts litigation outcomes at the district court level).

33. See, e.g., Parchomovsky & Wagner, *supra* note 1, at 63 (predicting that patent litigation will only become more costly and complex); Josh Lerner, *Patenting in the Shadow of Competitors*, 38 J.L. & ECON. 463, 470–71 (1995) (discussing the costs of patent litigation); Manny D. Pokotilow, *Why Alternative Dispute Resolution Should Be Used for Intellectual Property Disputes*, 16 INTELL. PROP. & TECH. L.J. 17, 17 (2004) (noting that “it is rare for a patent infringement action to cost less than \$1 million for each party by the time it is ultimately resolved” and emphasizing that a case could potentially stretch on for decades).

Intellectual Property Law Association (“AIPLA”) reported that the average cost of patent litigation just through discovery can range from \$400,000 to \$3 million.<sup>34</sup> As one scholar noted, “just the cost of discovery and adverse publicity could force defendants to the negotiating table.”<sup>35</sup> However, sometimes trial is unavoidable.

As dictated by the Federal Rules of Civil Procedure, district courts should construe their own court-specific prescribed rules to “secure the just, speedy, and inexpensive determination of every action and proceeding.”<sup>36</sup> In a way, the inherently inefficient and expensive nature of patent litigation—even more specifically, multi-patent and multi-claim patent litigation—is at odds with the Federal Rules’ promise to litigants. But, with the continued explosion of patent litigation and the over-congestion of the federal courts, how have district judges controlled the administrability of seemingly unmanageable multi-patent infringement suits?<sup>37</sup>

### 1. Federal Rules of Civil Procedure

The Federal Rules of Civil Procedure give district judges a few techniques to manage large and unwieldy caseloads. Rule 21 allows the

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34. Samson Vermont, *AIPLA Survey of Costs of Patent Litigation and Inter Partes Review*, PATENTATTORNEY.COM (Jan. 30, 2017), <https://www.patentattorney.com/aipla-survey-of-costs-of-patent-litigation-and-inter-partes-review/>. As of 2019, the AIPLA estimates that patent litigation costs through post-trial can range from \$700,000 to \$4 million. Scott McBride, *Why Patent Litigation Costs Appear to Be Going Down*, LAW360 (Sept. 30, 2019, 3:32 PM), <https://www.law360.com/articles/1200525/why-patent-litigation-costs-appear-to-be-going-down>; see also Manny D. Pokotilow, *The Attributers of ADR that Make It Advantageous for IP Cases*, LEGALINTELLIGENCER (Mar. 31, 2020, 2:51 PM), <https://www.law.com/thelegalintelligencer/2020/03/31/the-attributes-of-adr-that-make-it-advantageous-for-ip-cases/> (referencing “the range of costs for a patent infringement suit with \$10 million to \$25 million at risk, [which] cost in a range of \$2 to \$9 million with a median cost of approximately \$4 million”).

35. Peter S. Menell, *Patent Showdown at the N.D. C[or]ral*, 18 CHI.-KENT J. INTELL. PROP. 450, 465 (2019); see also Jay P. Kesan & Gwendolyn G. Ball, *How Are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes*, 84 WASH. U. L. REV. 237, 271–72 (2006) (finding that for 1995, 1997, and 2000, the majority of patent cases terminated in some form of non-adjudicated agreement).

36. FED. R. CIV. P. 1.

37. Analysis shows that the continued explosion of patent litigation has increased during 2020, even in the midst of the COVID-19 pandemic. Bijal Vakil, *Recent Uptick in Patent Litigation Likely Due to Coronavirus and Legal Developments*, WHITE & CASE: TECH. NEWSFLASH (Aug. 25, 2020), <https://www.whitecase.com/publications/alert/recent-uptick-patent-litigation-likely-due-coronavirus-and-legal-developments>. Commentators have suggested that this uptick could be explained by financial pressures companies face in the midst of the pandemic, the current strength of the technology sector, and investor interest in cheap patent assets. *Id.*

court, *sua sponte*, to sever any claim against a party.<sup>38</sup> Likewise, Rule 42 allows the court “[f]or convenience, to avoid prejudice, or to expedite and economize, . . . [to] order a separate trial of one or more separate issues, claims, crossclaims, counterclaims, or third-party claims.”<sup>39</sup> Moreover, Rule 53 allows courts to delegate matters such as initial consideration of claim construction to special masters.<sup>40</sup> Special masters can be appointed to help district judges with technical details, claim construction, and establishing a discovery plan.<sup>41</sup> Moreover, through several amendments, certain rules were passed to provide federal judges with greater discretion to manage the civil docket.<sup>42</sup> While these Rules are enumerated methods of managing a civil docket, they may not be practically equipped to oversee the intricacies of a patent and multi-claim cases.

## 2. Local Patent Rules

The Federal Rules of Civil Procedure promulgate the authority for district courts to create and implement their own patent rules.<sup>43</sup> The Federal Circuit, too, has generally allowed district courts to manage their own dockets and implement local patent rules to control the number of claims and patents asserted in single cases.<sup>44</sup> Of the ninety-four United States District Courts, thirty have adopted a form of local patent rules.<sup>45</sup> In response to the increase in unmanageable cases, many of these courts have implemented restrictions on “the number of claims patentees are permitted to assert as cases move forward through discovery, claim construction, dispositive motions and trial.”<sup>46</sup> But each district court has

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38. FED. R. CIV. P. 21.

39. FED. R. CIV. P. 42(b).

40. Chien et al., *supra* note 18, at 168; *see also* FED. R. CIV. P. 53.

41. *See* Chien et al., *supra* note 18, at 168.

42. *See, e.g.*, FED. R. CIV. P. 26(b)(2); FED. R. CIV. P. 16 (requiring trial judges to hold pre-trial conferences at which various subjects, including settlement, must be discussed); *see also* FED. R. CIV. P. 26 advisory committee’s note to 1983 amendment (explaining that the 1983 amendments to Rule 26 were directed at “[e]xcessive discovery and evasion or resistance to reasonable discovery requests”).

43. *See* FED. R. CIV. P. 83(a)(1) (“After giving public notice and an opportunity for comment, a district court, acting by a majority of its district judges, may adopt and amend rules governing its practice.”). For an enlightening discussion about the history and proliferation of local patent rules, *see generally* Megan M. La Belle, *The Local Rules of Patent Procedure*, 47 ARIZ. ST. L.J. 63 (2015).

44. A number of courts have special patent rules that employ a combination of some or all of these procedures. *See, e.g.*, N.D. CAL. PATENT LOC. R. (available at <https://www.cand.uscourts.gov/localrules/patent>).

45. La Belle, *supra* note 43, at 63, 122.

46. *Federal Circuit Provides Guidance on Claim Selection Procedures and Federal Jurisdiction over Patent License Disputes*, SULLIVAN & CROMWELL LLP 1 (Feb. 22, 2011),



discretion over how it adopts or implements patent rules: for example, some districts incorporate patent rules into their regular local rules,<sup>47</sup> while others have a separate section or set of rules for patent cases,<sup>48</sup> and still others utilize a framework entirely separate from local rules to govern patent cases.<sup>49</sup>

Courts who have implemented and apply local patent rules primarily employ two methods of case management: “(1) imposing a limit on the total number of claims a patentee may bring in a single infringement action; or (2) imposing a limit on the number of claims that may be asserted for each patent in suit.”<sup>50</sup> As this practice has grown more prevalent, the question arises as to whether these claim management techniques may violate patent holders’ due process rights by arbitrarily imposing limits on claims against a holder’s right to assert all judicable claims.

