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An E-Discovery Model Order: Saving the Golden Goose of Patent Litigation One Golden Egg at a Time

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AN E-DISCOVERY MODEL ORDER: SAVING THE GOLDEN GOOSE OF
PATENT LITIGATION ONE GOLDEN EGG AT A TIME

BRADLEY KUXHAUSEN[†]

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I. INTRODUCTION

The digital age has brought the world many things, most of which the general public cannot fathom living without. Products of the era include the personal computer, the Internet, and the cell phone, which are examples of some of the greatest inventions to ever grace the earth. These innovations have streamlined the way humans communicate personally and in a work environment. The digital age has also allowed humans to become more efficient, allowing us to both access information faster and store information more efficiently. The digital age has enabled humans to be connected and plugged in for longer periods of time (to many people's dismay), with information only a click away.¹ People are now sending and receiving information² at rates³ that likely could not have been imagined by Bill Gates or the late Steve Jobs when they were in their respective garage laboratories in the 1970s.⁴

While most people cannot imagine how they survived without a computer and an Internet connection, the reality is that life was much simpler before the digital age. If a person wrote a note and decided to discard it, it was nearly impossible to ever relocate once the trash was taken away. A sketch drawn on a napkin was just as easily lost unless purposefully kept by the sketcher. Permanently discarding paper or any written medium was an easy task, but storing it was cumbersome.

¹ See generally Matt Richtel, *Outdoors and Out of Reach, Studying the Brain*, N.Y. TIMES (Aug. 15, 2010), http://www.nytimes.com/2010/08/16/technology/16brain.html?_r=1&fta=y (describing a vacation taken to understand how heavy use of digital devices changes the way people think and behave, and how a retreat into nature might reverse those effects).

² Rachel K. Alexander, *E-Discovery Practice, Theory, and Precedent: Finding the Right Pond, Lure, and Lines Without Going on a Fishing Expedition*, 56 S.D. L. REV. 25, 26 (2011) (“[E]lectronic communication and processing has taken a dominant role in business and personal relationships worldwide. . . . Worldwide e-mail traffic consisted of 247 billion messages per day in 2009, and that figure is projected to double to 507 billion messages daily by 2013. According to one survey, ‘business [email] users spend an average of 19 [percent] of the[] work day [] sending and receiving email,’ which amounted to an estimated ‘108 business email messages per day in 2009.’”) (quoting Press Release, The Radicati Grp., Inc., Business User Survey 2009 (Nov. 23, 2009), available at <http://www.radicati.com/?p=4579>) (alterations in original)).

³ See Alex Sherman, *Time Warner Cable Boosts Speeds as Google Project Looms*, BLOOMBERG BUSINESSWEEK (Aug. 28, 2012), <http://www.businessweek.com/news/2012-08-27/time-warner-cable-boosts-new-york-speeds-as-google-project-loom>s (discussing Time Warner Cable implementing new Internet with speeds of up to 1,000 megabytes per second).

⁴ Lyneka Little, *Steve Jobs' and 9 Other Humble Garage Beginnings*, ABC NEWS (Oct. 7, 2011), <http://abcnews.go.com/Business/steve-jobs-humble-start-entrepreneurs/story?id=14683022#>.

Often, whole rooms filled with filing cabinets stored documentation of all daily activities.⁵ An incompetent filer is all it took for a business to lose a document.

Along with our personal lives, our legal system has been affected by the inventions of the digital age.⁶ Most litigation depends on what is uncovered during discovery.⁷ In the era before the Internet, personal computers, and cell phones, the pool of discoverable material simply consisted of written documents and witness depositions. In today's digital world, this is no longer the case; that handwritten note or napkin sketch would more than likely be memorialized in a digital medium.

A potential problem with storing documents in a digital medium is that items are very difficult, and sometimes nearly impossible, to erase.⁸ In the digital age, the note or sketch that was thought to have been discarded is likely stored deep down on a server, hard drive, or in the infamous "cloud" and will likely be saved there for the foreseeable future. This information is discoverable via e-mail, server, and metadata searches, all of which provide information in quantities never imagined before. With all this information, the discovery process turns into a search for a needle in a haystack.⁹

Complex litigation prior to the invention of the Internet would often produce enough paper to fill entire rooms. Sifting through the produced documents was usually left up to a team of ambitious associates, usually on a box-by-box basis. Much like in the popular Hollywood movie *Class Action*,¹⁰ there was a tendency to bury the other side in massive amounts of paper. The commonly used trick was to hide the "smoking gun" document deep within the discovery documents (creating a needle in the haystack) and hope that a sleep-deprived attorney would

⁵ See, e.g., *Making Room, Saving History*, THE THIRD BRANCH (May 2011), http://www.uscourts.gov/News/TheThirdBranch/11-05-01/Making_Room_Saving_History.aspx (describing the first time in thirty years that the National Archives and Records Administration has been able to dispose of any records).

⁶ See Robert E. Litan, *Law and Policy in the Age of the Internet*, 50 DUKE L.J. 1045, 1047 (2001).

⁷ Scott A. Moss, *Litigation Discovery Cannot Be Optimal but Could Be Better: The Economics of Improving Discovery Timing in a Digital Age*, 58 DUKE L.J. 889, 892 (2009).

⁸ See, e.g., Thomas P. Keenan, *On the Internet, Things Never Go Away Completely: Where is My Data and How Do I Really Know?*, 262 INT'L FED'N FOR INFO. PROCESSING 37, 37-38 (2008).

⁹ See Wm. Andrew Messer & Jerry E. Drake, *E-Discovery: Fighting over "Smoking Gun" Emails: The Nightmare Begins*, TEX. MUN. LEAGUE, 1, http://www.tml.org/legal_pdf/E-Discovery.pdf (last visited May 23, 2013) (asserting there is now much more information to review and potentially produce).

¹⁰ CLASS ACTION (Twentieth Century Fox Film Corporation and Interscope Communications 1991).

casually flip past it during his or her document review process.¹¹ In the digital age, the needle in the haystack problem has not gone away, but the haystack has increased in size substantially.¹² Finding that needle, however, has theoretically become easier.¹³ With the invention of optical character recognition (OCR), a document may be placed into a database and electronically text-searched.¹⁴ In theory, a discovery production of thousands of documents may be searched in a matter of seconds for a single search term, rather than the search taking multiple hours for an attorney to review. This, of course, is assuming the attorney knows which terms to use in his or her search.

In the United States, the production of electronically stored documents, or e-discovery, has proven to be especially troublesome in patent litigation.¹⁵ While e-discovery can produce very helpful documents, it can also become very expensive to conduct.¹⁶ Attempting to curb e-discovery costs has been a priority of the American judicial system for some time now, and steps have been taken to attempt to lower the costs.¹⁷ Patent litigation, however, is still suffering from disproportionately high discovery costs.¹⁸ In an attempt to help control some of these e-discovery costs, Chief Judge Randall Rader of the U.S. Court of Appeals for the Federal Circuit (CAFC) presented an E-Discovery Model Order at the 2011 Eastern District of Texas Bar Conference.

This paper will analyze the issues pertaining to e-discovery that are currently plaguing patent litigation. Additionally, this paper will analyze the current

¹¹ *Id.*

¹² Gregory L. Fordham, *Using Keyword Search Terms in E-Discovery and How They Relate to Issues of Responsiveness, Privilege, Evidence Standards and Rube Goldberg*, 15 RICH. J.L. & TECH. 8, ¶ 4 (2009), available at <http://law.richmond.edu/jolt/v15i3/article8.pdf> (“With many modern litigations producing and relying on volumes of digital evidence, it is simply not practical to take a ‘boots on the ground’ approach to document review and analysis. Certainly, the size and extent of the data make it commercially impractical to use anything other than computerized techniques for keyword searches. Moreover, many other fields of human activity have demonstrated that the weak link in the chain is often the human element. For example, statistical sampling techniques are often used not only for economic purposes but for increased accuracy as well.”).

¹³ *Id.* ¶ 4.

¹⁴ See David L. Masters, *Electronic Filing: Beyond the Basics*, COLO. LAW., June 2002, at 61, 62.

¹⁵ Douglas R. Nemecek et al., *Discovery Issues in Patent Litigation: Making the Most of the Federal Rules*, PATENT LAW CTR., PRACTICING LAW INST., 40 (2009), <http://patentlawcenter.pli.edu/wp-content/uploads/2010/09/Discovery-Issues-In-Patent-Litigation-Making-the-Most-of-the-Federal-Rules1.pdf>.

¹⁶ *Id.* at 2.

¹⁷ See Fed. Circuit Bar Ass’n, *An E-Discovery Model Order*, 21 FED. CIR. B.J. 347, 349–52 (2012) [hereinafter *Model Order*].

¹⁸ *Id.* at 347–48.

acceptance of the Model Order and the impact that it has had on patent cases. Finally, this paper will speculate on the future acceptance and true impact of the Model Order.

II. PATENT LITIGATION

Patent litigation has recently been thrust into the limelight, thanks mostly to large damage awards coming from patent infringement disputes between high technology companies (e.g., Google, Apple, Microsoft, Samsung, etc.).¹⁹ Because of the recent publicity, patent litigation has acquired a somewhat negative reputation among the general public.²⁰ Like most things that receive negative attention from the media, there is more to the story.²¹ This section will discuss the state of patent litigation and why Chief Judge Rader saw that it was necessary to introduce the Model Order for e-discovery to protect American patent litigation's "golden goose."²² Additionally, this section will also look at previous e-discovery guidelines with the Model Order in mind.

A. Venue and Types of Litigants

There are two venues in which U.S. patents are enforced.²³ The first is federal district court.²⁴ 28 U.S.C. § 1400(b) states that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."²⁵ In patent cases, the federal district courts operate and issue relief under title 35 United States Code.²⁶

¹⁹ See Nick Wingfield, *Jury Awards \$1 Billion to Apple in Samsung Patent Case*, N.Y. TIMES (Aug. 24, 2012), <http://www.nytimes.com/2012/08/25/technology/jury-reaches-decision-in-apple-samsung-patent-trial.html> (discussing how nine jurors awarded Apple more than one billion dollars in damages).

²⁰ See Raymond Millien, *Are the Smartphone Patent Wars Giving Patents a Bad Rap?*, IPWATCHDOG (Mar. 7, 2012, 11:17 AM), <http://www.ipwatchdog.com/2012/03/07/smartphone-patent-wars-giving-patents-bad-rap/id=22612>.

²¹ *Id.*

²² C.J. Randall R. Rader, *The State of Patent Litigation*, 21 FED. CIR. B.J. 331, 339 (2012) [hereinafter *State of Patent Litigation*] (calling the American patent litigation system a golden goose for producing golden eggs in the form of awards and damages).

²³ See Sheldon R. Meyer & Mark E. Miller, *Patent Litigation Before the International Trade Commission and Its Effectiveness (1988-1992)*, 350 PRACTICING L. INST. PAT. LITIG. 495, 495 (1992), available at <http://www.fdml.com/effect.pdf>.

²⁴ *Id.*

²⁵ 28 U.S.C.A. § 1400(b) (West 2012).

