Procedures for Collecting Evidence in U.S. Patent Infringement Litigation and its Relationship to Protecting Trade Secrets: Protective Orders

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Introduction

- U.S. discovery rules allow for the discovery of sensitive trade secret or other confidential information.
- Generally no privilege for trade secrets and other confidential information.
- Alleged infringer, for example, must open its doors.
- Tension:
 - Protection of trade secret and other confidential information versus the public's interest in open court proceedings.

Liberal Discovery Rules

- Pretrial finding process during civil litigation in the US is unlike it is anywhere else in the world.
- Many "discovery" devices available.
- The expansive reach of discovery as provided by the Federal Rules of Civil Procedure ("FRCP") gives rise to numerous obligations during patent infringement litigation.

Liberal Discovery Rules

- FRCP 26 provides for the discovery of any matter, not privileged, which is relevant to the subject matter involved in the pending action.
- The information sought does not need to be admissible at trial, just reasonably calculated to lead to the discovery of admissible evidence.

Liberal Discovery Rules

- Discovery devices most commonly used in patent infringement litigation.
 - Production of documents and things.
 - Interrogatories.
 - Oral depositions.
- Other less common devices include plant inspections.
- Trade secret or other confidential information may be discovered through these devices.

Protective Orders

- FRCP 26(c) permits a party, or anyone from whom discovery is sought, to seek a "protective order" from the court requesting protection from the discovery process.
- Courts have wide discretion to devise any type of protective order it deems is required by justice.
- One purpose of a protective order is to safeguard trade secret information from competitive misuse.

Protective Orders

- FRCP 26(c) Upon motion by a party or by the person from whom discovery is sought, accompanied by a certification that the movant has in good faith conferred ... with other affected parties in an effort to resolve the dispute without court action, and for good cause shown, the court ... may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including one or more of the following:
 - (1) that the disclosure of discovery not be had;
 - (2) that the disclosure may be had only on specified terms and conditions, including a designation of the time or place;
 - (3) that the discovery may be had only by a method of discovery other than that selected by the party seeking discovery;
 - (4) that certain matters not be inquired into, or that the scope of the disclosure or discovery be limited to certain matters;
 - (5) that discovery be conducted with no one present except persons designated by the court;
 - (6) that a deposition, after being sealed, be opened only by order of court;
 - (7) that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a designated way; and
 - (8) that the parties simultaneously file specified documents or information enclosed in sealed envelopes to be opened as directed by the court.

Protective Orders

- "Upon motion..."
- "the movant has in good faith conferred or attempted to confer with other affected parties in an effort to resolve the dispute without court action"
- "for good cause shown"
- "the court ...may make any order which justice requires to protect a party or person"
- "(7) that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a designated way"

Some Practical Aspects of Protective Orders

- Parties usually agree upon a protective order at the outset of the discovery process: a stipulated protective order.
- Joint submission made to the court.
- Governs the treatment of trade secrets and other confidential information during and after the litigation is concluded.
- Applies equally to both sides.

Some Practical Aspects of Protective Orders

- What constitutes trade secret or other confidential information?
 - Multiple levels of confidentiality.
- Who can have access?
 - In-house counsel.
 - Other party employees, e.g., engineers.
 - Patent prosecution counsel.
 - Experts and other third parties.
- Other Terms?
 - Protective order will remain in force after the conclusion of the litigation.

Some Practical Aspects of Protective Orders

- Even though the parties usually agree upon the terms of a stipulated protective order at the start of the discovery process, disagreements can arise at any time.
- Motion to the court for a protective order.
 - Third parties may even make a motion.
- The party making the motion bears the initial burden of good cause.

Sanctions for Protective Order Violations

- To provide safeguards for the protection of trade secret or other confidential information, courts have great discretion to impose sanctions for protective order violations.
 - Dismissal.
 - Monetary fines.
 - Other.

Conclusion

- Evidence collection in U.S. patent infringement litigation is broad and applies equally to the patent owner and the alleged infringer.
- Given the broad discovery rules, a protective order is a critical tool for protecting trade secret or other confidential information.
- Careful consideration needed.