As this question has grounded itself in mainstream patent circles, commentators have challenged whether federal courts have the power to employ local patent rules to limit patent claims, restrict discovery, and oversee claim construction.<sup>51</sup> Ultimately, however, the Federal Circuit in *Keranos, LLC v. Silicon Storage Technology, Inc.* held that “[l]ocal patent

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[https://www.sullcrom.com/siteFiles/Publications/SC\\_Publication\\_Patent\\_Litigation\\_2-22-11.pdf](https://www.sullcrom.com/siteFiles/Publications/SC_Publication_Patent_Litigation_2-22-11.pdf). Some commentators believe that the creation of local patent rules, while diversifying patent procedure techniques, has encouraged forum shopping. *See, e.g.*, Chien et al., *supra* note 18, at 144; Mark A. Lemley, *Where to File Your Patent Case*, 38 AIPLA Q.J. 401, 402 (2010) (“Forum shopping is alive and well in patent law.”); Roderick R. McKelvie, *Forum Selection in Patent Litigation: A Traffic Report*, 19 INTELL. PROP. & TECH. L.J. 1, 1–3 (2007) (noting that several district courts have “hung out a welcome sign for patent cases by expressing interest in the cases, forming advisory committees, or adopting local rules”).

47. *See, e.g.*, D. DEL. LOC. R. 3.1(b)(3), 3.2 (available at [https://www.ded.uscourts.gov/sites/ded/files/local-rules/LocalRulesCivil\\_4-30-10.pdf](https://www.ded.uscourts.gov/sites/ded/files/local-rules/LocalRulesCivil_4-30-10.pdf)); D. MD. LOC. R. 801–07 (available at <https://www.mdd.uscourts.gov/sites/mdd/files/LocalRules-2014.pdf>).

48. *See, e.g.*, N.D.N.Y. LOC. R. PROC. PAT. CASES (available at [https://www.nynd.uscourts.gov/sites/nynd/files/local\\_rules/2021\\_Patent%20Rules.pdf](https://www.nynd.uscourts.gov/sites/nynd/files/local_rules/2021_Patent%20Rules.pdf)); N.D. CAL. PATENT LOC. R. (available at <http://www.cand.uscourts.gov/localrules/patent>).

49. *See, e.g.*, *Instructions for Preparing Patent Case Management Plan “CMP,”* U.S. DIST. CT. S. DIST. IND., <https://www.insd.uscourts.gov/sites/insd/files/Patent%20CMP%20Final%209-7-18.pdf> (Sept. 7, 2018); RULE 26(F) REPORT AND PROPOSED SCHEDULING ORDER (PATENT CASES), U.S. DIST. CT. DIST. MINN., [https://www.mnd.uscourts.gov/sites/mnd/files/forms/Rule26f-report-patent\\_cases.pdf](https://www.mnd.uscourts.gov/sites/mnd/files/forms/Rule26f-report-patent_cases.pdf) (last visited Feb. 2, 2021).

50. *See Federal Circuit Provides Guidance on Claim Selection Procedures and Federal Jurisdiction over Patent License Disputes, supra* note 46, at 1.

51. La Belle, *supra* note 43, at 94 (arguing that the localization of patent rules will likely continue to grow, which can threaten both the patent and procedural systems). Local patent rules have also been criticized because they are merely promulgated by a majority of the district court judges, while the Federal Rules of Civil Procedure are adopted and amended through a multi-step process established by the Rules Enabling Act. *Id.* at 78.

rules are essentially a series of case management orders that fall within a district court's broad power to control its docket and enforce its order."<sup>52</sup> But still, even though the district courts have broad power to control their dockets, the question of a procedural due process violation is still implicated. Is the courts' broad power to limit the number of claims or patents asserted—and the required showing of “good faith” to allow patentees to add more claims—at odds with procedural due process guaranteed by the Fifth Amendment?<sup>53</sup> It was not until the Federal Circuit's *In re Katz Interactive Call Processing Patent Litigation*<sup>54</sup> that the court addressed this concern.

### III. THE *IN RE KATZ* DECISION

#### A. *Background and Procedural History*

Ronald A. Katz Technology Licensing LP (“Katz”) is a California based company that licenses patents focusing on interactive voice applications.<sup>55</sup> Katz has a patent portfolio that includes more than fifty patents and thousands of claims, which it licenses to major retailers, banks, and airlines.<sup>56</sup> Katz is known for employing an aggressive patent protection strategy<sup>57</sup> and is not a stranger to bringing infringement actions in various district courts.<sup>58</sup>

Between 2005 and 2006, Katz filed twenty-five separate actions in the Eastern District of Texas and the District of Delaware.<sup>59</sup> Across all twenty-five actions, “Katz asserted a total of 1,975 claims from 31 patents against 165 defendants.”<sup>60</sup> The number of claims asserted were much

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52. 797 F.3d 1025, 1035 (Fed. Cir. 2015).

53. As one attorney said, “limiting the number of asserted claims and claim terms increases efficiency, [but] I am always concerned about due process issues.” See Chien et al., *supra* note 18, at 195.

54. See *In re Katz Interactive Call Processing Pat. Litig.*, 639 F.3d 1303 (Fed. Cir. 2011).

55. *Ronald A Katz Technology Licensing LP*, BLOOMBERG, <https://www.bloomberg.com/profile/company/0764407D:US> (last visited Feb. 22, 2020).

56. Robert Ambrogi, *For Ronald Katz, Patent Litigation Pays Billions*, IMS CONSULTING & EXPERT SERVICES, <https://www.ims-expertservices.com/insights/for-ronald-katz-patent-litigation-pays-billions/> (last visited Feb. 22, 2020).

57. See Rik Myslewski, *Survey: Patent Litigation Skyrocketing, Trolls Top 10 Sueball Chuckers*, REG. (May 13, 2014), [https://www.theregister.co.uk/2014/05/13/survey\\_patent\\_litigation\\_skyrocketing\\_trolls\\_top\\_10\\_sueball\\_chuckers/](https://www.theregister.co.uk/2014/05/13/survey_patent_litigation_skyrocketing_trolls_top_10_sueball_chuckers/) (showing Ronald A. Katz Technology Licensing in the top ten list for most patents involved in lawsuits).

58. See Ambrogi, *supra* note 56. In fact, Katz was known for such an aggressive strategy it was reported “that several financial-services companies had formed a lobbying coalition to get the U.S. Patent & Trademark Office to reexamine Katz’s portfolio.” *Id.*

59. *In re Katz*, 639 F.3d at 1309.