²⁶ See *General Information Concerning Patents: Infringement of Patents*, UNITED STATES PATENT & TRADEMARK OFFICE (USPTO) (Nov. 2011), http://www.uspto.gov/patents/resources/general_info_concerning_patents.jsp#heading-28.

The second venue is the International Trade Commission (ITC). The ITC deals primarily with unfair methods of competition and unfair acts in connection with the importation and/or sale of imported goods under 19 U.S.C. § 1337.²⁷ Investigations into imported goods that are alleged to infringe a United States patent make up the majority of ITC investigations.²⁸

As the United States Patent and Trademark Office (USPTO) continues to grant patents at an increased rate, the annual number of patent case filings has continued to climb as well.²⁹ While Fortune 500 companies garner most of the publicity in patent lawsuits, many other types of litigants exist. Small companies and startups, for example, often look to the court system to assert their patent rights.³⁰ Filing a lawsuit, however, can be a risky endeavor as it places the asserted patents at risk. If a patent is found to be invalid, which a significant percentage of litigated patents are, it is a “death knell” for the patent and results in the patent holder losing their rights to enforce the patent in the future.³¹

Also of recent public interest are patent litigants known as non-practicing entities (NPEs or patent trolls).³² An NPE is “a person or entity who acquires ownership of a patent without the intention of actually using it to produce a product.”³³ Instead, the NPE works as a licensor and frequently sells the right to use the patent.³⁴ Alternatively, the NPE files suit against a company it believes is using technology covered by patents owned by the NPE but without their permission.³⁵ Notably, NPEs include universities and non-profits.³⁶ Much of

²⁷ 19 U.S.C.A. § 1337 (West 2012); Meyer & Miller, *supra* note 23, at 1.

²⁸ Meyer & Miller, *supra* note 23, at 1.

²⁹ Chris Barry et al., *2011 Patent Litigation Study, Patent Litigation Trends as the “America Invents Act” Becomes Law*, PRICEWATERHOUSECOOPERS, 8 (2011), <http://www.pwc.com/us/en/forensic-services/publications/assets/2011-patent-litigation-study.pdf>.

³⁰ *See, e.g., Patent Litigation*, GEN. PATENT CORP., <http://www.generalpatent.com/patent-litigation> (last visited May 23, 2013).

³¹ John R. Allison et al., *Patent Quality and Settlement Among Repeat Patent Litigants*, 99 GEO. L.J. 677, 678 (2011).

³² The term “patent troll” is usually used pejoratively. *See* Jaconda Wagner, *Patent Trolls and the High Cost of Litigation to Business and Start-Ups – A Myth?*, MD. B.J., Sept.–Oct. 2012, 12, 12. “[T]he term [patent troll] was coined by Peter Detkin, then-Vice President, Assistant General Counsel at Intel, which had been sued by TechSearch.” *Id.* Oddly enough, “Detkin now runs what some would describe as one of the most troublesome patent trolls - Intellectual Ventures.” *Id.* at 13.

³³ James F. McDonough III, *The Myth of the Patent Troll: An Alternative View of the Function of Patent Dealers in an Idea Economy*, 56 EMORY L.J. 189, 189 (2006).

³⁴ *Id.* (“Instead, the patent troll buys the patent and either licenses the technology to a person or entity that will incorporate the patent into a product, or it sues a person believed to already have incorporated the technology in a product without permission.”).

³⁵ *Id.*

³⁶ Barry et al., *supra* note 29, at 7.

America has taken a negative stance with regard to NPEs as many argue it is an abuse of the patent system.³⁷ According to a recent study, when a patent lawsuit is filed, NPEs have been successful 23 percent of the time.³⁸ Practicing entities, on the other hand, have been successful 33 percent of the time.³⁹ The study attributes this trend to the relative lack of success for NPEs at summary judgment.⁴⁰ If the lawsuit progresses to trial, however, both NPEs and practicing entities have nearly the same two-thirds success rate.⁴¹

Patent holders, specifically NPEs, are often looking for a speedy and quick resolution to reduce overall litigation costs. The problem is that in many federal district courts the dockets are so bogged down with other types of civil and criminal litigation it is hard to resolve a case in quick fashion.⁴² In patent infringement suits, the patent venue statute states that venue is proper “where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”⁴³ Large corporations often have their choice to choose virtually any court in the United States because their business activities stretch to nearly every state.⁴⁴ Due to this freedom, there are a select number of districts that have earned the reputation of providing a speedy and predictable path to trial. These districts are known as “rocket dockets.”⁴⁵ A patent lawsuit filed in certain rocket docket districts can progress to trial in a little under a year,⁴⁶ rather than the two- to two-and-a-half-year average⁴⁷ of other federal jurisdictions. Patent holders prefer these rocket docket jurisdictions as

³⁷ See, e.g., Gary Shapiro, *To Restore Innovation, Reform the Patent System*, FORBES (Apr. 6, 2011, 2:05 PM), <http://www.forbes.com/sites/garyshapiro/2011/04/06/to-restore-innovation-reform-the-patent-system/> (arguing that patent trolls abuse the patent system by seeking damages or an injunction, even though they themselves do not produce a product, thus stifling competition within an industry and leading to higher prices for consumers).

³⁸ Barry et al., *supra* note 29, at 7.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² See, e.g., Carrie E. Johnson, Comment, *Rocket Dockets: Reducing Delay in Federal Civil Litigation*, 85 CALIF. L. REV. 225, 227–28 (1997) (stating that civil actions are, by Rule, to have a “just, speedy, and inexpensive determination of every action,” and currently “[d]isposition of civil cases is neither speedy nor inexpensive and, consequently, justice is threatened”) (quoting FED. R. CIV. P. 1.).

⁴³ 28 U.S.C.A. § 1400(b) (West 2012).

⁴⁴ Li Zhu, Note, *Taking Off: Recent Changes to Venue Transfer of Patent Litigation in the Rocket Docket*, 11 MINN. J. L. SCI. & TECH. 901, 904 (2010) (arguing that plaintiffs have the freedom to select any venue but the real question remains which venue is more appropriate).

⁴⁵ *Id.* at 902.

⁴⁶ See Barry et al., *supra* note 29, at 28 ch.7d (noting that the Eastern District of Virginia has a time-to-trial of 0.93 years).

⁴⁷ *Id.* at 27.

they “continue to be more favorable to patent holders, with shorter time-to-trial, higher success rates, and higher median damages awards.”⁴⁸ These jurisdictions also offer the possibility of an early, fixed trial date, which can drive parties to quicker settlements.⁴⁹ In these rocket docket courts, criminal cases new to the docket do not delay civil trial dates.⁵⁰ Precise management of both the criminal and civil dockets prevents any delays in the docketed patent cases.⁵¹ Examples of rocket docket jurisdictions include the Eastern District of Virginia, Delaware, the Eastern District of Texas, and the Western District of Wisconsin.⁵²

B. Awards

While jurisdiction can play a role in the success of a patent holder, damage awards can vary greatly. From 1995 to 2010 annual median damage awards spanned from \$1.8 million to \$15.6 million.⁵³ The lowest end of that range, \$1.8 million, came in 2010.⁵⁴ NPEs have been especially successful in the last five years, averaging awards that were twice the average amounts awarded to practicing entities.⁵⁵ While it is common for the general public to believe that patent trials only result in damages in the hundreds of millions of dollars, this opinion is often times media driven as the patent trials that result in such high damages typically make the headlines. Additionally, the utilization of juries has been shown to be more favorable, with regard to damage awards, for litigants than bench trials.⁵⁶ There has also been a drastic increase in jury awards and a decrease in bench trial awards since 2000.⁵⁷ The reasons for the increase in jury awards have been speculated upon and may be due to juries continually becoming less

⁴⁸ *Id.* at 7.

⁴⁹ See Johnson, *supra* note 42, at 240 (“The Brookings Institution task force recommended early, firm trial dates in non-complex cases partially because it recognized that such scheduling practices encourage settlement.” (citing BROOKINGS INST., JUSTICE FOR ALL: REDUCING COSTS AND DELAY IN CIVIL LITIGATION 18 (1989))).

⁵⁰ Thomas W. Winland, *A Whirlwind Ride on the Rocket Docket*, MANAGING INTELL. PROP., ANNUAL LITIG. SUPPLEMENT 1995, available at <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=73ea67c4-61cb-47fd-9252-05d316ad34f4> (explaining that once trial dates are set in rocket docket jurisdictions they can be considered “etched in stone”).

⁵¹ *Id.*

⁵² See Barry et al., *supra* note 29, at 28 cht.7d (highlighting the median time-to-trial for the fifteen most active districts).

⁵³ *Id.* at 7.

⁵⁴ *Id.* at 9 cht.2a.

⁵⁵ *Id.* at 7 (“[A]wards for NPEs averaged more than double those for practicing entities over the last five years.”).

⁵⁶ See *id.* at 13.

⁵⁷ *Id.* at 13 cht.3e.

sensitive to higher damage awards.⁵⁸ Additionally, jurors tend to side with the patent holder and juries often seek to punish the infringer, instead of simply providing an award to justly reimburse the patent owner.⁵⁹

C. Costs

The potential reward for patent lawsuits does not come without a financial risk. Costs for intellectual property cases are nearly 62 percent higher than other types of litigation.⁶⁰ Additionally, patent litigation rises to the top among the different types of intellectual property litigation. According to the 2011 AIPLA Report of the Economic Survey, the median cost for patent litigation through trial where there was \$25 million or more at stake for each party was \$6 million.⁶¹ And in smaller cases where the amount in dispute was less than \$1 million, the 2011 AIPLA Report indicates that total litigation costs in some cases may exceed the amount at stake.⁶² Alternatively, trademark and copyright litigation had average costs of just over \$2 million when there was \$25 million or more on the line and just around \$400,000 when there was less than \$1 million at stake.⁶³ These high fees in patent infringement cases can likely be attributable to the long, drawn-out nature of patent cases, high attorney fees, and excessive discovery costs.

1. Attorney Fees

Attorney fees make up a large portion of patent litigation costs. These high fees are likely due to the long and extended nature of patent cases and high billing rates of attorneys. The AIPLA reports that in 2010 the average cost for an hour of a private law firm partner's time was \$441.⁶⁴ The average associate billable rate was \$320.⁶⁵ Take, for example, *Polaroid v. Kodak*,⁶⁶ which took nearly twelve years to resolve in the courts.⁶⁷ Costs for that case were an estimated \$100 million.⁶⁸ Or *Hughes Aircraft v. United States*,⁶⁹ which took twenty-seven years to

⁵⁸ *Id.*

⁵⁹ *See id.* at 13.

⁶⁰ *See State of Patent Litigation, supra* note 22, at 336 (citing Emery G. Lee III & Thomas E. Willging, Fed. Judicial Ctr., *Litigation Costs in Civil Cases: Multivariate Analysis 8* (Working Paper, 2010), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1606846).

⁶¹ AM. INTELLECTUAL PROP. LAW ASS'N, REPORT OF THE ECONOMIC SURVEY 36 (2011) [hereinafter AIPLA REPORT 2011].

