



# THINK FORWARD

## Streamlining Case for Trial May Have Unintended Consequences

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A refrain often repeated by courts, jurors and even litigants is that patent cases are too complex, confusing and long. One response to that criticism has been to streamline the case by dropping patents or claims before trial. Sometimes this is done by court, other times by agreement of the parties. The Federal Circuit's recent decision in *Nuance Communications, Inc. v. ABBYY USA Software House, Inc.*, No. 2014-1629, 2014-163, is a reminder that such an approach, and the resulting final judgment, may have consequences for the untried patents and claims. In *Nuance*, the patentee, consistent with the case management order, narrowed the number of patents and claims presented to the jury. After the jury returned a verdict of no infringement on those patents and claims, the district court entered a final judgment against the patentee as to all of its patents, including the patents that were not part of the jury trial. Nuance appealed, claiming that it was denied due process and arguing that it should have the opportunity to proceed with a second trial on the untried patents. The Federal Circuit disagreed, and the Court's analysis is instructive to litigants who often are faced with the decision of how and when to narrow claims for trial.

The appeal arises from a patent infringement action filed in the Northern District of California. Nuance asserted eight patents and over 140 claims. Three of the patents related to OCR technology, while the remaining five did not. During the course of the district court case, Nuance had repeatedly made statements suggesting the intent to avoid multiple trials. The Court reviewed the activities leading to the case management plan, and found that while Nuance was not opposed to multiple *Markman* hearings based on the patents' subject matter, Nuance, from the outset, intended to proceed with a single trial on a subset of patents. Notably, it was Nuance that volunteered to narrow the number of patents and claims for trial. The district court agreed with Nuance's proposals, which were incorporated into the case management order.

Nevertheless, when ABBYY filed a motion to compel costs after conclusion of the trial, Nuance responded that the completed trial was only the "initial" trial and it had reserved its right to subsequently try the other patents. The district court disagreed, stating that Nuance had a "full and fair trial on the issues selected by Nuance for its case-in-chief" and that final judgment "did not exempt any of Nuance's causes of action or reserve judgment on any of Nuance's patents that it chose not to pursue at trial."

On appeal, the Federal Circuit noted that the district court could have provided clearer guidance on the consequences of narrowing claims before trial, but ultimately there was no denial of due process, even though the parties appear to have agreed that untried claims presented unique issues of infringement not addressed during the first trial. This part of the decision is notable because in *In re Katz Interactive Call Processing Patent Litigation*, 639 F3d. 1303 (Fed. Cir. 2011), the Federal Circuit had approved a district court's order limiting the number of claims for trial because the district court also provided the patentee with the opportunity to assert additional claims if they raised unique legal issues. In *Nuance*, however, the Court found that the patentee failed to preserve its right to make such a showing, noting

that the record lacked evidence of Nuance's objections to the procedures leading to a single trial. The Court rejected Nuance's reliance on a statement submitted prior to adoption of the case management plan, that expressly reserved the patentee's rights as to all patents, including those not selected for trial. The Court found the statement to be "boilerplate" and insufficient to preserve its due process arguments.

Some takeaways from the decision include the following:

1. Narrowing of the patents or claims to be litigated (whether voluntarily for strategic reasons or required by a court) can impact the status of the unlitigated patents.
2. Objections to procedures that narrow the asserted claims or patents should be clearly stated and repeated in order to preserve a party's right on appeal.
3. Objections should contain more than mere "boilerplate" language.
4. If unique legal issues emerge with respect to the unasserted claims and patents, the patentee should timely move to expand the prior limits imposed by the court or voluntarily adopted by the party.

If you have any questions or wish to discuss how this decision impacts your business, please contact one of our [Brinks Attorneys](#).