60. *Id.*; see also Chao, *supra* note 7, at 504.

larger than average,<sup>61</sup> but these districts had “previously ruled that there is no limit on the number of claims that an inventor may file, as long as the fees are paid to the Patent Office.”<sup>62</sup> Recognizing the nightmare of managing such an unusual case, the Judicial Panel on Multidistrict Litigation transferred all the cases to the Central District of California for a coordinated pretrial proceeding before Judge R. Gary Klausner.<sup>63</sup>

Facing nearly 2,000 total claims, the different defendants understandably moved to limit the number of claims that Katz could assert.<sup>64</sup> “Katz did not question the need to limit the number of claims in order to make the case manageable.”<sup>65</sup> After negotiation on the number of claims and patents able to be asserted per defendant, Judge Klausner issued an order to limit the number of total claims Katz could bring against all defendants in the multidistrict litigation, and to limit the number of claims it could assert against specific defendant groups.<sup>66</sup> In this order, Katz was to select no more than forty claims per defendant group, with further winnowing to sixteen claims per defendant group following discovery, subject to various provisos.<sup>67</sup> “The proviso permitted Katz to add new claims if they ‘raise[d] issues of infringement/validity that [were] not duplicative’ of previously selected claims.”<sup>68</sup> Katz then added new claims to exceed a total of sixty-four across all the actions, but the number of claims was within the order of sixteen per defendant group.<sup>69</sup>

Bernard Chao, who served as a Special Master to the Central District of California proceedings of *In re Katz*, provides an interesting analysis of the limitations set on Katz’s asserted claims:

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61. Chao, *supra* note 7, at 504 (labeling *In re Katz* as an “outlier” in patent litigation). For an interesting discussion on how the number of claims asserted by Katz played an “outsized role” in an analysis of the patent landscape, see Allison et al., *supra* note 7, at 26.

62. Lawrence Husick, *Federal Courts’ Continued Hostility Toward Complex Patent Issues*, LIPTON, WEINBERGER & HUSICK (Feb. 28, 2011), <https://garson-law.com/federal-courts-continued-hostility-toward-complex-patent-issues/>.

63. *In re Katz*, 639 F.3d at 1309. Note that Judge Klausner had previously presided over a 2001 case where “Verizon Communications Inc. filed a declaratory judgment action against Katz.” *Id.* “The parties settled that action after claim construction and summary judgment rulings.” *Id.*

64. *Id.*

65. *Id.*

66. Civil Minutes—General at 3, *In re Katz* Interactive Call Processing Pat. Litig., No. 07-ML-1816-RGK (FFMx) (C.D. Cal. Aug. 31, 2007), ECF No. 221.

67. *Id.* at 3–4; see *In re Katz* Interactive Call Processing Pat. Litig., 712 F. Supp. 2d 1080, 1085 (C.D. Cal. 2010), *aff’d*, 639 F.3d 1303 (Fed. Cir. 2011).

68. *In re Katz*, 639 F.3d at 1309.

69. *Id.* See *id.* at 1309 n.4 for the specifics of each claim and patent asserted against every defendant.

The point of the order was to cull out excessive patent claims that were simply intended to impose costs on the defendants but still, allow the patentee to assert meaningfully distinct claims. To assert a new patent claim, Katz would have to concede that at least one previously selected claim either did not cover particular subject matter or might be vulnerable to particular prior art the defendants identified. These are not easy concessions for a patentee to make. Presumably, the patentee would only ask for a new claim if that new claim was significantly better, or at least meaningfully different than the existing claims.<sup>70</sup>

“Instead of selecting additional claims and seeking to show that those claims raised non-duplicative issues” within the proviso, Katz moved to sever and stay the excluded claims.<sup>71</sup> It asserted that Judge Klausner’s numerical limit on its asserted claims violated its due process rights because “the court’s order could result in decisions having a preclusive effect on non-selected claims regardless of whether those claims presented distinct issues of invalidity or infringement.”<sup>72</sup> The court denied Katz’s motion<sup>73</sup> and ultimately granted summary judgment on invalidity or non-infringement in favor of defendants on all of the selected claims.<sup>74</sup> Katz then appealed to the Federal Circuit.

*B. Federal Circuit Decision – Adopting a “Safety Valve” Approach*

Katz’s appeal centered around a belief that the district court’s decision to enter final judgments without severing and staying the unselected claims violated its due process right.<sup>75</sup> Right away, the Federal Circuit rejected Katz’s due process argument, holding that Katz did not show that the claim selection procedure employed by Judge Klausner was inadequate to protect Katz’s rights regarding its unasserted claims.<sup>76</sup> The court emphasized the high burden an appellant

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70. See Chao, *supra* note 7, at 501 n.25, 505.

71. *In re Katz*, 639 F.3d at 1309–10.

72. *Id.* at 1310. Additionally, Katz argued that the district court incorrectly assumed its claims were duplicative, which violated “the claim-differentiation doctrine and the independent presumption of claim validity from 35 U.S.C. § 282.” *Id.* at 1310–11.

73. *Id.* at 1310 (holding that “Katz’s rights under the unselected claims were protected by the proviso that Katz could add new claims if it could show that the new claims raised non-duplicative issues of validity or infringement”).

74. *Id.*

75. *Id.*

76. *Id.* at 1311.

has to prove a district court's procedure erroneously deprived it of its rights without affording it an adequate substitute procedure.<sup>77</sup>

Katz contended that the appellees, not itself, should bear a burden of showing that the claims were duplicative.<sup>78</sup> However, the court was unpersuaded. Rather, the court found that the defendants' efforts at the claim selection stage established that many of Katz's claims shared a common genealogy, thereby making "a convincing showing that many of the claims are duplicative."<sup>79</sup>

While the Federal Circuit ultimately rejected Katz's due process argument, it emphasized the importance of providing a patentee with a "safety valve."<sup>80</sup> Arbitrarily limiting the number of asserted claims might be unduly restrictive and violate a patentee's due process rights, but providing the patentee with the ability to seek leave to assert additional patents or claims by showing good cause alleviates these concerns.<sup>81</sup> Requiring the patentee to meet a good cause requirement coincides with efficient judicial administrability and a fair proceeding.<sup>82</sup> The court opined that Katz was provided with this safety valve but "did not 'attempt to prove that the specific newly asserted claims raise[d] new infringement [or] validity issues.'"<sup>83</sup>

While the Federal Circuit explicitly approved the district court's safety valve approach to limit claims,<sup>84</sup> it emphasized the reviewability of a district court's discretion moving forward.<sup>85</sup> Eliminating a patentee's safety valve and establishing hard limits "would be subject to review and

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77. *See id.* The Federal Circuit emphasized the high burden on Katz to make out a due process claim: "Katz must demonstrate that the district court's claim selection procedure risked erroneously depriving it of its rights and that the risk outweighed the added costs associated with a substitute procedure." *Id.* (citing *Mathews v. Eldridge*, 424 U.S. 319, 335 (1976)).

78. *Id.*

79. *Id.* at 1311 & n.7.

80. *See id.* at 1312. The "safety valve" term, in this context, was popularized by Elizabeth Rader. *See* Elizabeth Rader, *Preserving Due Process in Approaches to Narrowing Claims in Multi-Patent Lawsuits*, IPWATCHDOG (Sept. 8, 2019), <https://www.ipwatchdog.com/2019/09/08/preserving-due-process-in-approaches-to-narrowing-claims-in-multi-patent-lawsuits/id=113031/>; *see also* *Masimo Corp. v. Philips Elecs. N. Am. Corp.*, 918 F. Supp. 2d 277, 284 (D. Del. 2013) (earlier using the term to characterize the *In re Katz* approach).

81. *See In re Katz*, 639 F.3d at 1312–1313.