⁶² *See id.*

⁶³ *Id.* at 37.

⁶⁴ *Id.* at 37.

⁶⁵ *Id.* at 20.

⁶⁶ *Polaroid Corp. v. Eastman Kodak Co.*, 789 F.2d 1556, 1557 (Fed. Cir. 1986).

⁶⁷ *See Tom Arnold, Why ADR?*, 572 PLI/PAT 1013, 1016 (1999).

⁶⁸ *Id.*

⁶⁹ *Hughes Aircraft Co. v. United States*, 520 U.S. 939 (1997).

resolve.⁷⁰ It is not hard to see how costs can run to exorbitant amounts. These high costs not only have a profound effect on the companies litigating the patents, but they also make the courts nearly unusable by small businesses or individual inventors. Individuals or businesses that cannot afford to pay an attorney for a long patent lawsuit predictably tend to settle quickly and avoid the courts, although rare cases do exist (e.g., the individual suing Heinz for infringement of his ketchup packaging idea⁷¹). By making the courts nearly unreachable, it has the same effect as making some patents worthless, particularly patents owned by those who cannot afford the requisite representation. The only recourse that the individual patent holder has is to fold and either license the patent rights or sell/assign the patent. It is worth noting that, in many cases, a license or assignment may be the best financial move as many small companies and inventors tend to develop an emotional attachment to their inventions and often overestimate their chance of success at trial.⁷² If it is decided that the court system is the most cost-effective forum to achieve relief, the advent of contingency fee arrangements, which are becoming more and more popular in patent disputes, are making the judicial system more accessible for a wide range of parties no matter what their financial situation.⁷³

2. *Discovery Fees*

The next biggest cost in patent litigation is associated with the discovery process.⁷⁴ Layman and clients are often surprised by this fact. This behind the

⁷⁰ *Id.*

⁷¹ Jennifer Delgado, *Chicagoan Says Heinz Stole His Invention*, CHI. TRIB. (Aug. 23, 2012), http://articles.chicagotribune.com/2012-08-23/news/ct-talk-heinz-lawsuit-0824-20120824_1_heinz-invention-ketchup. Chicago resident Scott White filed a lawsuit against H.J. Heinz Co. claiming patent infringement for allegedly infringing his patent for a dual-purpose container that makes it easy for drivers to put ketchup on their food. *Id.* The Heinz product is called the “Dip & Squeeze” and White allegedly pitched his design to Heinz during the summer of 2006 and the company rejected his design. *Id.*

⁷² Hon. Kimberly A. Moore, *Populism and Patents*, 82 N.Y.U. L. REV. 69, 88 (2007) (“An individual inventor’s emotional attachment to her patent is likely to skew her ability to estimate outcomes. Corporations may be better at detached, rational evaluation and outcome estimation. Due to emotional attachment to her patent, the individual may be more optimistic about the patent and the chances of success at trial.”) (footnotes omitted).

⁷³ See, e.g., William R. Towns, *U.S. Contingency Fees: A Level Playing Field?*, WIPO MAG., Feb. 2010, at 4, available at http://www.wipo.int/export/sites/www/wipo_magazine/en/pdf/2010/wipo_pub_121_2010_01.pdf (“[C]ontingency fee arrangements can be seen as improving access to the judicial system for the ‘little guy’ . . .”).

⁷⁴ THOMAS E. WILLGING ET AL., FED. JUDICIAL CTR., DISCOVERY AND DISCLOSURE PRACTICE, PROBLEMS, AND PROPOSALS FOR CHANGE: A CASE-BASED NATIONAL SURVEY OF COUNSEL IN CLOSED FEDERAL CIVIL CASES 1–2 (1997), available at <https://bulk.resource.org/courts.gov/fjc/discovery.pdf> (presenting findings from a national survey of

scenes discovery process, however, is where the cases are won and where the groundwork is laid for a favorable case outcome.⁷⁵ For years, patent cases have been differentiable from other types of litigation by their high discovery costs.⁷⁶ Even a fifteen-year-old Federal Judicial Center study stated that patent cases “stood out for their high discovery expenses.”⁷⁷ Large sums of money at stake, e-discovery requests and disputes stemming therefrom, large law firm fees, and long case pendency times are a few factors, as found in a recent study by the Federal Judicial Center, associated with high litigation costs for both plaintiffs and defendants in all types of civil litigation.⁷⁸ Patent litigation tends to fall into each one of these categories.⁷⁹ Basic discovery typically includes gathering information regarding the operation and design of the accused products, prior art, financial data, and support for a claim construction position.⁸⁰

a. Electronically Stored Information

A significant portion of discovery costs stem from the discovery of electronically stored information (ESI), including disputes over it. Today, 99 percent of all information is electronically stored;⁸¹ almost every business, large and small, saves their data electronically.⁸² Additionally, many companies backup

responses to a questionnaire mailed on May 1, 1997, to 2,000 attorneys in 1,000 closed civil cases showing that, generally, discovery expenses represented 50 percent of litigation expenses).

⁷⁵ *Id.* at 2.

⁷⁶ See *Model Order*, *supra* note 17, at 347.

⁷⁷ See WILLGING ET AL., *supra* note 74, at 38.

⁷⁸ See Emery G. Lee III & Thomas E. Willging, Fed. Judicial Ctr., *Litigation Costs in Civil Cases: Multivariate Analysis 1* (Working Paper, 2010), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1606846 (“Factors associated with *higher* litigation costs . . . included: higher monetary stakes in the underlying litigation; longer processing times (time from filing to disposition); trial dispositions (bench and jury); electronic discovery requests from both sides of the case; disputes over electronic discovery; greater case complexity; summary judgment practice; concern over nonmonetary stakes . . . ; and representation by larger law firms.”) (emphasis in original).

⁷⁹ Peter C. Schechter, *Cutting the Costs of Patent Litigation*, N.Y. L.J., June 11, 2012, available at <http://www.newyorklawjournal.com/PubArticleNY.jsp?id=1202558306621&thepage=3>.

⁸⁰ J. Christopher Carraway, *Discovery Issues in Patent Cases*, KLARQUIST SPARKMAN, LLP, 1 (July 2010), http://www.klarquist.com/Articles/16_Discovery%20Issues%20in%20Patent%20Cases%202010.pdf (“Basic Discovery Every Patentee Should Seek from the Accused Infringer . . . [d]evelopment, operation, and make-up of accused products[,] identification of alleged prior art[,] . . . financial information regarding the accused device (sales, costs, profits) . . .”).

⁸¹ See Nemeč et al., *supra* note 15, at 553.

⁸² See, e.g., Jason R. Baron, *Law in the Age of Exabytes: Some Further Thoughts on ‘Information Inflation’ and Current Issues in E-Discovery Search*, 17 RICH. J. L. & TECH. 9, ¶ 4 (2011) (“In the world of investigations and litigation, information inflation has manifested itself with a new ‘watermark’ in terms of volume. For example, in the Report, in multiple volumes, of

data frequently and therefore always have copies of deleted files.⁸³ It is estimated that in 2011, 1.8 zettabytes of data were created—the equivalent of 57.5 billion 32-gigabyte Apple iPads.⁸⁴ Google Executive Chairman Eric Schmidt stated in 2010 that “there was 5 exabytes of information created between the dawn of civilization through 2003, but that much information is now created every 2 days, and the pace is increasing.”⁸⁵

ESI is a very broad category and can include “e-mails, documents, spreadsheets, experimental data, financial information, computer programs, digital images and video or audio files.”⁸⁶ The multiple locations of ESI throughout a company can include “centralized servers, individual personal computers, portable hard drives, or mobile personal devices, such as blackberry units or smartphones [or tablets].”⁸⁷ When discovering ESI (e-discovery), costs are incurred through legal fees and vendor fees every time files and data are found, collected, and transferred from the source location to a repository for analysis.⁸⁸ Additionally, all of that information, or subsets thereof, must also be produced to the opposing party.⁸⁹ It is estimated that e-discovery may cost

the Examiner in the Lehman Brothers Holdings Chapter 11 case in Bankruptcy Court in NY, dated March 11, 2010, the examiner was tasked with culling down a universe of 350 billion pages—three petabytes of data—to review for the purpose of writing his report.”)

⁸³ See, e.g., Sasha K. Danna, Comment, *V. The Impact of Electronic Discovery on Privilege and the Applicability of the Electronic Communications Privacy Act*, 38 LOY. L.A. L. REV. 1683, 1715 (2005) (“[T]he very purpose for creating backup copies [is] to prevent the irretrievable loss of data as a result of a computer system crash.”) Problems occur when retrieving back up data because it is “compiled so as to maximize the storage space rather than to facilitate accessibility of files and documents.” *Id.* Electronic records thus are not organized in a “logical manner.” *Id.* at 1716.

⁸⁴ Rich Miller, ‘Digital Universe’ to Add 1.8 Zettabytes in 2011, DATA CTR. KNOWLEDGE (June 28, 2011), <http://www.datacenterknowledge.com/archives/2011/06/28/digital-universe-to-add-1-8-zettabytes-in-2011/>.

⁸⁵ See Google, *Eric Schmidt at Techonomy*, YOUTUBE (Aug. 4, 2010) available at <http://www.youtube.com/watch?v=UAcClSrAq70> (uploaded on Oct. 14, 2010).

⁸⁶ See Noemi C. Espinosa, *Tactics To Limit E-Discovery Costs In Patent Cases*, LAW360, 1 (June 15, 2010), <http://www.dechert.com/files/Publication/2a6ca8a6-1fe3-4f93-b56a-197a455d4571/Presentation/PublicationAttachment/d54e8335-c757-443e-b34c-13363d646a11/Tactics%20To%20Limit%20E-Discovery%20Costs%20In%20Patent%20Cases.pdf>.

⁸⁷ See *id.*

⁸⁸ See, e.g., David Degnan, *Accounting for the Costs of Electronic Discovery*, 12 MINN. J. L. SCI. & TECH. 151, 153 (2011) (“Data processing may involve the cost of retaining an outside vendor to erase duplicates and find documents responsive to the requests for production within a larger database of collected files. The outside vendor(s) then charges to process, index, host, review, and finally produce the collected data in an agreed-upon format.”) (footnotes omitted).

⁸⁹ See Espinosa, *supra* note 86.

upwards of \$30,000 per gigabyte.⁹⁰ In the end, only .0074% of documents produced upon request (less than 1 in 10,000) make their way onto trial exhibit lists⁹¹ and even fewer are actually used.⁹²

b. Culprits of Excessive Costs

One of the biggest culprits of high e-discovery costs is e-mail. Because so much daily communication is done through e-mail, whether formal or informal, a smoking gun could exist. Records are usually demanded in the masses in hope of finding the smoking gun or other damaging e-mail. In the development of an invention, multiple people can have their hands on the project at some point in time.⁹³ When the opposing side knows who was involved in the development process, broad requests for searches spanning multiple e-mail accounts are not uncommon.⁹⁴ Additionally, as one can imagine, the percentage of e-mails produced that actually get used at trial is miniscule.⁹⁵

Another culprit of high e-discovery cost is the requesting of multiple search terms. Because digitally stored documents can be text searched,⁹⁶ one of the parties will provide a list of search terms to the opposing party that they would like used in the search of the opposing party's ESI.⁹⁷ The problem in complex

⁹⁰ The Sedona Conference Working Group on Best Practices for Document Retention and Production, Commentary, The Use of Search and Information Retrieval Methods in E-Discovery, 8 SEDONA CONF. J. 189, 192 (2007) [hereinafter Sedona Conference E-Discovery Best Practices].

