

Texas – Law Firms

The Eastern District Of Texas: A Magnet For Patent Litigation

The Editor interviews **Daniel F. Perez** and **Sanford E. Warren, Jr.**, Partners, Akin Gump Strauss Hauer & Feld LLP.

Editor: Please tell our readers about your background and career experience.

Perez: I have been involved in patent litigation for 19 years. I met Sanford at Jones Day, where we practiced together in the 1990s, representing Texas Instruments and others in patent litigation. I have litigated in the Eastern, Western, Northern and Southern Districts of Texas. I have also handled IP litigation from California to New York. Recently, the Eastern District of Texas has been a major focus of my practice.

Warren: My background is similar. I have been doing this for almost 20 years. Dan and I met at Jones Day. We have handled cases covering everything in the IP field, including copyrights, patents, trademarks and trade secrets. We have been involved in everything from getting temporary restraining orders (TROs) and representing architects to representing Fortune 500 companies. We have litigated in every district in Texas and have had cases in New York, California, Georgia and Ohio.

Editor: What are the typical costs involved with litigating a high-tech client's patented technology in Texas?

Warren: The American Intellectual Property Law Association conducts a survey every year on typical costs. In Texas, typical fees in a patent case of average complexity can range from \$2.5 to \$5 million. Large, multijurisdictional cases can be much more expensive. A company can spend from \$10 to \$12 million. The cost depends on the number of patents and lawsuits involved.

Editor: What is your opinion on how a change to a "first to file" system versus the current "first to invent" system will affect IP litigation in Texas, and around the country, as you know it today?

Perez: First, I do not know that it will become law soon. If it does, I don't know whether it will affect the volume or complexity of litigation very much – particularly in places like the Eastern District of Texas with its rocket docket. However, given that it may eventually become law, companies should review how rapidly they file for patents. At present, larger companies are faster to file, and I expect to see the process accelerate.

Warren: If I were a large company I would have it on my radar screen. Although it will not have much impact on IP litigation in general, it will affect patent prosecution practices by encouraging companies to rush to be the first to file, and may also impact litigation in cases where there is an issue of inventorship.

Editor: Why is it that from 2001 through 2005 the number of patent cases in the Eastern District of Texas increased by 350%, thereby essentially making Texas a "hotbed" for IP litigation?

Perez: Hardworking judges – the willingness of Judges Ward, Davis, Fulsom, Schell and now Judge Clark out of Beaumont to put in the extra hours to thoroughly understand a case and to move it along.



Daniel F. Perez

The judges in the Eastern District have adopted patent rules that streamline patent litigation matters. They will set a *Markman* hearing and will not move that date. Usually, they will rule on it within 30 to 45 days. They set trial dates and, likewise, make them stick. The certainty of the dates along with the hardworking judges make the Eastern District a magnet for patent cases.

Warren: The judges Dan mentioned decided that they liked to handle patent cases. They pushed for rules that expedited the litigation process. Now, the entire district has adopted them, and all the judges are using them. Unlike in some jurisdictions, these judges do not move the dates. As a result, there is a compressed timeline. As a plaintiff, you enjoy that benefit whether you are a large or small company because you know you will have speedy justice. Most clients tell us that the faster you get there the less it will cost.

Editor: Is the Eastern District of Texas attracting cases from outside of Texas?

Perez: Yes. We are getting cases that in past years would have been filed in California, Virginia or New York. It is not just an attractive place for cost-benefit reasons from the plaintiff's standpoint but also from the defendant's standpoint. Because a defendant will spend less time resolving cases there, it frees up the businesspeople to go back to running their businesses.

Editor: Why was the term "rocket docket" coined for the Eastern District of Texas?

Warren: I first heard the term in the Eastern District of Virginia. They were one of the first districts to use it. The Eastern District of Texas is considered a rocket docket because of its speed leading to early resolution of cases. Other districts have adopted similar rules.

Perez: Currently, the Eastern District of Virginia, the Northern and Southern Districts of California, the Northern District of Georgia, the Western District of Wisconsin and the Western District of Pennsylvania have all adopted patent rules. In the Northern District of Texas it is my understanding that Judges Boyle, Godbey and Lynn will apply similar patent rules to those cases where they feel it is appropriate.