82. *See id.*

83. *Id.* at 1312; *see also* Chao, *supra* note 7, at 505 (arguing that "[t]o assert a new patent claim, Katz would have to concede that at least one previously selected claim either did not cover particular subject matter or might be vulnerable to particular prior art the defendants identified[, which] are not easy concessions for a patentee to make.").

84. *In re Katz*, 639 F.3d at 1312.

85. *Id.* at 1312–13.

reversal.”<sup>86</sup> Similarly, the Circuit envisioned a situation where the district court might have ordered claim selection and narrowed too early.<sup>87</sup> Doing so would “deny[] the plaintiff the opportunity to determine whether particular claims might raise separate issues of infringement or invalidity in light of the defendants’ accused products and proposed defenses.”<sup>88</sup> Ultimately, as long as a patentee is provided with a safety valve that does not come too early, claim narrowing is left to the discretion of the district court.<sup>89</sup>

#### IV. SINCE THE *IN RE KATZ* DECISION

##### A. *Claim-Limitation Estoppel*

The Federal Circuit’s *In re Katz* decision emphasized the district court’s broad discretion in balancing large and often unmanageable patent cases with more efficient adjudication and a litigant’s due process rights.<sup>90</sup> Highlighted in its decision is the importance of providing the patentee with a safety valve, which takes the form of a burden-shifting framework:

- (1) As a threshold matter, defendants seeking to limit the number of claims faced must make “a convincing showing” that the claims asserted raise substantially the same legal issues.<sup>91</sup>
- (2) The burden then shifts to the plaintiff to show that additional claims are non-duplicative.<sup>92</sup>

If the patentee can meet its burden by showing that the additional claims are non-duplicative and address separate issues of infringement or invalidity, then the patentee must be allowed to assert the new

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86. *Id.*

87. *Id.* at 1313 n.9.

88. *Id.*

89. *See id.* at 1313. The Federal Circuit emphasized the district court’s “need[] to have broad discretion to administer the proceeding.” *Id.* (quoting *In re Phenylpropanolamine Prods. Liab. Litig.*, 460 F.3d 1217, 1232 (9th Cir. 2006)).

90. *See supra* Section III.B.

91. *In re Katz*, 639 F.3d at 1311. The Federal Circuit mentions that a defendant can provide examples of duplicative claims and point to a common genealogy of a plaintiff’s patents. *Id.* Note that courts agree that defendants need make some prima facie showing to limit the number of claims but are adamant in holding that a showing of “duplication” is not the only means of limiting patentee’s claims. *See, e.g.*, *Thought, Inc. v. Oracle Corp.*, No. 12-CV-05601-WHO, 2013 WL 5587559, at \*1–2 (N.D. Cal. Oct. 10, 2013).

92. *In re Katz*, 639 F.3d at 1311–12.

claims.<sup>93</sup> The Federal Circuit affirmed this core holding, thereby cementing the safety valve provision, in its decision in *Stamps.com Inc. v. Endicia, Inc.*<sup>94</sup>

This burden-shifting and rebuttable framework has a sense of familiarity. For one, it mirrors the framework employed in relation to patent prosecution—prosecution history estoppel.<sup>95</sup> There, a patentee is estopped from attempting to acquire a claim scope during litigation that it surrendered during prosecution, unless it can overcome the presumption by showing unforeseeability, minimal overlap in issues, or a catch-all “other reason.”<sup>96</sup> By mirroring the court-accepted prosecution history estoppel framework, the Federal Circuit’s burden-shifting framework for claim-limitation estoppel puts the onus on the patentee to rebut the presumption of estoppel.<sup>97</sup> Yet by allowing the patentee the freedom to choose which claims are to be litigated, without necessarily being precluded from later asserting abandoned claims, this method avoids classic due process problems and gives the courts procedural flexibility to maximize judicial efficiency.

*B. A Direct Application of Claim-Limitation Estoppel and Its Compatibility with Procedural Due Process*

Since *In re Katz*, a few district courts have directly applied the safety valve burden-shifting framework of claim-limitation estoppel. The District of Delaware, in *Masimo Corp. v. Philips Electronics North America Corp.*, faced an “unwieldy” litigation with ninety-five asserted claims and thirty-nine claim terms proposed for construction on seven patents.<sup>98</sup> Defendant Philips moved to reduce the total number of asserted claims prior to summary judgment.<sup>99</sup> Incorporating the claim-limitation estoppel prescribed by *In re Katz* and *Stamps.com*, Philips argued that that many of Masimo’s patents were “substantially similar.”

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93. *Id.* at 1311–13.

94. 437 F. App’x 897, 902–03 (Fed. Cir. 2011). *Stamps.com* addressed similar issues to those of *In re Katz*, including plaintiff’s argument that the denial of its motion to pursue additional claims violated due process. *Id.* In upholding the lower court’s refusal to allow additional claims beyond the litigated claims, the Federal Circuit determined that “[w]here the patentee ‘did not file a motion to add claims with the requisite showing of need,’ it ‘cannot legitimately complain that it did not have a meaningful opportunity to be heard.’” *Id.* (quoting *In re Katz*, 639 F.3d at 1312).

95. See Dickhut, *supra* note 30, at 24–25.

96. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 740–41 (2002).

97. See Dickhut, *supra* note 30, at 24–25.

98. 918 F. Supp. 2d 277, 282 (D. Del. 2013).

99. *Id.* at 279.

thereby justifying a claim reduction.<sup>100</sup> However, Philips did leave open the door for Masimo to assert additional claims upon a showing of good cause.<sup>101</sup>

Plaintiff Masimo adamantly disagreed, arguing that Philips had failed to meet its burden to show that many of the claims were duplicative and therefore violated Masimo's due process rights.<sup>102</sup> More so, Masimo took particular gripe with Philips's proposed timing of claim reduction, arguing that it should only take place after the parties move for summary judgment.<sup>103</sup>

Upon weighing the arguments aligned with the claim-limitation estoppel framework, the court ultimately held that "early claim reduction is warranted before claim construction briefing and summary judgment motions are filed."<sup>104</sup> It disagreed with Masimo, finding that Philips had met its initial burden of showing that "a common genealogy exist[ed] among five of the *Masimo II* patents."<sup>105</sup> As the burden shifted, Masimo argued that each of its "presently asserted 17 independent claims and the purported innovative features of the 78 related dependent claims" was "a distinct invention with unique features, which suggests no claim reduction could ever occur in any matter."<sup>106</sup> However, the court again disagreed, noting that not only had Masimo not previously disputed the common genealogy,<sup>107</sup> but it had also failed to present different questions of validity or infringement.<sup>108</sup>

Consequently, Masimo was required to identify thirty claims that were truly representative—i.e., directed at material issues; but the court

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100. *Id.* at 280.

101. *Id.*

102. *Id.* at 281 ("In the absence of such a showing, Masimo contends Phillips' proposed number to limit claims is arbitrary and violates due process.").

103. *Id.* at 281 n.27.

104. *Id.* at 284. In a survey, Collen Chien et al. found that "[i]nside counsel valued limiting the number [of] asserted claims as the most effective practice in the area of claim construction, with an overall effectiveness rating of 68%. Outside counsel generally concurred, giving the practice an overall rating of 61%." Chien et al., *supra* note 18, at 163.