⁹¹ See *State of Patent Litigation*, *supra* note 22, at 336.

⁹² See Wendy Akbar, "One Ring to Rule Them All?" *E-Discovery Search Methodology in Patent Litigation in Light of Recent Model Orders and Case Law*, E-DISCOVERY BYTES (July 2, 2012), <http://ediscovery.quarles.com/2012/07/articles/miscellaneous/one-ring-to-rule-them-all-ediscovery-search-methodology-in-patent-litigation-in-light-of-recent-model-orders-and-case-law/>.

⁹³ See *Cross-Border Inventors*, PATENTLY-O (Nov. 21, 2010, 7:06 PM), <http://www.patentlyo.com/patent/2010/11/cross-border-inventors.html?cid=6a00d8341c588553ef0133f64e84d7970b> ("Patents issued during the past six months, have an average of 2.7 inventors per patent. In all, 68% of these list multiple inventors with 13% listing five or more inventors. Prior to 1990, most patents listed only one inventor.").

⁹⁴ See, e.g., *Barrera v. Boughton*, No. 3:07cv1436(RNC), 2010 U.S. Dist. LEXIS 103491, at *8-12 (D. Conn. Sept. 30, 2010) (ordering discovery of the electronically stored documents of three custodians from a proposed list of forty).

⁹⁵ See Akbar, *supra* note 92 and accompanying text.

⁹⁶ See Fordham, *supra* note 12, ¶ 10 (stating that even if documents are searchable, it does not mean searching them will return perfect results). "The conversion of the graphic image to text-based data is typically accomplished through other software tools that perform Optical Character Recognition (OCR). Although the process is not perfect, it is one means for converting imaged documents into text-based documents that can then be searched." *Id.* ¶ 26 (footnotes omitted).

⁹⁷ See Steven C. Bennett, *Do Ask; Do Tell: Keyword Search Terms*, N.Y. ST. B. ASS'N J., Oct. 2009, at 44, 45, available at <http://www.nysba.org/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm>

patent litigation is that this list can be quite long.⁹⁸ Furthermore, some of those terms can be overly broad, returning results that are not relevant to the case at all.⁹⁹ Take, for example, a hypothetical case involving a patent of mechanical nature. The company that created the patent is a large corporation that specializes in thousands of mechanical products. Searching general mechanical terms such as lever, rotate, handle, key, etc. is likely to turn up results that include a large number of the products that company manufactures. More specific terms, such as a code name or trademark, could have the inverse effect and could fail to be inclusive enough.

c. Paying for E-discovery Costs

While the winner of civil litigation is usually allowed to recover certain costs connected to the litigation, recovering costs of e-discovery is more difficult. Federal Rule of Civil Procedure 54(d)(1) states that the prevailing civil party may recover non-attorney-fee “costs.”¹⁰⁰ Further, Rule 54(d)(1) is limited by 28 U.S.C. § 1920(4) which specifies “[f]ees for exemplification and the costs of making copies of any materials where the copies are necessarily obtained for use in the case” are recoverable costs.¹⁰¹ Some courts have ruled that “exemplification” and “making copies” are related to e-discovery costs and have therefore allowed the

m&CONTENTID=32256 (“In *Lapin v. Goldman, Sachs & Co.*, the parties spent months fighting over search terms. The plaintiff claimed that the defendant’s search term list was inadequate but refused to offer an alternative list. The court expressly rejected that approach: ‘I direct Plaintiff to serve his own list of search terms, and then the attorneys and their computer experts must promptly hold a meeting with at least four hours of discussion about proposals for search terms. Among other things, they should discuss (a) the estimated cost of the search and (b) the cost of a possible follow-up search with a supplemental list of search terms.’”) (footnotes omitted).

⁹⁸ See Sedona Conference E-Discovery Best Practices, *supra* note 90, at 194 (“The use of search and information retrieval tools does not guarantee that all responsive documents will be identified in large data collections, due to characteristics of human language. Moreover, differing search methods may produce differing results, subject to a measure of statistical variation inherent in the science of information retrieval.”).

⁹⁹ See Fordham, *supra* note 12, ¶ 10. The author states that search results can be sorted into different categories:

“(1) [E]xact matches, where the keyword search terms are in documents containing the matters of interest; (2) false positives, where the search terms are in documents not related to the matters of interest; (3) false negatives, where the documents of interest do not contain any of the search terms; and (4) complete rejection, where the documents do not contain the search terms and do not contain any of the matters of interest.”

Id.

¹⁰⁰ FED. R. CIV. P. 54(d)(1).

¹⁰¹ 28 U.S.C.A. § 1920(4) (West 2012).

recovery of these costs.¹⁰² Other courts have taken the opposite stance and not allowed e-discovery fees to be recovered. The current interpretation of the law fails to give litigants any certainty that, should they prevail, the opposing side will be responsible for paying for their e-discovery. This uncertainty can greatly affect a party's trial strategy and budget.

In NPE litigation specifically, e-discovery can be used as a weapon.¹⁰³ NPE's themselves do not usually possess any documents or information to discover as they are usually asserting a patent without having a product covered by the patent for sale on the market. Additionally, the creation of the patented invention likely occurred without the involvement of the NPE.¹⁰⁴ Conversely, an accused infringer may bear a heavy burden of extensive discovery. This unbalanced burden of discovery may cause, or even force, a defendant to settle, which was the goal of the NPE's infringement accusation in the first place.¹⁰⁵ The Supreme Court even noted in *Bell Atlantic Corp. v. Twombly* that "the threat of discovery expense will push cost-conscious defendants to settle even anemic cases before reaching those proceedings."¹⁰⁶

3. Steps Taken to Control Costs

a. Federal Rules of Civil Procedure Amendments

The Federal Rules of Civil Procedure were amended in 2006 to provide guidance to help cure some e-discovery woes, which had been a hot topic in civil litigation for many years.¹⁰⁷ The 2006 revisions affected Rules 16, 26, 33, 34, 37, and 45.¹⁰⁸ The amendments included provisions drafted to aid e-discovery, provisions that limited rule-based sanctions for failing to produce ESI, and provisions outlining a "safe harbor" limit on sanctions under Rule 37 for the loss

¹⁰² See, e.g., *Kellogg Brown & Root Int'l, Inc. v. Altanmia Commercial Mktg. Co.*, No. H-07-2684, 2009 WL 1457632, *4 (S.D. Tex. May 26, 2009).

¹⁰³ See *Model Order*, *supra* note 17, at 348.

¹⁰⁴ See Thomas J. Fisher & Tomoyoshi Furukawa, *Recent Trends in NPE Litigation*, THE LAWYERS (July 2012), <http://www.oblon.com/publications/recent-trends-npe-litigation>.

¹⁰⁵ *Id.*

¹⁰⁶ *Bell Atl. Corp. v. Twombly*, 127 S. Ct. 1955, 1967 (2007); see Thomas Y. Allman, *Conducting E-Discovery After the Amendments: The Second Wave*, 10 SEDONA CONF. J. 215, 227 (2009) (quoting *Twombly*).

¹⁰⁷ See Bennett B. Borden et al., *Four Years Later: How the 2006 Amendments to the Federal Rules Have Reshaped the E-Discovery Landscape and Are Revitalizing the Civil Justice System*, 17 RICH. J.L. & TECH. 10, ¶ 1 (2011), available at <http://jolt.richmond.edu/v17i3/article10.pdf>.

¹⁰⁸ See Carl G. Roberts, *The 2006 Discovery Amendments to the Federal Rules of Civil Procedure*, LAW PRACTICE TODAY (Aug. 2006), <http://apps.americanbar.org/lpm/lpt/articles/tch08061.shtml>.

of ESI as a result of the routine operation of computer systems.¹⁰⁹ The problem is that the 2006 amendments have done very little to help curb litigation costs in patent disputes.¹¹⁰ Experts even argue that the amendments actually caused costs to increase by explicitly requiring e-discovery processes that lawyers, parties, and courts previously ignored in certain circumstances.¹¹¹ A stronger solution might be needed to really reign in and control e-discovery's rising costs.¹¹²

b. Local Rules

Due to the lack of effectiveness of the 2006 Federal Rules of Civil Procedure amendments, many district courts have adopted local patent rules in an attempt to control the litigation process.¹¹³ There are twenty-seven districts in the United States that have patent specific rules, with not a single set being identical.¹¹⁴ These rules are drawn to “infringement contentions, invalidity contentions, document production, claim construction, and miscellaneous provisions.”¹¹⁵ On top of these rules, Delaware, Maryland, and Kansas have specific e-discovery rules, which are applicable to all civil cases.¹¹⁶ Another example of courts trying to control e-discovery in all types of litigation exists in the Seventh Circuit. The Seventh Circuit has implemented an Electronic Discovery Pilot Program that requires counsel to “meet and discuss discovery of ESI, including potential sources of ESI, the scope of discovery and format for preservation and production, prior to the initial status conference with the court.”¹¹⁷ An interesting aspect of the program includes the appointing of an e-discovery liaison for each party that must become knowledgeable about that party's ESI and be able to

¹⁰⁹ See Thomas Y. Allman, *The Impact of the Proposed Federal E-Discovery Rules*, 12 RICH. J.L. & TECH. 13, ¶ 1–2 (2006), available at <http://jolt.richmond.edu/v12i4/article13.pdf>.

¹¹⁰ See Schechter, *supra* note 79.

¹¹¹ *Id.*

¹¹² See, e.g., AM. COLL. OF TRIAL LAWYERS & INST. FOR THE ADVANCEMENT OF THE AM. LEGAL SYS., FINAL REPORT ON THE JOINT PROJECT OF THE AMERICAN COLLEGE OF TRIAL LAWYERS TASK FORCE ON DISCOVERY AND THE INSTITUTE FOR THE ADVANCEMENT OF THE AMERICAN LEGAL SYSTEM 1, 14–17 (2009), available at <http://www.actl.com/AM/Template.cfm?Section=Home&template=/CM/ContentDisplay.cfm&ContentID=4008>.

¹¹³ See 1 ROBERT A. MATTHEWS JR., ANNOTATED PATENT DIGEST § 2:25 (2013).

¹¹⁴ See *Patent Rules Made Easy*, LOCAL PATENT RULES, <http://www.localpatentrules.com/> (last visited May 23, 2013).

¹¹⁵ See Schechter, *supra* note 79.

¹¹⁶ See *Model Order*, *supra* note 17, at 347 n.1.

