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# The Care and Feeding of Experts in a Patent Case

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Most patent infringement cases involve complex technological, legal, and economic issues that present enormous challenges to judges and juries. Because of the unique nature of these cases, the testimony of expert witnesses plays an especially important role in the outcome. Indeed, using the right experts may ultimately determine which side will prevail. Therefore, as with very few other types of litigation, choosing the right expert may spell the difference between success and failure.

This article discusses the factors involved with selecting the right expert for a particular case. It begins by discussing the legal framework for expert opinion testimony. Next, it examines the issues in a patent infringement case that most frequently lend themselves to expert testimony. Third, it offers thoughts on what to look for in an expert and the qualities that may make for an effective expert. Fourth, the article addresses the at times-overlooked but critical question of when to involve an expert in a lawsuit. Finally, a brief cautionary note on using care when communicating with an expert or potential expert is offered.

## The Legal Basis for Expert Opinion Testimony

The Federal Rules of Evidence (Rules) provide the legal foundation for expert opinion testimony in cases pending in the US District Courts. Rule 702 provides the fundamental principle regarding the use of expert testimony:

If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and

methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

This rule requires the party attempting to offer expert testimony to establish a number of threshold facts before being allowed to use the expert: (1) the person has scientific, technical, or other specialized knowledge; (2) such knowledge will assist the trier of fact; (3) the witness's background, experience, knowledge, skill, or education qualifies him or her as expert; (4) the opinion the expert anticipates offering is based on sufficient facts or data; (5) the opinion is grounded on reliable principles and methods—not “junk science”; and (6) the expert applies the facts and principles in an acceptable, recognized manner. The failure to establish even one of these threshold facts will likely lead the court to deny a party's request to have the particular expert testify.

Rules 703, 704, and 705 then address procedural considerations relating to the use of expert testimony. According to Rule 703, an expert can rely on “facts or data . . . perceived by or made known to the expert at or before the hearing” and may include inadmissible evidence. Rule 704 provides that an expert can render an opinion on “an ultimate issue to be decided by the trier of fact,” except when the ultimate fact is the “mental state or condition of a defendant in a criminal case.” Finally, Rule 705 discusses if and when an expert must disclose the facts or data underlying her opinions. The latter portion of Rule 702 was added several years ago to incorporate rulings that were intended to assuage concerns shared by many judges, attorneys, and commentators regarding the apparent ease with which trial experts were able to advance “junk science” and to stem the controversial verdicts, which supposedly resulted from unchecked expert testimony. Beginning in the mid-90s, courts fashioned a threshold test used in determining whether to admit an expert's testimony—in combination with Rule 702, many courts still use such a test. In considering a particular individual as a potential expert, it is important to evaluate whether the trial court is likely to allow the potential expert's opinion when offered at trial. The case most often cited as describing the trial court's “gatekeeper” role with respect to expert opinions is *Daubert v. Merrell Dow Pharmaceuticals, Inc.*,<sup>1</sup> in which the Supreme Court articulated the standard that was later incorporated into

current Federal Rule of Evidence 702. As the Ninth Circuit stated in *Daubert* after remand from the Supreme Court, a proffered expert opinion must show “some objective, independent validation of the expert’s methodology.”<sup>2</sup> While the determination of whether to allow a particular expert’s testimony is not an exact science (a shameless but irresistible pun), the Supreme Court in *Daubert* did articulate several non-exclusive factors that courts should typically consider:

1. Whether the scientific theory or technique can be tested;
2. Whether the theory or technique has been subjected to peer review and publication;
3. Whether there is a known or potential error rate; and
4. Whether the theory or technique is generally accepted in the scientific community.<sup>3</sup>

Even if an expert’s proffered opinion is scientifically sound as measured by Rule 702 and *Daubert*, other principles circumscribe the scope and extent of an expert’s opinion. Significantly, even the most august specialist can only offer an opinion within the realm of her expertise. The flip side of this principle is that an expert cannot render an opinion on a matter that the average juror has the equal ability and experience to decide. The most obvious example is that an expert cannot testify regarding the credibility of a witness.<sup>4</sup> Or, when an expert’s testimony does not rely on his or her expertise but merely on inferences drawn from a review of the record, the court most likely will not permit the testimony.<sup>5</sup> In other words, make sure to use experts to provide true *expert* opinions.