105. *Masimo*, 918 F. Supp. 2d at 282. Additionally, the court rejected Masimo's contention that "the only legal standard recognized by the Federal Circuit in *In re Katz* was the duplicativeness of the claims." *Id.* at 283. Rather, the court emphasized its "inherent authority to reasonably limit both the number of claim terms to be construed and the number of patent claims the parties may assert, to control the dispositions of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Id.* at 282 & nn.29–30 (internal quotation marks omitted) (first citing *Stamps.com Inc v. Endicia Inc.*, 437 Fed. Appx. 897, 902–03 (Fed. Cir. 2011); and then quoting *Landis v. N. Am. Co.*, 299 U.S. 248, 254–55 (1936)).

106. *Id.* at 284.

107. *Id.* at 282.

108. *Id.* at 284.



left open the possibility that the plaintiff could add claims by showing good cause.<sup>109</sup> The *Masimo* opinion is a clear example of the claim-limitation estoppel framework prescribed in *In re Katz*. The patentee was ultimately required to reduce the number of asserted claims but was provided a safety valve to assert additional claims upon a showing of good cause.<sup>110</sup> However, within the district court's discretion, but cautioned by the Federal Circuit, it decided that claim reduction was fairer and more effective "before claim construction . . . and summary judgment motions."<sup>111</sup>

While a patentee must always be provided with *In re Katz*'s safety valve, the Federal Circuit in *Nuance Communications, Inc. v. ABBYY USA Software House, Inc.* held that a patentee must actively preserve its right to later reassert dropped claims or risk being precluded.<sup>112</sup> Nuance brought an infringement suit against ABBYY USA Software House, Inc., asserting more than 140 claims from eight patents.<sup>113</sup> After a case management conference with a special master, Nuance agreed to limit its total patents to four patents, with no more than fifteen claims, to proceed through discovery, mediation, and then trial.<sup>114</sup> Ultimately, Nuance selected seven claims from three patents.<sup>115</sup> At trial, Nuance lost its claims of infringement on the three selected patents, but contended that it had "reserved its right to try the other patents in a subsequent trial."<sup>116</sup> But the district court rejected Nuance's argument, holding that it had "kept the option open to Nuance to pursue discovery and claim construction on all of its originally asserted patents" but never agreed to

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109. *Id.* at 286 & n.52 ("For example, whether a proposed added claim presents different questions on infringement or validity."). Additionally, though reduction of prior art is not the crux of this Note, the court did order Philips to reduce the number of prior art references consistent with its holdings in *Personalized User Model, LLP v. Google, Inc.* and *Intellectual Ventures v. Check Point Software, Inc.* at 285–286.

110. *Masimo*, 918 F. Supp. 2d at 286. Philips also did not dispute that allowing Masimo to assert additional claims upon a showing of good cause was allowed. *Id.* at 284.

111. *Id.* at 282–84. Among survey participants,

One respondent noted that the "use of single issue claim construction and summary judgment in early cases is very effective," adding that it "can be dispositive and should be considered everywhere." One respondent cautioned, however, that although it is a "good case management tool," it is "not good too early, before discovery has begun. Often, some details required by [certain] claims cannot be ascertained with any certainty without additional information."

Chien, *supra* note 18, at 163.

112. 813 F.3d 1368, 1376 (Fed. Cir. 2016).

113. *Id.* at 1371.

114. *Id.*

115. *Id.*

116. *Id.*

multiple trials.<sup>117</sup> In effect, Nuance was precluded from asserting the patents and claims it had abandoned.

On appeal to the Federal Circuit, Nuance argued it was denied due process when the district court entered final judgment on all eight of its patents, including the ones it did not assert at trial.<sup>118</sup> Nuance contended that the district court directly violated the *In re Katz* decision by not allowing Nuance to later try its unselected patents even though it raised unique infringement questions.<sup>119</sup> The Federal Circuit, however, affirmed the district court's ruling, finding ample support in the record showing that Nuance had not properly reserved any right to present the remaining patents in a separate, second trial.<sup>120</sup>

The Federal Circuit's decision in *Nuance* raises an interesting caveat to the safety valve claim-limitation estoppel framework established in *In re Katz*. Patentees who do not preserve their right to assert dropped claims at a later point risk a judgment on all initially asserted claims. The framework transforms into the following form:

- (1) As a threshold matter, defendants seeking to limit the number of claims faced must make "a convincing showing"<sup>121</sup> that the claims asserted raise substantially the same legal issues.
- (2) The burden then shifts to the plaintiff to show that additional claims are non-duplicative.<sup>122</sup>
- (3) If the court rejects plaintiff's non-duplicative argument, plaintiff must make a "motion, objection, or assertion otherwise that any limits on the number of claims or patents it could assert deprived it of any due process rights to adjudication on each unique legal issue its operative complaint presented."<sup>123</sup>

While still adhering to the claim-limitation estoppel framework, *Nuance* emphasizes that when a court forces a patentee to participate in case narrowing, the patentee must be careful to preserve its right to seek

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117. *Id.*

118. *Id.* at 1374.

119. *Id.* at 1376.

120. *Id.* at 1376–77.

121. *In re Katz* Interactive Call Processing Pat. Litig., 639 F.3d 1303, 1311 (Fed. Cir. 2011).

122. *See supra* Section IV.A.

123. *Nuance*, 813 F.3d at 1376.

a later trial on any dropped claims. This would presumptively overcome any collateral estoppel or res judicata assertions by future parties. One scholar suggests a number of strategies a patentee can use to preserve their rights, including:

- (1) “Obtaining dismissal without prejudice of the dropped patents or claims prior to any final narrowing, so that the dropped patents or claims can potentially be reasserted at a later time in another action”;
- (2) “Reaching an agreement with the other parties and seeking an order of the court preserving the right to a later trial in the same action on the dropped patents and claims”; or
- (3) “Attempting to preserve the right to a later trial in the same action on the dropped patents, pending initial outcome, by timely objecting to any narrowing proposals or orders,” and showing “why the dropped claims present legal issues unique from the remaining claims” prescribed by the safety valve of *In re Katz*.<sup>124</sup>

### C. Before or After Claim Construction, and the Model Order

In light of *In re Katz*'s admonition, a number of district courts have narrowed claims at different stages of litigation. Although *In re Katz* cautioned courts to not narrow claims prematurely, it left much of the timing to their discretion.<sup>125</sup> Some courts have erred on the side of caution and denied motions to reduce the number of asserted patent claims until the litigation has further progressed.<sup>126</sup> Conversely, other courts have

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124. PRAC. L. INTELL. PROP. & TECH., *District Court Did Not Deny Due Process in Entering Judgment on Dropped Patents: Fed. Cir.*, WESTLAW: PRAC. L. (Feb. 23, 2016), <https://us.practicallaw.thomsonreuters.com/w-001-4628>.