¹¹⁷ See J. Karl Gross, *Judges Attempt to Tame E-Discovery with Model Order*, *Committee Work*, CHI. DAILY L. BULL. (June 11, 2012), http://www.leydig.com/publications/articles_publications-276.

discuss and resolve e-discovery issues.¹¹⁸ The liaison can be anyone who possesses the requisite technical knowledge regarding the party's ESI.¹¹⁹ This shows that local district courts and circuit courts alike are taking measures to control e-discovery costs for all types of litigants.

The creation of a fragmented set of local patent rules—pertinent only to that district court—has an increasing number of scholars, commentators, and lawyers calling for creation of a single, national set of rules for patent case management, for which opt-out should not be allowed.¹²⁰ But this begs the question: Is there a one-size-fits-all solution to this problem?

c. The Sedona Conference

One particular group took it upon itself to start dialogue among leaders of the bench and bar in order to find a way to effectively manage electronic discovery.¹²¹ That group, the Sedona Conference, specializes in the advanced study of law and policy, specifically in intellectual property rights and complex litigation.¹²² The Sedona Conference has a goal of providing the legal profession and the bench with solutions and recommendations.¹²³ The Conference has released a series of “Best Practices” commentaries filled with practice recommendations. Due to a need for an educational guide outlining better methods for searching for relevant ESI evidence, the Sedona Conference released a Best Practices Commentary regarding the e-discovery process.¹²⁴ This guide has been cited in court opinions and has been very persuasive to judges looking to control e-discovery in any type of civil litigation.¹²⁵ But again, this is a general guide for all types of civil litigation and is not specific to patent litigation.

¹¹⁸ See Seventh Circuit Elec. Discovery Pilot Program Comm., *Statement of Purpose and Preparation of Principles, Phase One Oct 1, 2009 - May 1, 2010*, U.S. COURT OF APPEALS SEVENTH CIRCUIT (2010), http://www.ca7.uscourts.gov/7thCircuit_ElectronicDiscovery.pdf.

¹¹⁹ *Id.*

¹²⁰ James Ware & Brian Davy, *The History, Content, Application and Influence of the Northern District of California's Patent Local Rules*, 25 SANTA CLARA COMPUTER & HIGH TECH. L.J. 965, 1014–17 (2009) (advocating for uniform national rules via a Federal Rules of Patent Procedure (FRPP)).

¹²¹ See *Publications*, THE SEDONA CONFERENCE, <https://thesedonaconference.org/publications> (last visited May 23, 2013) (listing numerous publications on e-discovery since 2003).

¹²² *About Us*, THE SEDONA CONFERENCE, <https://thesedonaconference.org/aboutus> (last visited May 23, 2013).

¹²³ *Id.*

¹²⁴ Sedona Conference E-Discovery Best Practices, *supra* note 90.

¹²⁵ *In re Nat'l Ass'n of Music Merch., Musical Instruments & Equip. Antitrust Litig.*, MDL No. 2121, 2011 WL 6372826, at *3–4 (S.D. Cal. Dec. 19, 2011). The court relied on the Sedona Conference E-Discovery Best Practices, *supra* note 90, and denied “Plaintiffs’ request that each Defendant run document searches containing abbreviations and acronyms for agreed-upon search

d. Judge Rader's Solution

On September 27, 2011, Chief Judge Randall Rader of the CAFC suggested a method of curbing e-discovery costs, specifically in patent litigation.¹²⁶ Chief Judge Rader introduced a Model Order for e-discovery in an attempt to stymie excess e-discovery costs and drive down the overall cost of patent litigation. The introduction of the Model Order took place in Texas at the joint meeting of the Federal Circuit Bar Association and the Eastern District of Texas Bar Association. During Chief Judge Rader's introduction of the order, he made it clear that, in his opinion, patent litigation needed improvement.¹²⁷ In particular, the Chief Judge pointed out that discovery management and control was at the top of his list of items that need improvement. He stated that procedures used for discovery in years past are not applicable to today's complex patent litigation in the digital age.¹²⁸ Specifically, the Chief Judge noted that old blanket orders requiring the production of all relevant documents now lead to waste, which equates to an increase in cost.¹²⁹ The Chief Judge also issued a warning:

Needless to say, if we cannot control the cost, complexity, and complications of patent litigation, the litigants whom we serve will simply find a better way (or a better place) to resolve their disputes. Unchecked and uncontrolled inflation of litigation costs can potentially kill our golden goose and leave us empty-handed. But, *yes*, I would also slightly amend the "goose" fable for our setting. Patents and inventions are essential to the global economy, and, in our case, geese are laying eggs—resolving patent disputes—all around the world. If the U.S. system requires a litigant to "feed the goose" ten ounces of gold only to get a golden egg of five ounces in return, obviously geese from other countries that don't require such an investment (such as Germany, Japan, or China) become more appealing. We must be careful not to drive away our golden goose by self-imposed encumbrances.¹³⁰

terms concepts." *Id.* at *4. Additionally, the court permitted an additional limited search to the extent Plaintiffs were willing to bear the cost. *Id.*

¹²⁶ *Model Order*, *supra* note 17, at 347.

¹²⁷ *State of Patent Litigation*, *supra* note 22, at 331 (summarizing the present state of patent litigation in two words: "needs improvement!").

¹²⁸ *Id.* at 334 ("In the electronic age, discovery procedures designed for the nineteenth and twentieth centuries just do not work for complex patent litigation. For example, blanket stipulated orders requiring the production of all relevant documents leads to waste. Courts must control the cost and efficiency of electronic discovery.").

¹²⁹ *Id.*

¹³⁰ *Id.* at 339 (footnote omitted).

III. THE MODEL ORDER AND ITS ACCEPTANCE

The Model Order, while not binding to federal courts, is intended to serve as “a helpful starting point for district courts to use in requiring the responsible, targeted use of e-discovery in patent cases.”¹³¹ The order contains provisions that (1) shift costs for disproportionate ESI production requests; (2) exclude metadata from general ESI production requests; (3) exclude e-mail or other forms of electronic correspondence from general ESI production requests; (4) require parties to identify specific issues in the case that e-mail discovery will be based on; (5) exclude the discovery of e-mail until after the parties exchange initial disclosures and basic documentation; (6) limit the number of custodians to five, as well as limit the number of search terms per custodian to five; and (7) allow the parties to meet to tweak the Order to fit each particular case.¹³² Some of these improvements are more controversial than others. This section will discuss the argued improvements of the Order, along with some of its potential downfalls. Additionally, the order’s current acceptance will be discussed.

A. *Argued Improvements*

While most of the Model Order is seen as an improvement to prior practices, the provisions affecting the discovery of e-mail and cost shifting will be discussed in depth in the following section.

1. *E-mail*

E-mail is routinely the most requested type of ESI yet yields the least amount of relevant information (1 in 10,000 documents used).¹³³ E-mail is very enticing to parties due to the smoking gun factor. The Model Order postpones the discovery of e-mail until after basic discovery, which, ideally, gives a party a chance to narrow its search.¹³⁴ The Model Order also limits the amount of custodians and search terms that are available.¹³⁵ By limiting the number of searchable custodians and limiting keywords that are available for searching each custodian, the Model Order further incentivizes the parties to invest time into focusing on only the most important issues after basic discovery. These provisions will likely benefit both parties. The party requesting the documents will receive a more focused set of production documents, which equates to less time spent on document review and more quality time spent on documents that could add value

¹³¹ *Model Order*, *supra* note 17, at 348 (stating that the goal of the Model Order is to gather material information, rather than allow “unlimited fishing expeditions”).

¹³² *Id.* at 352–53 (referring, in order, to list items 3, 5, 6, 7, 8, 10, and 11 in Model Order).

¹³³ *State of Patent Litigation*, *supra* note 22, at 336.

¹³⁴ *Model Order*, *supra* note 17, at 352 (list item 8).

¹³⁵ *Id.* (list items 10–11).

to the case. Alternatively, the party producing the documents spends less time and money searching and less time and money in pre-production review, which equates to lower costs.¹³⁶

Because the new e-mail provisions are beneficial for both sides, it is advantageous for the parties to meet and come to a consensus on what and how much e-discovery is needed. The Model Order also promotes this cooperation by actually requiring it.¹³⁷ The Sedona Conference has stressed cooperation between parties as a cost control measure for some time.¹³⁸ The Conference has pledged “to reverse the legal culture of adversarial discovery that is driving up costs and delaying justice.”¹³⁹ However, some litigants do not heed this advice. For instance, Magistrate Judge John Facciola’s expressed his distaste in the lack of cooperation between parties in his recent opinion from *Tayadon v. Greyhound Lines, Inc.*

[T]here is a new sheriff in town—not Gary Cooper, but me. The filing of forty-page discovery motions accompanied by thousands of pages of exhibits will cease and will now be replaced by a new regimen in which the parties, without surrendering any of their rights, must make genuine efforts to engage in the cooperative discovery regimen contemplated by the *Sedona Conference Cooperation Proclamation*.¹⁴⁰

Prior to the Model Order, the courts have had the freedom to rule on discovery motions and as they see fit, often punishing litigants for not meeting with the other party.¹⁴¹ The Model Order goes one step further and forces litigants to

¹³⁶ Daniel Garrie, *E-Discovery in Intellectual Property Patent Litigation: Changing the Tune (Part 2 of 5)*, LAW & FORENSICS (July 30, 2012), <http://www.lawandforensics.com/a-review-of-the-key-provisions-of-the-model-order-part-ii/> (“The model order also seeks to lower the cost of e-discovery by addressing a large source of that cost—preproduction review of documents by attorneys or other human reviewers. To minimize such preproduction review, the model order expressly provides that the inadvertent production of attorney-client privileged or work product documents during e-discovery may not be used in the pending case, and does not constitute a waiver in the pending case, in any other federal or state proceeding, or for any purpose.”).

¹³⁷ *Model Order*, *supra* note 17, at 352 (list item 9, “The parties shall cooperate to identify the proper custodians, proper search terms and proper timeframe.”).

¹³⁸ The Sedona Conference, *The Sedona Conference Cooperation Proclamation*, 10 SEDONA CONF. J. 331, 332–33 (2009).

¹³⁹ *The Sedona Conference Cooperation Proclamation*, THE SEDONA CONFERENCE, <https://thesedonaconference.org/cooperation-proclamation> (last visited May 23, 2013) (including a roster of endorsing judges).

¹⁴⁰ *Tayadon v. Greyhound Lines, Inc.*, Civ. No. 10-1326 (ABJ/JMF), 2012 WL 2048257 (D.D.C. June 6, 2012).

¹⁴¹ Allman, *supra* note 106, at 216–17 (“To facilitate this process of cooperation, Rule 26(f) provides that parties must meet and confer ‘as soon as practicable’ to develop a discovery plan

cooperate,¹⁴² by forcing them to limit requests that would create excess cost for the opposing party.¹⁴³ The Model Order will likely serve as a great tool for judges where there are two parties with no desire to meet in the middle.