Finally, any discussion of the law governing expert testimony must include a mention of the Federal Rules of Civil Procedure, as those Rules provide the procedural underpinnings pursuant to which an expert can provide opinion testimony. Rule 26(a)(2) requires a party intending to use one or more expert witnesses at trial to provide all other parties with a report from each expert, prepared and signed by the expert, containing:

1. A complete statement of the expert’s opinions;
2. The information or data considered by the expert in forming his or her opinions;
3. Any exhibits that summarize or support the opinions expressed in the expert’s report;
4. The qualifications of the expert, including a list of publications authored by the witness in the last 10 years; and
5. A listing of all cases in which the expert has testified as an expert at trial or in deposition during the preceding four years.

Under Rule 26(a)(1)(C), a party must submit its expert reports 90 days before trial, although many district courts set pretrial schedules that call for the parties to exchange expert reports under a different schedule than that set forth in Rule 26. The failure to properly disclose an expert’s opinions may bar a party from using that expert at trial.<sup>6</sup>

Following the rules regarding experts is critical to having an expert’s testimony admitted. As with most other aspects of litigation, the attention to detail can make an enormous difference.

## Identifying Subjects That Might Require Expert Testimony

Patent infringement cases are overflowing with issues that cry out for expert testimony. First, there is the technology that forms the subject of the lawsuit. Although the scientific complexity and degree of difficulty at issue in an infringement case vary widely from subject matter to subject matter, even the seemingly most straightforward technological principles will perplex, confuse, and often frighten both judges and juries—neither of whom is likely to have a background or much experience in whatever science may be in issue. In most cases, scientific or technological expertise will come into play with respect to both infringement and validity claims. Therefore, it is almost certain that both plaintiff and defendant will call on at least one expert and at times several experts to explain and render an opinion on the scientific and technological issues.

Claim construction proceedings may present an opportunity for expert testimony, either in written form or as actual testimony in court. Although there have been some differences among courts over the propriety of presenting expert opinions on claim construction issues, the Federal Circuit’s *en banc* decision in *Phillips v. AWH Corporation*<sup>7</sup> reinforced the rule that trial judges may, and often should, accept expert testimony to help construe claim terms. Although the *Phillips* court held that “extrinsic” evidence such as expert testimony is not as important to claim construction as “intrinsic” evidence (such as the patent itself), the court also explicitly endorsed the inclusion of expert opinions to assist the trial court in construing claims. The expert to be used as part of claim construction proceedings typically is qualified to address scientific or technological topics, and may be the same expert who will be used on other scientific issues, but does not have to be.

Damages constitute another fruitful area for expert testimony. While the notion of lost profits or reasonable royalties may at first sound relatively easy to understand,

the application of those general concepts to real world businesses has become inordinately complex. With respect to lost profits, the determination might involve numerous discrete economic and financial issues, such as what really constitutes profit, the patent owner's capacity for making and selling the alleged infringing product, how the plaintiff's entry into a market might affect the sales of other noninfringing competitors, how much the infringed component might have contributed to profits—to name just a few. Calculation of a reasonable royalty is no less complicated, as it requires the application of as many as 15 different factors, and often more, in an attempt to determine what the parties might have agreed to for a royalty rate in an "imaginary" negotiation. To make such a task even more difficult, this imaginary negotiation frequently must be constructed without reliable data of comparable royalty rates. Throw in the concept of "convoyed sales" and other possible indirect areas of recovery and a damage calculation can take on an entirely different level of complexity. Needless to say, expert testimony is almost always an absolute necessity with respect to damage calculations for both the patent owner and the accused infringer.