125. See *In re Katz*, 639 F.3d at 1313 n.9.

126. See, e.g., *High Point Sarl v. Sprint Nextel Corp.*, No. 09-2269-CM-DJW, 2010 WL 1292710, at \*3 (D. Kan. Mar. 29, 2010) (denying defendants' motion without prejudice after finding it “premature to limit the number of claims plaintiff may assert”); *Fleming v. Cobra Elecs. Corp.*, No. 1:12-CV-392-BLW, 2013 WL 1760273, at \*3 (D. Idaho Apr. 24, 2013) (“*Katz*'s concern about employing the process too early applies here—discovery has just begun, and it would be unfair to require [the plaintiff] to choose representative claims at this stage of the litigation. . . . [T]he Court will deny the motion without prejudice to the right of the defendants to raise the motion again when [the plaintiff] would be in a better position to select representative claims.”); cf. *Thought, Inc. v. Oracle Corp.*, No. 12-CV-05601-WHO, 2013 WL 5587559, at \*1–3 (N.D. Cal. Oct. 10, 2013) (comparing that case to *Fleming* and reducing claims where plaintiff did not argue that it had “insufficient discovery or understanding as to how defendants' accused products operate in order to

recognized that even where discovery is not yet complete, the number of claims may be reduced where doing so would not be premature.<sup>127</sup> However, whether a patentee must limit its claims before or after initial discovery is within the discretion of the court and within the court's local patent rules.<sup>128</sup> Such a limit does not seem to offend a litigant's due process rights—at least in consideration of *In re Katz*—as long as the court gives the patentee the ability to amend its claims upon a showing of good cause.<sup>129</sup>

Worrying that too much has been left to the discretion of the district courts, the Federal Circuit Advisory Council—"a committee including practitioners, academics and judges, formed to advise the Federal Circuit"—issued a Model Order attempting create continuity by guiding federal courts in limiting excess claims and prior art.<sup>130</sup> The Model Order promulgates a general framework for streamlining patent cases to reduce the complexity of patent cases and litigation costs by limiting the number of claims and prior art references asserted by patent holders and accused infringers.<sup>131</sup> Although the Federal Circuit did not approve of it, and it is not binding on the district courts, the Model Order may become a

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intelligibly select claims"); *Adobe Sys. Inc. v. Wowza Media Sys. LLC*, No. 11-CV-02243-JST, 2013 WL 9541126, at \*1 (N.D. Cal. May 6, 2013) ("The parties have completed discovery, and Adobe is now in a position to determine its strongest claims.").

127. See, e.g., *Joao Control & Monitoring Sys., LLC v. Ford Motor Co.*, Nos. 13-CV-13615, 13-CV-13957, 2014 WL 645246, at \*3 (E.D. Mich. Feb. 19, 2014) (allowing plaintiff to initially assert only twenty-five claims out of 500 to "allow the parties to obtain discovery as to those twenty-five asserted claims, including infringement, non-infringement, invalidity, and validity contentions and other fact discovery"); *Medtronic Minimed, Inc. v. Animas Corp.*, No. CV 12-04471 RSWL, 2013 WL 3322248, at \*1-3 (C.D. Cal. Apr. 5, 2013) (ordering plaintiffs to reduce the number of asserted claims before the close of discovery, "despite the fact that Defendant's non-infringement and invalidity contentions" were yet to be submitted); *Unified Messaging Sols. LLC v. Facebook, Inc.*, Nos. 6:11CV120, 6:11CV464, 2012 WL 11606516, at \*1 (E.D. Tex. July 12, 2012) ("Narrowing the case at an earlier stage will serve to reduce the overall costs of the litigation by eliminating needless discovery regarding issues that will likely be dropped prior to trial, and allow the Court to dedicate its resources to the truly dispositive and meritorious issues."); *Certusview Techs., LLC v. S & N Locating Servs., LLC*, No. 2:13CV346, 2014 WL 4930803, at \*4-5 (E.D. Va. Oct. 1, 2014) (concluding the "case has reached a sufficient stage in the discovery process to allow [the plaintiff] to make an informed decision about which claims to pursue.").

128. See *Tech. Licensing Corp. v. Blackmagic Design Pty Ltd.*, No. 13-CV-05184-SBA, 2015 WL 307256, at \*2-4 (N.D. Cal. Jan. 22, 2015); see also *Certusview*, 2014 WL 4930803, at \*4.

129. See Chien et al., *supra* note 18, at 169-170 (discussing local patent rules).

130. Stuart R. Hemphill, *Mandated Simplification of Patent Litigation - Judicial Trends and a New Model Order*, DORSEY & WHITNEY LLP (July 29, 2013), [https://www.dorsey.com/newsresources/publications/2013/07/mandated-simplification-of-patent-litigation—ju\\_\\_](https://www.dorsey.com/newsresources/publications/2013/07/mandated-simplification-of-patent-litigation—ju__).

131. *Id.*; see also Menell, *supra* note 35, at 472.

standard tool for limiting the scope of patent litigation.<sup>132</sup> The committee for the Model Order considered four key issue areas in hopes of resolving unwieldy patent litigation:

- **What.** What should be limited—number of claims, number of prior art references, number of invalidity theories, number of terms for claim construction, number of accused products, or some combination?
- **Timing.** When should the limits on asserted claims and prior art references take effect? Should the limits be applied only once, or should a phased approach gradually narrowing the scope of the case be followed? How should the need for discovery be balanced against the value of early streamlining?
- **Limitations.** How should limits be formulated? Should the limits on number of claims apply per case or per patent? How should the limits be adjusted based on the variety of case-specific factors that courts have considered? How can the due process rights of litigants be protected?
- **Effect.** What effect does the judgment have on non-elected patent claims and prior art references?<sup>133</sup>

In response to these questions, and to at least provide guidance to the discretion of district judges, the Model Order identifies “[t]wo logical points for imposing limits” on claims to maximize efficiency while still preserving parties’ ability “to make informed choices about which claims and prior art to assert: (1) after production of ‘core’ technical documents but before claim construction, and (2) after claim construction but before expert reports.”<sup>134</sup>

As to the first, after the accused infringer produces core technical documents, the patent holder may assert no more than ten claims from each asserted patent and no more than thirty-two total claims.<sup>135</sup> In response, the accused infringer may assert no more than twelve prior art

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132. See Menell, *supra* note 35, at 472 & n.114. While the Federal Circuit did not explicitly approve of the Model Order, “Federal Circuit Chief Judge Rader, three district court judges and an ITC judge served on the Model Order Committee.” Hemphill, *supra* note 130, at n.2.

133. MODELORD. COMM., *supra* note 9, at 2.

134. *Id.* at 3.

135. *Id.* para. 2.

references against each patent but cannot exceed a total of forty references.<sup>136</sup>

To the second logical point, the Model Order suggests that after claim construction, the patent holder should again narrow its list of asserted claims to a maximum of five from each patent, and to no more than a total of sixteen claims.<sup>137</sup> Thereafter, the accused infringer must narrow its prior art references to six per patent, and no more than a total of twenty references.<sup>138</sup>

While the Model Order provides a bona-fide framework to limit the number of claims while preserving judicial resources and a litigant's due process rights, its direct effect on patent-heavy districts remains somewhat of a mystery. What is certain, however, is that the Model Order has encouraged many patent-saturated districts to revise their local patent rules to require litigants to work collectively to ensure efficient litigation.<sup>139</sup> As one scholar has noted, "[parties] may need to cooperate with their adversaries in choosing which rights and issues are central and necessary to place before the court. . . . [S]o that the court will have the central, decisive issues placed in front of it early and in their simplest form."<sup>140</sup>

#### D. *Pushing the Limits of In re Katz—The Showdown Procedure*<sup>141</sup>

Like many federal judges, Judge William H. Alsup of the Northern District of California "recognized that the complexity and strategic maneuvering surrounding patent cases clog[ed] his docket."<sup>142</sup> However, rather than follow in the footsteps of other patent-intensive districts, Judge Alsup has put much thought into developing a new and forceful method for winnowing and staging resolution of patent infringement claims: "The Showdown Procedure."<sup>143</sup> As Peter Menell describes the aggressive method:

Judge Alsup requires the parties to identify early in the litigation process the *one* patent claim that they believe will most favor

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136. *Id.*

137. *Id.* para. 3.

