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Northern Ill. Patent Rules Have Yet To Boost Filings

By Ryan Davis

Law360, New York (April 22, 2010) -- A little over six months after they were enacted, new local patent rules in the U.S. District Court for the Northern District of Illinois have yet to produce the marked increase in patent suits filed in the district that some attorneys predicted.

While the Northern District of Illinois already had one of the busier patent dockets in the country, often ranking in the top five in the number of suits filed, many thought the docket would explode like the U.S. District Court for the Eastern District of Texas did after it adopted patent rules.

The Illinois rules, which went into effect in October, included provisions that some lawyers believed would be a potential draw for patent plaintiffs, such as a requirement that accused infringers produce documents early in litigation showing how targeted products work.

"The Northern District of Illinois' plan to normalize patent litigation practice and streamline discovery will significantly increase patent filings in Chicago," Holland & Knight LLP partner R. David Donoghue wrote on his blog in January.

But so far, that surge in new patent infringement filings in the district has not materialized.

During the first three months of 2010, there were about 42 new infringement suits filed in the district, compared with an average of about 35 in the first quarter over the past few years, according to court records.

In an interview, Donoghue described the shift as a "slight uptick" and said that he expected the numbers to rise as judges become familiar with the rules and issue opinions that shape the way the rules are used.

"Plaintiffs are seeing the advantage. I expect the growth rate is going to build as we get more decisions," he said. "In many cases, judges are doing their first one of these cases, so they're still developing their comfort level."

Mark Vrla, of counsel at Barnes & Thornburg LLP, also crunched some numbers regarding patent filings in the Northern District of Illinois and found that the number of patent infringement suits had not changed significantly since the rules went into effect.

During the one-year period before the rules went into effect, from Oct. 1, 2008, to Sept. 30, 2009, the district accounted for 5.4 percent of cases filed nationally, Vrla said.

From Oct. 1, 2009, to the present, it has accounted for about 5.3 percent, he said, though a notable increase in patent filings due to the rules could conceivably be in the offing down the road.

If patent filings in Chicago did eventually increase as a result of the rules, Arthur Gollwitzer of Floyd & Buss LLP said that with dozens of judges well-versed in patent litigation, the Northern District of Illinois would be able to handle more patent cases.

Also, it is fairly easy to get jurisdiction in the district because so many people do business in Chicago, he said, which could lead litigants from outside the area to file there.

In their calculations, both Donoghue and Vrla omitted false patent marking suits, which have surged nationwide in recent months. However, Donoghue said that the Illinois rules could make the district an attractive venue for such suits because the rules place heavier initial discovery burdens on defendants than on plaintiffs.

The lack of surge may be due in part to how fairly evenhanded the rules are, with some aspects that will appeal to plaintiffs and others that will appeal to defendants, Gollwitzer said. The rules helpfully spell out when each side has to produce what, he said, and while not overly flexible, allow judges to use their discretion.

There are a few aspects of the new rules, however, that could give people pause, Gollwitzer said.

For example, the number of claims that can be construed is limited to 10, he said, which could be a challenge in some cases. In addition, the rules call for a standard protective order, but many litigants will likely seek leave to file their own modified order, Gollwitzer predicted.

“It's still too early to tell what the impact of the rules will be, but I think it's a step in the right direction,” Vrla said.

Establishing a schedule and a set of expectations for litigants means there will be “one less thing for parties to haggle over,” he added.

The rules have a stated goal of getting patent cases to trial in 23 months, which Vrla pointed out was “still not a lightning-fast docket” and possibly about the same pace the district had before the rules.

But the uniformity and predictability imposed by the rules makes them useful, and the clear schedule gives a good indication before the case begins how the litigation costs will be allocated, said Justin Gray, an associate at Foley & Lardner LLP.

“It can be beneficial to have standard rules in a district with many different judges,” he said.

The new rules will certainly have a concrete advantage for one group of litigants: those with offices near the district.

“From the perspective of companies that have locations in Chicago or the Midwest, it's very positive,” Donoghue said. “If you have to be served, you'd much rather be served at home.”

--Additional reporting by Erin Marie Daly