2. Cost Shifting

In addition to the e-mail provisions, the cost shifting provision in the Model Order is also of particular interest. Cost shifting has long been a topic of debate and discussion.¹⁴⁴ The Supreme Court tackled the issue when e-discovery was nonexistent.¹⁴⁵ Federal Rules of Civil Procedure 26(c) allows district courts to shift costs to the requesting party if there is a finding of “good cause.”¹⁴⁶ Additionally, Rule 26(b)(2) provides what is commonly called the proportionality test, which requires the court to decide whether the “burden or expense of the proposed discovery outweighs its likely benefit.”¹⁴⁷ While these provisions in the Rules may seem helpful, surveys show that, since the Federal Rules were amended in 2006, cost shifting orders are rare.¹⁴⁸ This is likely attributable to the fact that the amendments to the Federal Rules made it harder for parties to request

designed to encourage reasonable and balanced approaches to discovery. . . . A failure to meet with opposing counsel to resolve discovery problems will have consequences. In *May v. FedEx Freight*, a court refused to rule on a motion to compel e-mail filed prematurely where the plaintiff did not meet and confer with defendant and its IT representatives.” (citing *May v. FedEx Freight Se., Inc.*, Civil Action No. 07-660-B-M2, 2009 WL 1605211 (M.D. La. June 8, 2009)).

¹⁴² *Model Order*, *supra* note 17, at 352–53 (stating that if the parties do not cooperate or decide to go against agreed limits, then they are forced to bear the costs: “Should a party serve email production requests for additional custodians beyond the limits agreed to by the parties or granted by the Court pursuant to this paragraph, the requesting party shall bear all reasonable costs caused by such additional discovery.”).

¹⁴³ See generally Joshua Miller, *An E-Discovery Model Order: Evaluating the Novelty and Impact of the Suggested Approach*, SOC. LAW LIBRARY (Jan. 20, 2012), <http://www.socialaw.com/slbook/judgeyoung12/An%20E-Discovery%20Model%20Order%20Evaluating%20the%20Novelty%20and%20Impact.pdf>.

¹⁴⁴ Vlad Vainberg, *When Should Discovery Come with A Bill? Assessing Cost Shifting for Electronic Discovery*, 158 U. PA. L. REV. 1523, 1527 (2010) (“Part I explores how the rise of costly electronic discovery in the 1990s led judges to consider cost shifting without developing robust analytical tests.”).

¹⁴⁵ See *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 358 (1978) (ruling the District Court has discretion to grant orders protecting parties from “‘undue burden or expense’ . . . including orders conditioning discovery on the requesting party’s payment of the costs of discovery”).

¹⁴⁶ FED. R. CIV. P. 26(c).

¹⁴⁷ FED. R. CIV. P. 26(b)(2)(C)(iii).

¹⁴⁸ Vainberg, *supra* note 144, at 1527–29 (discussing observations from a survey of sixty-five federal cases discussing cost shifting). “I posit that cost shifting is likely rarer now because the amended Rules make reasonably inaccessible data presumptively undiscoverable and also emphasize negotiation among parties, limiting the need for judicial intervention.” *Id.* at 1529 (footnotes omitted).

information that was too costly or nearly impossible to discover (the rules were amended to make inaccessible data presumably undiscoverable).¹⁴⁹ When looking at the Model Order, one might question why the cost shifting provision is even included if Rule 26 provides an avenue of relief for the parties. The inclusion of the provision is likely to try and make the proportionality question easier to answer by simply doing away with the question altogether by providing an automatic cost shifting provision.¹⁵⁰ Eliminating the proportionality question could end up hurting some parties more than others. Either as a benefit or burden to the public, NPEs will likely be hit hard if this cost shifting provision is included in a discovery order.

First, it should be noted that the cost shifting provision in the Model Order is not just limited to patent cases and can be applied to any case.¹⁵¹ The Model Order implements a “pay for play” strategy. This strategy allows for parties to make broader discovery requests as long as they are willing to pay for it.¹⁵² The advantage of the Model Order is that the court does not have to determine what qualifies as an “undue burden” under Rule 26. By setting limits on the number of custodians and search terms, the Order sets the bar. It is assumed that anything above and beyond those limits could be viewed as excessive—therefore effectively activating the cost shifting provision of the order.¹⁵³ This “automatic” provision has the potential to harm parties, like NPEs, that do not have as much discoverable material as their opposition. On the other hand, this provision might also allow for larger litigants, with substantial financial resources, to bully smaller litigants into submission or at the very least place them at a severe disadvantage through broad discovery requests.

¹⁴⁹ *Id.* at 1535 (“The move toward cost shifting began in the mid-1990s, with the Manual for Complex Litigation recommending it when parties ‘request production in a form that can be created only at substantial expense for additional programming.’ Despite this recommendation, e-discovery cost shifting prior to the year 2000 was rare. Courts considered ordering it only when plaintiffs asked for permission to conduct forensic examinations of defendants’ computers at their own expense.”).

¹⁵⁰ Miller, *supra* note 143, at 11.

¹⁵¹ Steven R. Trybus & Sara Tonnie Horton, *A Model Order Regarding E-Discovery in Patent (and Other?) Cases*, ABA SEC. OF LITIG., PRETRIAL PRAC. & DISCOVERY, Winter 2012, at 4, available at <http://www.americanbar.org/content/dam/aba/uncategorized/litigation-pretrial-winter2012-mo.authcheckdam.pdf> (“The cost-shifting provisions of the model order are not patent case-specific and so will be able to be applied to other types of litigation in the same way as they would apply to patent-infringement litigation.”).

¹⁵² *Model Order*, *supra* note 17, at 352–53 (citing list item 10, “Should a party serve email production requests for additional custodians beyond the limits agreed to by the parties or granted by the Court pursuant to this paragraph, the requesting party shall bear all reasonable costs caused by such additional discovery.”).

¹⁵³ *Id.*

This disadvantage can be explained by using an analogy of moving a pile of dirt. The pile of dirt represents the amount of discoverable material that a party possesses. The shovel needed to move the dirt represents the amount of custodians and search terms a party is allowed to use during discovery to recover information. In NPE litigation for example, the NPE usually will have a small amount of discoverable information, or small pile of dirt. The opposing party in the suit will likely have a substantial amount of discoverable electronic information, or a very large pile of dirt. This does not mean that the opposing party is necessarily a large company, but simply just in possession of more relevant information.¹⁵⁴ If the Model Order stipulates that searching be limited to five custodians and five keywords per custodian, then the party opposing the NPE will likely be content because, in reality, the NPE does not have much information to discover. For the purpose of the analogy, the Model Order initially gives both sides the same size of shovel. A party can request a bigger shovel, more custodians and more search terms, but will have to pay for it. Thus, NPEs, or other parties with substantial financial resources, can buy a bigger shovel to move more dirt, which inadvertently will cost the opposing party time and money.

The party opposite of the NPE, or the producing party, can still object to search requests that create an undue burden, even if the NPE decided to use their pay to play card.¹⁵⁵ The Model Order allows for the modifying of the order for good cause and without leave of the court. The party opposing the NPE, however, will likely not agree to any modification, as it is more cost effective for the opposing party to keep the lower number of custodians and search terms. Under the “automatic” cost shifting provision, anything over five custodians and five keywords is paid for by the NPE, if they make a request for further discovery. Without an automatic cost shifting provision like this in the Model Order, the NPE could argue that this would not be proportional discovery. The NPE might point to their hypothetical discoverable information pile (small pile) and argue that the opposing party would only need a small shovel. Then the NPE would point to the opposing party’s hypothetical pile of discoverable information (large pile) and argue that a much bigger shovel is needed. This would equate to the whole process being *proportional*.

It could be argued that cost shifting is a great provision for decreasing NPE litigation. But is decreasing NPE litigation worth harming smaller companies

¹⁵⁴ James Bessen & Michael J. Meurer, *The Direct Costs from NPE Disputes 2* (Bos. Univ. Sch. of Law, Working Paper No. 12-34, June 28, 2012), available at http://www.bu.edu/law/faculty/scholarship/workingpapers/documents/BessenJ_MeurerM062512rev062812.pdf (citing research that 82 percent of the parties opposite of the NPE, accounting for 50 percent of the defenses, had annual revenues of less than \$100 million).

¹⁵⁵ See Miller, *supra* note 143, at 14.

going up against corporate powerhouses? In a recent study, it was found that patent assertions by NPEs cost the U.S. Economy more than \$29 billion dollars in 2011, which is double the amount from 2009.¹⁵⁶

Conversely, there is an argument that this order, specifically the cost shifting provision, is overly concerned about controlling costs and not enough about if justice is served. In rebuttal, it must be noted that the Model Order is not meant to limit e-discovery but to simply implement some control.¹⁵⁷ This is why the Model Order is simply a guide and Chief Judge Rader suggested that it be modified depending on the nature of each case.¹⁵⁸

B. Current Acceptance

1. The Eastern District of Texas

Almost immediately after Chief Judge Rader introduced the Model Order it was utilized in the Eastern District of Texas.¹⁵⁹ The Model Order was not accepted verbatim but has had a heavy influence on the discovery orders.

Magistrate Judge Everingham, an author of the Model Order, adopted a discovery order similar to the Model Order in *Stambler v. Atmos Energy Corp.*, a mere two days after the Model Order was announced.¹⁶⁰ Judge Everingham limited the scope of e-mail searches to five custodians and ten search terms even though the parties had proposed up to twenty custodians and twenty search terms.¹⁶¹ The Judge also added that the number of custodians and searches could be expanded but only with the showing of good cause.¹⁶² Though never expressly stated in the discovery order in *Stambler*, it is likely safe to state that the Model Order influenced Judge Everingham in limiting the discovery of e-mail.

Two other Eastern District of Texas judges, Judge Love and Judge Folsom, issued discovery orders with provisions similar to the Model Order in October 2011. First, in *Effectively Illuminated Pathways LLC v. Aston Martin Lagonda of North America, Inc.*, Judge Love ordered the parties to limit e-mail searches to

¹⁵⁶ Bessen & Meurer, *supra* note 154, at 31 tbl.4.

¹⁵⁷ See *State of Patent Litigation*, *supra* note 22, at 337.

¹⁵⁸ *Id.* at 338 (stating the Model Order may be modified if both of the parties jointly agree to the changes or the order may be modified by the court with good cause).

¹⁵⁹ *Stambler v. Atmos Energy Corp.*, No. 10-CV-00594 (E.D. Tex. Sept. 29, 2011) (discovery order).

¹⁶⁰ See *id.*

¹⁶¹ Michael C. Smith, *First Post-Bench/Bar Order on E-mail Discovery Limits - by Judge Everingham*, EDTXWEBLOG.COM (Oct. 11, 2011, 6:36 PM), http://mcsmith.blogs.com/eastern_district_of_texas/2011/10/first-post-benchbar-order-on-e-mail-discovery-limits-by-judge-everingham.html.

¹⁶² *Id.*

five custodians.¹⁶³ The Judge did not limit search terms, however, stating only to use “the fewest and most relevant search terms.”¹⁶⁴ Judge Love also took the extra step and promoted the Model Order by posting it to his website.¹⁶⁵ Second, Judge Folsom incorporated the Model Order nearly word-for-word into the portion of the discovery order that pertains to ESI in *Intravisual Inc. v Fujitsu Ltd.*¹⁶⁶ In fact, the only things differing from the Model Order in Judge Folsom’s order are the amount of search terms (ten) and the timing of production (Judge Folsom’s discovery order does not require the exchange of e-mail to take place after initial disclosures and basic documentation exchange).¹⁶⁷ Further, the *Intravisual* order also included cost shifting provisions,¹⁶⁸ which is interesting as the Eastern District of Texas Model Order, discussed below, states that such a provision is unneeded.¹⁶⁹ The *Intravisual* case is significant due to its direct incorporation of the Order in nearly its full form.