138. *Id.* The Model Order relaxes these limitations when only one patent is asserted, increasing the per-patent limits "by 50%, rounding up." *Id.* para. 4.

139. See Menell, *supra* note 35, at 471; see, e.g., N.D. CAL. PATENT LOC. R. 4-3 (c); N.D. ILL. LOC. PATENT R. 4.1 (b) (requiring parties to limit terms submitted for construction to ten, absent a showing of good cause).

140. See Hemphill, *supra* note 130.

141. Alsup, *supra* note 11, at 122 fig. 5.

142. Menell, *supra* note 35, at 472.

143. See Alsup, *supra* note 11, at 122 fig. 5.

their side. He then affords the parties expedited discovery on those two claims and *requires* them to bring summary judgment motions on the two claims on an expedited schedule. The showdown resolves the two claims, either by summary judgment or a limited trial. Judge Alsup emphasizes the likely severity of the showdown—an injunction (and possibly attorney fees against the defendant) if the patentee wins or attorney fees if the defendant prevails.<sup>144</sup>

The Showdown Procedure was first implemented in *Comcast Cable Communications, LLC v. OpenTV, Inc.*,<sup>145</sup> a case that involved over 133 patent claims from thirteen different patents.<sup>146</sup> When describing the moments of the first case-management conference, Judge Alsup told the parties, “I have other things to do. People are going to miss out on their social security check because I can’t rule on their case. There’s got to be a better way.”<sup>147</sup> Upon identifying the nightmare before him yet recognizing that the “possibility of immediate negative consequences” would pressure the parties to focus on the most important issues,<sup>148</sup> he ordered the first Showdown Procedure; the parties responded by looking at him “with big saucer-like eyes.”<sup>149</sup>

To the initial chagrin of the parties, the Showdown Procedure did whittle the number of claims between parties in a back-and-forth manner. When the accused infringer picked the weakest claim, the patentee dropped it before the accused infringer was scheduled to file a summary judgment motion.<sup>150</sup> In response, “[t]he accused infringer then chose another ‘weakest’ patent claim from the remaining claims at issue. The patentee then dropped that claim too.”<sup>151</sup> Before long, the patentee had dropped an entire patent from the case.<sup>152</sup> In the end, the “strongest” patent claim remained; both parties filed summary judgment motions,

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144. Menell, *supra* note 35, at 473.

145. No. C 16-06180 WHA, 2017 WL 3335742, at \*3–4 (N.D. Cal. Aug. 4, 2017); Menell, *supra* note 35, at 473.

146. Case Management Order Re Pilot Summary Judgment Motions, *Comcast Cable Commc’ns, LLC v. OpenTV, Inc.*, No. C 16-06180 WHA (N.D. Cal. Mar. 13, 2017); Alsup, *supra* note 11, at 122.

147. Alsup, *supra* note 11, at 122.

148. *See* Chao, *supra* note 7, at 501.

149. *See* Alsup, *supra* note 11, at 122–23.

150. *Id.* at 123.

151. Chao, *supra* note 7, at 502.

152. *Id.*

and Judge Alsup held that there was no infringement.<sup>153</sup> The case quickly settled when Judge Alsup called for a briefing on sanctions.<sup>154</sup>

Judge Alsup's first implementation of the Showdown Procedure felt like a resounding success. Like the hopeful results of the Model Order, this procedure forced the parties to focus on the core issues of the case. By "plac[ing] immediate pressure on the losing party to settle" the case, it helped to ease judicial administrability and avoid costly litigation for both parties.<sup>155</sup> Shortly after the parties settled, Judge Alsup again faced a daunting multi-patent suit; Finjan sued Juniper Networks, alleging infringement of eight patents relating to computer security.<sup>156</sup> Encouraged by the apparent success of the *Comcast* experiment, Judge Alsup implemented the second Showdown Procedure in *Finjan, Inc. v. Juniper Network, Inc.*<sup>157</sup>

But this case did not result in swift settlement as seen in *Comcast*. Rather, after the parties selected their respective claims and filed for summary judgment, Judge Alsup hit a roadblock when he disagreed with a claim construction ruling issued by another Northern District of California judge in a separate Finjan case.<sup>158</sup> Because this claim could not be resolved on summary judgment, Judge Alsup presided over a limited jury trial.<sup>159</sup> While the jury returned a verdict of non-infringement, the parties continued to litigate other patent claims in the case with no foreseeable end in sight.<sup>160</sup> Luckily, in August 2019, the parties to the other case agreed to dismiss all the pending claims and counterclaims with prejudice.<sup>161</sup>

What initially started out as an efficient experiment in winnowing patent claims eventually showed the underlying issues with such a drastic deviation from the prescription of claim-limitation estoppel. With

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153. *Id.*

154. *Id.*

155. *Id.* at 503.

156. See Complaint for Patent Infringement & Demand for Jury Trial, *Finjan, Inc. v. Juniper Networks, Inc.*, No. 3:17-CV-05659-WHA, at 1, 3–6 (N.D. Cal. Sept. 29, 2017).

157. See generally No. C 17-05659 WHA, 2018 WL 4184338 (N.D. Cal. Aug. 31, 2018).

158. Order Granting Early Motion for Summary Judgment on '780 Patent, *Finjan, Inc. v. Juniper Networks, Inc.*, No. 3:17-CV-05659-WHA, at 9–10 (N.D. Cal. Aug. 9, 2018). See generally *Finjan, Inc. v. Cisco Sys., Inc.*, No. 17-CV-00072-BLF, 2018 WL 3537142 (N.D. Cal. July 23, 2018).

159. Scott Graham, *Juniper Gets Double Trial Win in Cybersecurity Spat With Finjan*, RECORDER (Dec. 17, 2018), <https://plus.lexis.com/api/permalink/6287ade1-5ee0-47f0-bd32-aa29d0130529/?context=1530671>. In light of the jury's non-infringement verdict, Judge Alsup requested that both parties advise the court on whether the patent eligibility challenge was moot. See Post-Trial Order, *Finjan, Inc. v. Juniper Networks, Inc.*, No. C 3:17-cv-05659-WHA (N.D. Cal. Jan. 2, 2019).

160. Menell, *supra* note 35, at 484.

161. Rader, *supra* note 80.



the Showdown Procedure only having been applied to two cases thus far, it is tough to conclude whether a “showdown” will result in “swifter and less costly patent litigation.”<sup>162</sup> Although its justification concerned with maintaining efficient litigation is good-hearted, the Showdown Procedure raises serious fairness and due process concerns at its core.