Many patent infringement cases raise specialized issues relating to the filing and prosecution of patent applications that are well beyond the experience of judges and juries and as to which the opinion of a patent law expert might provide assistance. Issues that a patent lawyer could provide assistance on include inequitable conduct, prosecution history estoppel, and prosecution laches. Even more fundamentally, it often helps the finder of fact decide such issues as invalidity based on anticipation, obviousness, lack of a written description or lack of enablement if they have an understanding of how the patent prosecution process works. Consequently, it is not uncommon for each of the parties to retain a patent lawyer as an expert. This is particularly true if the accused infringer raises an opinion of counsel defense to a claim of willful infringement, which frequently prompts the patent owner to retain a patent attorney to comment on the adequacy of the opinion.

## Selecting the Right Experts

Many factors go into choosing the right individuals to serve as experts. Typically the factors include: the individual's qualifications, including education and experience; the person's familiarity with the particular subject matter at issue; the number of times the person has testified as an expert before, and whether his or her experience is more heavily tilted toward representing the patent owner or the accused infringer; whether others who have used the individual as an expert have positive things to say about him or her; and the person's billing rate and/or

anticipated cost. Trial lawyers have very different views on the pros and cons of using a very experienced person, the so-called professional expert, versus someone who has not testified before. Attorneys also disagree on whether it is better to use an academic as an expert or a person with more real world experience. The answers to such questions usually come down to what does the pool of available candidates look like, and who overall seems best suited to handle the issues in the particular case.

It is not too much of a stretch to conclude that the two most important things to consider when choosing a potential expert are the familiarity of the person with the particular subject matter at issue and the ability of the person to communicate, especially with people who have no experience in the area. The importance of retaining experts who know the specific subjects in a case inside and out is obviously critical. Simply meeting the baseline standards of Rule 702 and *Daubert* is not enough. The ideal expert will have the credentials and relevant experience to convince the jury that they can have confidence in what he or she says. Of equal importance to experts with unmatched qualifications is having experts who stand out as being adept at communicating complex, technical ideas to persons with no familiarity with those concepts. To judges and juries charged with the task of deciding issues involving highly complex scientific and economic subject matter, the job can seem daunting – if not completely overwhelming. People who likely will be intimidated by the type of information presented to them will naturally develop trust in someone who can help them navigate through the seemingly unfathomable maze they face, and can do so in such a way that avoids making them feel inadequate. Accordingly, an expert who can educate the judge and jurors on the principles they need to know and can explain the complex issues, without talking down to them, will gain the confidence of the decision makers. Such trust and confidence will immeasurably benefit that party's case. Indeed, one of the primary deciding factors in many cases is the rapport the jury has with the key experts.

In short, while knowledge of the subject matter is an absolute job criterion for an expert, equal consideration should be given to the expert's manner and ability to communicate. An expert's likeability can mean the difference between winning and losing the case.

## The Timing of Choosing an Expert

An attorney litigating a patent infringement case also must decide when to bring experts on board. At an absolute minimum, experts must be retained in time to allow them to complete their investigations and prepare reports

to meet the disclosure schedule set by the court. Beyond that, the short answer to when an expert should be hired is: the earlier the better. In a perfect world, a party would retain experts as soon as it determines it might have a claim, in the case of a patent owner, or when it learns of a possible claim against it, for the accused infringer. Many reasons support bringing an expert in early. For a plaintiff, a thorough evaluation of the claim must be made before filing suit in order to comply with Rule 11, and an expert can provide valuable assistance in such an evaluation. An economist expert can provide a preliminary analysis of the potential recovery from a suit, which all patent owners should assess before commencing litigation because of the extraordinarily high cost of patent litigation; needless to say, it does not make economic sense to sue for infringement if the potential recovery does not greatly exceed the anticipated cost. On the flip side, the accused infringer should use an expert to analyze its potential liability before expending the substantial resources that will be consumed in litigation. Similarly, a damages expert retained early can provide guidance on a defendant's possible exposure, which should be part of any decision regarding whether or not to aggressively fight an infringement suit.