The Model Order was incorporated so often in the Eastern District of Texas that the district decided to formally accept a version of the Model Order into the appendix of the local rules.¹⁷⁰ While this Eastern District of Texas E-Discovery Order (E.D. Model Order) varied from Judge Rader’s Model Order, it is easy to see the impact of the Model Order.¹⁷¹ What is interesting, however, is that the Eastern District of Texas did not place their new e-discovery order into their local rules directly. The court noted that by placing the E.D. Model Order in the appendix of the local rules it “allows maximum flexibility for both litigants and the court as attempts are made to tailor e-discovery planning to differing facts, case to case.”¹⁷² The E.D. Model Order also reflects the common opinion that the

¹⁶³ Effectively Illuminated Pathways LLC v. Aston Martin Lagonda of N. Am., Inc., No. 6:11-CV-00034-LED-JDL, at *6 (E.D. Tex. Oct. 20, 2011) (discovery order).

¹⁶⁴ *Id.*

¹⁶⁵ See John Council, *Efficient E-Discovery: How Will Model Order Impact Eastern District Practice*, TEX. LAWYER (Nov. 28, 2011), <http://www.law.com/jsp/tx/PubArticleFriendlyTX.jsp?id=1202533572326&slreturn=20120817190243>.

¹⁶⁶ *Intravisual, Inc. v. Fujitsu, Ltd.*, No. 2:10-CV-00090-JRG, at *2 (E.D. Tex. Oct. 28, 2011) (discovery order).

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ *Model Order Regarding E-Discovery in Patent Cases*, E.D. TEX. CIV. R. APP. P [hereinafter *E.D. of Tex. Model Order*], available at http://pdfserver.amlaw.com/legaltechnology/Model_E-Discovery_Patent_Order_w_Commentary.pdf (last visited May 23, 2013).

¹⁷⁰ *Id.* at *1.

¹⁷¹ *See id.*

¹⁷² *Id.* at *4.

Model Order is too restrictive.¹⁷³ The E.D. Model Order loosens restrictions by increasing the amount of custodians to eight and the amount of search terms to ten.¹⁷⁴ This loosening is on par with the district's reputation of having liberal discovery policies.¹⁷⁵ Also, another big difference between the two orders is that the cost sharing provision was stricken from the E.D. Model Order. When referring to the comments on this stricken provision, it is noted that the Eastern District of Texas believes that Rule 26(c) provides for cost sharing, and a provision requiring cost sharing in the order is unnecessary.¹⁷⁶

2. *The Northern District of California*

The next state that adopted and used the Model Order was the Northern District of California, Chief Judge James Ware's home district.¹⁷⁷ Chief Judge Ware was a member of the E-Discovery Committee that assisted Chief Judge Rader in creating the Model Order.¹⁷⁸ While it is Judge Ware's home district, Magistrate Judge Paul S. Grewel actually took the role of adopting and discussing the Model Order in the first two cases to adopt the Model Order in California.¹⁷⁹ The theme of the Judge Grewel's cases seems to be that the Model Order may be used appropriately in a variety of different circumstances (i.e., with direct competitors¹⁸⁰ and with non-parties¹⁸¹).¹⁸²

¹⁷³ Matt Miller, *Texas Court Builds on Judge Rader's Model Order on E-Discovery*, DISCOVER READY (Mar. 13, 2012), <http://discoverready.com/blog/texas-court-builds-on-judge-raders-model-order/> (praising the Model Order but ponders whether it is too restrictive for actual practice).

¹⁷⁴ *E.D. of Tex. Model Order*, *supra* note 169, at 5.

¹⁷⁵ See McDermott Will & Emery, *Eastern District of Texas Unveils E-Discovery Model to Curb Abuse*, THE NAT'L LAW REVIEW (May 4, 2012), <http://www.natlawreview.com/article/eastern-district-texas-unveils-e-discovery-model-to-curb-abuse>.

¹⁷⁶ *E.D. of Tex. Model Order*, *supra* note 169, at *4.

¹⁷⁷ See Akbar, *supra* note 92.

¹⁷⁸ *Model Order*, *supra* note 17, at 350.

¹⁷⁹ See *DCG Sys., Inc. v. Checkpoint Technologies, LLC*, No. C-11-03792 (PSG), 2011 WL 5244356 (N.D. Cal. Nov. 2, 2011); see also *In re Google Litig.*, No. C-08-03172 RMW (PSG), 2011 WL 6113000 (N.D. Cal. Dec. 7, 2011).

¹⁸⁰ See *DCG Sys.*, 2011 WL 5244356, at *2 (“[I]f competitor cases such as this lack the asymmetrical production burden often found in NPE cases, so that two parties might benefit from production restrictions, the Model Order would seem more appropriate, not less.”).

¹⁸¹ See *In re Google Litig.*, 2011 WL 6113000, at *3 (“Although the model order is directed to discovery from parties, its objective of appropriately scaling the burden of electronic document production to its legitimate benefit would appear as or more applicable to electronic discovery from non-parties like KPCB.”).

¹⁸² See Miller, *supra* note 143, at 22.

The first case that adopted the Model Order in the Northern District of California was *DCG Systems, Inc. v. Checkpoint Technologies, LLC*.¹⁸³ This case involved two direct competitors. Checkpoint Technologies proposed adopting a version of the Model Order, while DCG Systems opposed the motion.¹⁸⁴ DCG's main argument was that the Model Order is not applicable to cases that involve direct competitors and is only fit for cases involving an NPE.¹⁸⁵ Judge Grewel promptly put his foot down and stated that Model Order is indeed applicable to the case.¹⁸⁶ The version of the Model Order that was granted by the court was similar to the Model Order introduced by Chief Judge Rader, except that Judge Grewel's order increased the limit of custodians to ten per party.¹⁸⁷ Further, the order that was granted by the court increased the number of search terms to a generous twenty.¹⁸⁸ Judge Grewel stated at the end of the opinion that if the restrictions of the Model Order proved to be undue, then the court would entertain a request to modify the limits.¹⁸⁹ The court recognized that e-discovery has been an issue that has been in need of attention for some time.¹⁹⁰ Judge Grewel stated that only through "experimentation of at least the modest sort" are parties going to understand where the boundary lies between appropriate and unnecessary discovery.¹⁹¹

The second case in which Judge Grewel issued a discovery order similar to the Model Order was in *In re Google Litigation*.¹⁹² In this case, the plaintiff was moving to compel the production of documents from a non-party.¹⁹³ The court looked to minimize the nonparty's expense by incorporating relevant portions of the Model Order into the discovery order.¹⁹⁴ The court recognized that the Model

¹⁸³ No. 5:11-cv-03792 PSG, 2011 WL 5244356 (N.D. Cal. Nov. 2, 2011).

¹⁸⁴ *Id.* at *1.

¹⁸⁵ *Id.* at *2.

¹⁸⁶ *Id.*

¹⁸⁷ Compare *DCG Sys., Inc. v. Checkpoint Technologies, LLC*, No. 5:11-cv-03792 (PSG), 2011 WL 5244356, at *2 (N.D. Cal. Nov. 2, 2011) (order regarding e-discovery) (limiting party requests to ten custodians and a total of twenty search terms per custodian per party), with *Model Order*, *supra* note 17, at 352 ("Each requesting party shall limit its email production requests to a total of five custodians per producing party for all such requests.").

¹⁸⁸ *DCG Sys.*, 2011 WL 5244356, at *2 (order regarding e-discovery).

¹⁸⁹ *Id.* at *2.

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

¹⁹² See *In re Google Litig.*, No. C-08-03172 RMW (PSG), 2011 WL 6113000, at *1 (N.D. Cal. Dec. 7, 2011).

¹⁹³ *Id.*

¹⁹⁴ *Id.* at *3("While minimizing KPCB's burden and expense, the court looks to the pertinent portions of the Federal Circuit Advisory Council's Model Order on E-Discovery in Patent Cases.").

Order is directed to discovery from parties and not non-parties.¹⁹⁵ Judge Grewel stated, that the Model Order's objective is to scale back the burden of e-discovery, which is even more applicable to non-parties who don't even have a hand in the litigation.¹⁹⁶ The discovery order that issued on December 7, 2011 included a five-custodian limit, five-search term limit, and provisions for cost sharing.¹⁹⁷

3. USPTO and Other Jurisdictions

While the most immediate impacts of the Model Order have been felt and discussed in the Eastern District of Texas and the Northern District of California, the Model Order is also gaining acceptance with other districts and the USPTO.

The Model Order has been cited in at least one brief in the Middle District of Georgia.¹⁹⁸ Parties have also used the Model Order during pretrial conferences in Wisconsin,¹⁹⁹ Maine,²⁰⁰ Oklahoma,²⁰¹ and Massachusetts²⁰² presumably as a tool to jump-start the conversation about reasonable discovery procedures and to initiate cooperation. Additionally, both the Model Order and the E.D. Model Order have proved to be helpful in issuing discovery orders in the United States Court of Federal Claims.²⁰³

The Model Order is also being accepted outside of the federal court system. On August 14, 2012, the USPTO published rules that are to be used in the three administrative trial provisions of the Leahy-Smith America Invents Act.²⁰⁴ The

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ Merial's Brief in Opposition to Velcera's Motion to Compel Regarding Electronically Stored Information and Merial's Cross-Motion to Compel Production of Electronically Stored Information, *Merial Ltd. v. Velcera, Inc.*, No. 3:11-cv-00157-CDL, 2012 WL 3070202 (M.D. Ga. May 11, 2012).

¹⁹⁹ Joint Preliminary Pretrial Conference Report at 5, *Select Retrieval, LLC v. Alice.com, Inc.*, No. 3:11-cv-00637-bbc (W.D. Wis. Feb. 23, 2012).

²⁰⁰ Joint Proposed Scheduling Order and Rule 26(f) Report at 5, *Pinpoint Inc. v. LL Bean, Inc.*, No. 2:11-cv-00483-NT (D. Me. Nov. 7, 2011).

²⁰¹ Joint Discovery Plan Pursuant to Rule 26(f) at 23, *In re Transdata Inc. Smart Meters Patent Litig.*, No. 5:12-ml-02309-C (W.D. Okla. July 30, 2012).

²⁰² Joint Statement Pursuant to Local Rules 16.1(D) and 16.6 at 19–21, *DataTern, Inc. v. MicroStrategy, Inc.*, No. 1:11-cv-12220-FDS (D. Mass. Mar. 20, 2012).

²⁰³ *ArrivalStar S.A. v. United States*, No. 11–784C, 2012 WL 3590414, at *3 n.1 (Fed. Cl. Aug. 20, 2012).