Editor: Do you feel that the Eastern Dis-



Sanford E. Warren, Jr.

trict of Texas is a pro patent owner jurisdiction?

Warren: I cannot disagree with that. Most people in East Texas are everyday citizens and fairly conservative. There have been jury research studies which show that in the Eastern District of Texas jurors are less inclined to believe that the government would make a mistake. They are more inclined to believe that a patent issued by the patent office will be valid and a good thing. That is one reason people would consider it pro patent.

Perez: I agree with Sanford. Also, in any type of case, a rocket docket tends to favor a well-prepared plaintiff.

Editor: How are business method patents currently faring in the courts?

Warren: Business method patents are handled better now than they were earlier. There is a time lag in the patent office between a new technology and the ability of examiners to do a thorough job. The same thing occurred when software patents were first being granted. Because the examiners are better, the quality of the patents has improved. Also, the patent office has changed its procedures. Business method patents now go through a two-tier evaluation, which is different from any other area in the patent world. It will be harder and harder to get business method patents that are too broad and not of the quality one would expect of the Patent Office.

Perez: There is still an inherent problem because what is being patented is so different. You don't have a pool of good prior art. Specifically, examiners have not accumulated a large body of experience to draw upon in issuing such patents and there is a lack of case law to guide judges.

Editor: Does the Eastern District have access to the expertise required to cope with the complex technical issues involved in much of today's patent litigation?

Perez: Yes. The judges are sensitive to the need to understand the complex technologies involved in an increasing number of cases. They know their stuff. For example, Judge Davis has a master's degree in computer science. In addition, if the court gets into an advanced area of technology, it will use technical advisors, i.e., individuals who

are skilled in the relevant area from a technology standpoint. For example, if the case involves routers for telecommunications, the court will retain an electrical engineer who is experienced in that area. She will come in and get involved in the *Markman* hearing process. There will be a dialogue with the advisor and judge so that the judge can understand the technology.

In addition, Eastern District judges will ask for a technical tutorial. It is the obligation of counsel to be able to explain the technology so that it can be understood by the court.

Editor: Why is the summary judgment motion grant rate below 10% in the Eastern District of Texas?

Warren: I do not think that percentage is different from other districts. Granting a motion for summary judgment is supposed to be the exception, not the rule. It is unusual to find a case involving complicated technology where there is not a genuine factual issue. While the summary judgment rate is low in the Eastern District, it is pretty low in most districts where we litigate. There are few district courts where you will have a high percentage of motions for summary judgment that are granted.

Editor: How do you feel about the typical jury pool makeup in the Eastern District of Texas?

Perez: My perception is that the jurors, like the judges, are hardworking people. And, because they believe in the system, they take their role as jurors very seriously.

Warren: They tend to be fairly conservative and patriotic, but there are always exceptions. Jurors are not identical.

Editor: You have emphasized the merits of the Eastern District in this interview. Have you found similar qualities in other districts in the state?

Perez: The Eastern District of Texas is strong. Likewise, there are some fine judges that I have been before in the Southern District of Texas. The Western District is active. Indeed, Judge Sparks is someone who will get his hands dirty in highly technical cases. He is very strong. Previously, I mentioned three very fine judges in the Northern District. Judge Godbey has a degree in electrical engineering and worked at Texas Instruments as an engineer prior to going to law school. We are lucky to have the quality of judges we have in Texas.

Sanford and I put on a patent litigation seminar at Lake Tahoe in July. We had a lot of people from California attend because they want to learn more about the Eastern District of Texas and Texas litigation. The comments I made about the Texas judges were similar to those I heard from litigators from San Francisco, Los Angeles and San Diego who practiced in the Texas district courts. They like litigating in Texas. They feel that because our state has attracted so much industry, the judges here have become better versed in technical areas. Also, people from other jurisdictions know that their patent cases will not linger here.

Warren: I agree. There are a lot of good federal judges in Texas. I have found that in most of the federal cases I have handled throughout the state, the judges work hard and do a good job.

Please email the interviewees at dperez@akingump.com or swarren@akingump.com with questions about this interview.