Once litigation is under way, the employment of an expert in the preliminary stages can prove invaluable in helping shape discovery requests because he or she will have educated knowledge on what to look for. With the cost of discovery making up a highly disproportionate part of the expenses of patent litigation, a party's ability to focus its discovery efforts will give the party an advantage over its opponent and can also allow the party to use its resources more efficiently. While a scientist or financial person who is a regular employee of a party can sometimes perform these functions, it is always best to have an unbiased, independent person taking on these duties, particularly one who has familiarity with how the litigation process works—it also frees employees to perform the important work for which they were hired.

Although the benefits to retaining an expert early in a dispute are readily apparent, it is not always possible to accomplish this. The primary impediment to the early hiring of an expert is cost. Quite simply, experts are expensive. Lawyers are too, of course, but the cost of having a lawyer do the work necessary to file a lawsuit is a cost clients must bear because it is the only way to get the litigation under way. Adding the cost of an expert to the legal expenses at the beginning of litigation is sometimes more than a client can bear. Moreover, although attorneys can ease the client's burden by taking all or part of his or her fee on a contingency basis, experts will rarely agree to such an arrangement; in any event it is not advisable to have any part of an expert's compensation based on the successful outcome of a case because the

other side can exploit such an arrangement to call into question the objectivity of the expert and the credibility of his or her opinion. Experts must always be paid, and parties, particularly thinly capitalized ones, often cannot take on that expense at the early stages of a case.

Even if a party, for whatever reason, elects not to retain experts in the beginning, it remains critical that experts be brought in as early as possible. Decisions made relatively early in a case often have a significant impact on the outcome of the case, and the inclusion of an expert may help ensure a favorable result on early decisions. This point is best illustrated by the fact that many jurisdictions conduct claim construction proceedings toward the beginning of an infringement case. Not involving an expert in such proceedings could result in an adverse claim construction ruling, which could put the entire case at risk.

## Communicating with an Expert

Experts generally fall into two categories: (1) consultants and (2) testifying experts. The distinction is important because consultants need not provide reports containing their opinions, and communications between counsel and consultants or non-testifying experts are generally protected from discovery as work product.<sup>8</sup> On the other hand, communications with a testifying expert are almost certainly discoverable.<sup>9</sup> Frequently, at the time a party retains an expert, a decision has not yet been made as to whether it will use the expert to testify, particularly when the expert is retained very early in the dispute. Nevertheless, to guard against having to disclose potentially embarrassing or harmful communications, or communications you simply do not want the other side to see, it is best to treat all experts as testifying experts from the start and assume that all communications with the expert will be discoverable—at least until a firm decision is made that a particular expert will *not* testify. In either event, all communications with experts should go through counsel and not between the expert and the party directly in order to manage the content of all correspondence.

## Conclusion

In patent infringement cases more than most other cases, the effective use of expert witnesses can spell the difference between victory and defeat. Therefore, the selection of experts and decisions regarding how to use those experts should be given careful consideration from the beginning and throughout the case. Making experts part of the litigation team not only can greatly affect the outcome of the case, it also can make the job of the trial attorney easier. There is no way to measure the benefits of that.

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1. *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993).
  2. *Daubert v. Merrell Dow Pharmaceuticals*, 43 F.3d 1311, 1316 (9th Cir. 1995).
  3. *Daubert*, 509 U.S. at 593–595.
  4. *United States v. Benson*, 941 F.2d 598, 604 (7th Cir. 1991).
  5. *Mid-State Fertilizer Co. v. Exchange Nat'l Bank*, 877 F.2d 1333, 1340 (7th Cir. 1989).
  6. Fed. Rule Civ. Pro. 37(c)(1); *Heidtman v. County of El Paso*, 171 F.3d 1038, 1040 (5th Cir. 1999).
  7. *Phillips v. AWH Corporation*, 415 F.3d 1303 (Fed. Cir. 2005).
  8. Fed. Rule Civ. Pro. 26(b)(4)(B); *In re Cendant Corp. Securities Litigation*, 343 F.3d 658 (3d Cir. 2003).
  9. *B.C.F. Oil Refining, Inc. v. Consolidated Edison Co. of New York*, 171 F.R.D. 57 (S.D.N.Y. 1997).