For one, the Showdown Procedure is an extreme example of the district court’s discretion over when to limit patent claims. “Forcing parties to select the best and worst claims” prior to discovery “could skew [a party’s] assessment of the case, especially given the ambiguity in patent law standards.”<sup>163</sup> Each party, knowing that their claim assessment is headed for a forced motion for summary judgment, will also skew their choice of what claim to select.<sup>164</sup> Consequently, when a patentee or accused infringer knows the result of litigation could result in either “injunctive city”<sup>165</sup> or “[s]anction city,”<sup>166</sup> this also distorts their choice of which claim to pursue.

Most importantly, however, is that requiring a patentee to pursue its case through a “showdown” or a series of “showdowns” arguably undermines the Seventh Amendment right to a jury trial.<sup>167</sup> In *Gasoline Products Co. v. Champlin Refining Co.*,<sup>168</sup> the Supreme Court recognized that fractional trials could violate the Seventh Amendment’s guarantee.<sup>169</sup> Although it seems that the Showdown Procedure textually agrees with the Federal Circuit’s decision in *In re Katz*,<sup>170</sup> the strict and rigid constraints of the showdown procedure could “prejudice[] the

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162. See Menell, *supra* note 35, at 485 (arguing that “patent showdowns could well result in more costly and time-consuming litigation”).

163. *Id.* (“[T]he uncertainty surrounding claim construction, which was a critical issue in both of the showdowns, can make claim selection especially difficult.”).

164. *Id.* at 485–86.

165. See Transcript of Proceedings of February 22, 2018 at 6, *Finjan, Inc. v. Juniper Network, Inc.*, No. 17-CV-05659-WHA (N.D. Cal. Mar. 7, 2018); Amended Case Management Order and Reference to Magistrate Judge for Mediation/Settlement at 4, *Finjan, Inc. v. Juniper Networks, Inc.*, No. 17-cv-05659-WHA (N.D. Cal. Feb. 23, 2018).

166. See Alsup, *supra* note 11, at 123.

167. See U.S. CONST. amend. VII (“In [s]uits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any court of the United States, than according to the rules of the common law.”); see also *Gasoline Prods. Co. v. Champlin Refin. Co.*, 283 U.S. 494, 500 (1931).

168. See 283 U.S. at 500.

169. See *id.* (“[T]he question of damages on the counterclaim is so interwoven with that of liability that the former cannot be submitted to the jury independently of the latter without confusion and uncertainty, which would amount to a denial of a fair trial.”).

170. District courts have “broad discretion to administer the proceeding” in complex cases. See *In re Katz Interactive Call Processing Pat. Litig.*, 639 F.3d 1303, 1313 (Fed. Cir. 2011) (quoting *In re Phenylpropanolamine Prods. Liab. Litig.*, 460 F.3d 1217, 1232 (9th Cir. 2006)).

claimant's opportunity to present its claim."<sup>171</sup> While the Northern District of California's local patent rules were developed with the input of the patent bar and promulgated under the authority of the Federal Rules of Civil Procedure<sup>172</sup>—and have earned the support of the Federal Circuit<sup>173</sup>—some scholars believe that the Showdown Procedure will likely discourage patent filings in the Northern District of California, shifting litigation elsewhere and encouraging forum-shopping.<sup>174</sup>

An aggressive technique to claim limitation like Judge Alsup's Showdown Procedure may in fact create more issues than it tries to solve. While at the heart it aggressively winnows patent claims, and on paper reduces the cost of litigation and eases administrability, it may do so while sacrificing procedural due process and a party's right to a full trial.

#### V. CONCLUSION—HOW CAN WE STRIKE A BALANCE BETWEEN JUDICIAL ADMINISTRABILITY AND PROCEDURAL DUE PROCESS?

The balance between managing an unwieldy caseload and ensuring efficiency while maintaining procedural fairness for all litigants involved is a tough tango to master. But still, “[t]he federal judiciary has a responsibility to ensure due process, fidelity to law, and fairness in all cases.”<sup>175</sup> Parties, unfortunately, have witnessed glancing blows that have undermined their due process rights as a result of the variation in case management approaches.

District courts certainly have the discretion to handle their docket in their own way. The Federal Circuit has never refuted this. But the fundamental issue of violating a litigant's due process rights should never be sacrificed when a judge makes a determination to narrow patent claims. As Judge Learned Hand warned, “[i]f we are to keep our democracy, there must be one commandment: Thou shalt not ration justice.”<sup>176</sup>

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171. *In re Katz*, 639 F.3d at 1311.

172. *See supra* notes 43–44 and accompanying text.

173. *See, e.g.*, *O2 Micro Int'l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1366 (Fed. Cir. 2006) (“[W]e see nothing in the Federal Rules that is inconsistent with [the Northern District of California's] local rules requiring the early disclosure of infringement and invalidity contentions.”).

174. *See* Menell, *supra* note 35, at 489; *see also* Paul R. Gugliuzza & Megan M. La Belle, *The Patently Unexceptional Venue Statute*, 66 AM. U. L. REV. 1027, 1054–55 (2017) (discussing how many litigators representing patentees already viewed the Northern District of California skeptically, even prior to the showdown procedure).

175. *See* Menell, *supra* note 35, at 495.

176. Learned Hand, Judge, S. Dist. N.Y., Address before the Legal Aid Society of New York (Feb. 16, 1951).

*In re Katz* created a burden-shifting framework to ensure a litigant's due process rights are preserved while attacking the nightmare of multi-patent and multi-claim litigation. Its claim-limitation estoppel framework ensures a safety valve for a patentee's abandoned claims, yet promotes efficient administrability and cooperation between parties. Judge Alsup's Showdown Procedure, however, runs afoul of procedural due process and implicates more issues than it tries to solve.<sup>177</sup> A more direct application of *In re Katz* not only addresses the issue of judicial efficiency, but also keeps a patentee's procedural due process rights in the spotlight. Yet still, *In re Katz* did not create a stringent framework or model of how many, or when, claims and patents should be winnowed. This discretion, while within the federal judiciary's right, breathes life into a chaotic docket. Such diversity in case management approaches can lead to forum-shopping, over saturation, and burdening of particular districts, and an increase in the Federal Circuit's docket because violation of a litigant's due process rights would need to be reviewed on a case-by-case basis.

Instead of encouraging variation between a district's procedure—while well within their rights to do—district courts should be inclined to adopt the Model Order into their local patent rules. Not only will this create uniformity in patent-narrowing procedure, but it is the best way to ensure that due process is preserved while addressing the inherent issues with multi-patent litigation. While uniform adoption of the Model Order will create rigid limitations on the number of asserted claims and when they will be winnowed, courts should also implement the rebuttable presumption prescribed in claim-limitation estoppel. Classic due process issues can be avoided by allowing a patentee to overcome the strict limitations on claims by a showing of good cause, i.e. non-duplicativeness or another rebuttable presumption similar to prosecution history estoppel. Adopting this rigid claim-limitation procedure prescribed by the Model Order in conjunction with a flexible safety valve also creates judicial predictability and encourages cooperation between parties to settle potentially dispositive issues before trial. This technique preserves litigants' procedural due process rights, creates predictability, and provides parties with speedy, cost-effective, and efficient results.

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177. It seems as though this approach has had time to percolate, and the question of whether this runs afoul of the *In re Katz* decision and a patentee's procedural due process may be ripe to be addressed by the Federal Circuit or United States Supreme Court.