²⁰⁴ See, e.g., Hogene Choi, *Overview of the New Post-Grant Trial Procedures at the USPTO*, BAKER BOTTS (Sept. 2012), http://www.bakerbotts.com/file_upload/IPReport201209-OverviewOfTheNewPost-GrantTrialProceduresAtTheUSPTO.htm.

three provisions include inter partes review,²⁰⁵ post-grant review,²⁰⁶ and post-grant review of covered business method patents.²⁰⁷ Of particular interest is that the USPTO, and specifically the Patent Trial and Appeal Board, will enter an order regarding e-discovery based on the Federal Circuit's Model Order whenever e-discovery other than "routine discovery" is sought during the three administrative trial proceedings.²⁰⁸ This is a big step in the direction of uniform acceptance of the Model Order because for many litigants currently entangled in the court system these three administrative trial proceedings may take the place of full-fledged patent litigation in the years to come. The proceedings appear to be especially attractive as they provide an affordable alternative to litigation to review the merits of existing patents.²⁰⁹

IV. THE OUTLOOK FROM HERE—FUTURE ACCEPTANCE

It is not uncommon for federal judges to become irritated when parties do not cooperate during litigation.²¹⁰ Judges are also getting irritated with the outrageous costs that are facing parties.²¹¹ Because of this common feeling on the bench, the Model Order is likely to be used in more cases as judges attempt to control the costs of litigation. The utilization of the Model Order also requires the parties to be willing to control costs as well, despite a tendency to push back against limitations on discovery. By keeping a tight budget and balancing expectations, clients can reduce excessive, expensive discovery.²¹² This is especially effective when cost sharing provisions are incorporated into the discovery order. This will

²⁰⁵ 35 U.S.C.A. §§ 311–19 (West, Westlaw through P.L. 113-9 (excluding P.L. 113-4) approved May 1, 2013).

²⁰⁶ *See id.* §§ 321–329.

²⁰⁷ *Id.*

²⁰⁸ Christopher K. Larus & Bryan J. Mechell, *The New Post-Issuance Procedures: The PTO's Final Rules on Discovery and Trial Practice*, 84 PAT. TRADEMARK & COPYRIGHT J. 828 (Sept. 14, 2012), available at <http://www.rkmc.com/~media/PDFs/The%20New%20Post-Issuance%20Procedures.ashx>.

²⁰⁹ Quentin Palfrey, *Patent Reform: Celebrating the One Year Anniversary of the America Invents Act*, THE WHITE HOUSE BLOG (Sept. 17, 2012, 1:28 PM), <http://www.whitehouse.gov/blog/2012/09/17/patent-reform-celebrating-one-year-anniversary-america-invents-act>.

²¹⁰ *See Morris v. Coker*, No. A-11-MC-712-SS, 2011 WL 3847590, *1 (W.D. Tex. Aug. 26, 2011) (stating that the Judge invites bickering attorneys to a "kindergarten party" for an informative lesson, but the attorneys took the hint and settled the case therefore canceling the kindergarten party).

²¹¹ *See State of Patent Litigation*, *supra* note 22, at 345 ("Bearing that in mind, we have an obligation to pass this system on to our children and their children in as good or better shape than we found it. We need to ensure that patent law continues to serve its purpose of fostering innovation and that patent litigation does not become an unwieldy, unpredictable, and unaffordable burden on innovation.") (footnote omitted).

²¹² *See Alexander*, *supra* note 2, at 83.

force attorneys to have a candid conversation with their client about the appropriateness of more discovery. The cost shifting provision was included in the Model Order for this exact reason; to require the party seeking more discovery to carefully consider the financial burden rather than just blindly requesting more discovery at the opposing party's expense.²¹³

Reports are beginning to surface that companies in litigation that utilized the bold provisions of the Model Order have saved millions of dollars.²¹⁴ The CAFC has yet to formally approve the language of the Model Order,²¹⁵ though, with the current rate of acceptance of the Model Order, such approval might not be necessary for even more widespread acceptance. Certainly, confirmation by the CAFC would breed confidence in district court judges and would confirm the Model Order's effectiveness, but, as shown above, many Judges are already embracing the Model Order. It is possible that judges may pressure their local districts to follow the ways of the Eastern District of Texas and simply add a version of the Model Order to the appendix of the local rules to allow for selective acceptance of the Order in cases where it is appropriate.

A. *More Than Just Patent Cases*

As stated in *DCG Systems Inc.*, the Model Order is not limited only to cases involving an NPE.²¹⁶ The court stated "there was nothing in Chief Judge's [Rader] speech or the text of the Model Order so limiting its application."²¹⁷ Because e-discovery problems plague more than just patent cases, many have pondered if the Model Order would be used as a tool in non-patent cases.²¹⁸ The

²¹³ Edward Reines & Ping Gu, *Reducing the Cost of Patent Litigation*, THE RECORDER, Aug. 20, 2012 at 17, available at http://pdfserver.amlaw.com/ca/TR_Litigation_082012.pdf ("If the discovering party has a hungry appetite for discovery beyond [the Model Order's] limits it may seek additional e-mail, but it must do so at its own expense. The committee reasoned that people, including litigants, would tend to expend their own resources more carefully than they would an adversary's resources.").

²¹⁴ *Id.* at 20 ("Feedback to date supports the conclusion that the [M]odel [O]rder has rapidly reduced the volume of unnecessary e-discovery. Reliable reports from the corporate community indicate that many millions of dollars have been saved since the [M]odel [O]rder was introduced in September 2011.").

²¹⁵ *Advisory Council*, U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, <http://www.cafc.uscourts.gov/the-court/advisory-council.html> (last visited April 9, 2013) (stating The Federal Circuit Advisory Council has drafted and adopted a Model Order governing e-discovery but the CAFC has yet to approve of the language).

²¹⁶ *DCG Sys., Inc. v. Checkpoint Technologies, LLC*, No. 5:11-cv-03792 (PSG), 2011 WL 5244356, at *2 (N.D. Cal. Nov. 2, 2011).

²¹⁷ *Id.*

²¹⁸ John Tredennick, *New Model E-Discovery Order for Patent Cases Turns Fishing Expeditions into Games of 'Go Fish'*, CATALYST (Oct. 10, 2011), <http://www.catalystsecure.com/blog/2011/10/new-model-e-discovery-order-for-patent-cases-turns->

Eastern District of Texas is already seeing this trend. A modified version of the E.D. Model Order that removed patent specific provisions was recently adopted in a comic book copyright case.²¹⁹ Even more promising is that a version of the E.D. Model Order was modified and adopted in a breach of contract case.²²⁰

B. *Decreasing the Total Number of NPE Cases Filed*

The Model Order goes to great lengths to help balance the equation when it comes to NPE litigation.²²¹ While the Model Order does help save money for companies subject to NPE infringement suits, it still does not likely offer enough of a disincentive to keep NPE's out of court. Experts argue that it is going to take more drastic reform to really quash NPE behavior.²²² The Model Order may force entities to expend more effort into careful discovery, which is only a positive for both parties in litigation.

C. *Predictive Coding*

Critics argue that the Model Order will become outdated quickly due to the rise of predictive coding taking over for keyword searching.²²³ “Predictive coding

fishing-expeditions-into-games-of-go-fish/ (“While not the first model order to hit the scene, this one could have far-reaching implications—not only for patent disputes but for other civil cases in federal and state courts.”).

²¹⁹ *Rogue Satellite Comics v. DreamWorks Animation SKG, Inc.*, No. 6:11-cv-00253-LED (E.D. Tex. Apr. 16, 2012) (order regarding e-discovery).

²²⁰ *Stout v. Pierce*, No. 4:12-cv-00051-RAS (E.D. Tex. May 11, 2012) (order regarding e-discovery).

²²¹ The Leahy-Smith America Invents Act also provides help to control the activity of NPE litigation, specifically in limiting joinder in patent cases. *See* Leahy-Smith America Invents Act § 19(d)(1), Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended at 35 U.S.C.A. § 299 (West 2012) (“Joinder of parties”)); Tracie L. Bryant, *The America Invents Act: Slaying Trolls, Limiting Joinder*, 25 HARV. J.L. & TECH. 673, 690 (2012) (“[The joinder provision] mak[es] it more difficult for patent trolls to bring suits against multiple defendants. Thus, the provision curbs patent troll litigation by limiting the trolls’ ability to forum shop.”).

²²² Holly Forsberg, *Diminishing the Attractiveness of Trolling: The Impacts of Recent Judicial Activity on Non-practicing Entities*, 12 U. PITT. J. TECH. L. & POL’Y 1, 27 (2011). Judicial decisions are helping put up barriers for patent trolls and are becoming engrained into regular patent practice. *Id.* In response, “trolling entities will be faced with additional barriers which, admittedly, may result in increased sophistication of some entities, but may also cause a number of entities to decide that the ever-increasing costs and ever-decreasing returns from litigation make the business no longer financially attractive.” *Id.*

²²³ Ralph Losey, *Good, Better, Best: a Tale of Three Proportionality Cases – Part One Still*, E-DISCOVERY TEAM BLOG (Apr. 8th, 2012, 4:27 PM), <http://e-discoveryteam.com/2012/04/08/good-better-best-a-tale-of-three-proportionality-cases-part-one/> (“Its reliance on five keywords is flawed. Still, given the cost of most vendor’s predictive coding software these days, and the weak understanding most lawyers have of legal search, this reliance on outdated technology and search methods is to be expected.”).

teaches computers to ‘predict’ the relevant documents based not only on key terminology, but features like dates, names, broader phrases, and other items of context.”²²⁴ This method of predicting relevant documents is also estimated to save up to 70 percent of review costs.²²⁵ The technology is relatively new, but has been approved for use in recent cases.²²⁶ The Model Order is silent to the use of this technology but because predictive coding is so new a “best practices” has yet to be drafted to properly and effectively use the technology.²²⁷ Even if predictive coding becomes prevalent in practice, it does not automatically make the keyword search provision of the Model Order obsolete. In small cases keyword searching is still likely to be sufficient.²²⁸ Additionally, if predictive coding is adopted into a discovery order, it does not mean that other provisions of the Model Order will necessarily be prohibited from being used (i.e., cost shifting).

V. CONCLUSION

The Model Order is a big step in the right direction in the fight to control outrageous e-discovery costs in patent cases. The Model Order essentially forces the parties to cooperate to streamline e-discovery, yet the order is also flexible enough so it may be altered if necessary. As the Model Order continues to be accepted across the United States, litigants stand a chance to substantially decrease litigation costs and ensure patent litigation’s golden goose is preserved.

²²⁴ See Akbar, *supra* note 92.

²²⁵ *Id.*

²²⁶ See, e.g., *Da Silva Moore v. Publicis Groupe*, No. 11-Civ.-1279-ALC-AJP, 2012 U.S. Dist. LEXIS 23350, at *1 (S.D.N.Y. Feb. 24, 2012) (Judge approved of the use of predictive coding; however, neither party objected).

²²⁷ See Akbar, *supra* note 92 (discussing that keyword searching may still have a place in a predictive coding world).

²²⁸ *Id.*