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Jury Trials in Patent Cases

Practical and Legal Considerations

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One of the most important questions facing a party going to trial in a patent action is whether a jury will help or hurt the party's chance of winning. Recent Federal Circuit and Supreme Court decisions confirm that patentees actually have considerable control over whether a judge or a jury decides the disputed facts. These decisions hold that the Seventh Amendment does not require a jury trial in patent cases where the relief sought is purely equitable, and the right to a jury trial can be lost if damages claims are dismissed. This article explores some of the legal and tactical considerations behind deciding whether to seek a jury trial.

Is a Jury Trial Right for The Case?

Many factors can influence a decision to seek, avoid, or keep a jury in a patent case.

Many people believe that juries tend to rule in favor of the protection of patent rights and that they are inclined to favor small inventors over large corporations. They also believe that juries tend to favor American corporations over foreign corporations. Therefore, plaintiff-patentees commonly want jury trials whereas defendants may not. These assumptions do not hold up in every jurisdiction, however, so counsel should consult with local counsel and jury consultants to learn trends for the jurisdiction in question.

Parties should also consider the technical aspects of the case's subject matter. If the patent-in-suit involves particularly complex subject matter, parties may want a judge as the fact-finder. Judges may be better able to understand complicated technologies. In addition, juries generally only answer questions pre-selected by the parties and the judge, without providing any reasoning. These questions usually fall short of addressing all the technical nuances in a case. Judges, on the other hand, must provide findings of fact and conclusions of law. These findings can be useful on appeal and in later proceedings involving the same patents.

Certain tactical considerations should also be factored into the analysis. For example, jury trials are generally shorter than bench trials, and they generally provide a swifter decision. Therefore, parties in search of more immediate certainty may want a jury trial. Savvy attorneys will also want to forecast themes that their party may want to pursue at trial. Juries may be more sympathetic to certain themes than judges will. Counsel should also consider whether their inventors, fact witnesses, and experts will appear sympathetic to a jury.

Plaintiff-patentees suing multiple defendants should also consider whether they wish to have the cases tried separately or in a consolidated manner. Judges are wary of confusing juries with too many issues and, therefore, are more likely to separate different products into different trials. And multiple jury trials can result in considerably more expense to plaintiff-patentees. A judge may be more inclined to consolidate bench trials involving some overlapping issues.

As will be discussed more fully below, courts have recently confirmed that a plaintiff, for a price, can forgo a jury trial shortly before trial commences. If a jury demand has been made, a knowledgeable litigant should therefore revisit its previous decision right before trial commences in order to decide whether a jury trial is still preferable to a bench trial. A party should pay particular notice at this time to the judge's previous rulings and decide whether it wants the judge or a jury to decide its case.

A Jury Trial Must Be Timely Demanded

Federal Rule of Civil Procedure 38 sets the requirements for making a jury trial demand. Essentially, the demand must relate to an issue protected by the Seventh Amendment. Either party may make the demand. The requesting party may choose to demand a jury trial for all protected issues or for only selected protected issues. The demand must be done in writing. Several jurisdictions also require the demand to be prominent, such as underlined and bolded on the front page of the pleading. Counsel should, therefore, check the local rules of the forum.

It is essential to properly time the jury demand. A timely demand is made after the commencement of the action. The demand must also be made no later than 10 days after the service of the last pleading directed to that issue. A party who fails to enter a timely demand will waive the Seventh Amendment protection. Therefore, parties seeking to avoid a jury trial can do so as a matter of right if the request-

continued on page 2

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Jury Trials

continued from page 1

ing party fails to timely demand a jury trial.

Sometimes, there is no jury trial right at the initial pleading stage, but that right arises afterward. For example, a potential infringer may begin sales after the complaint is filed, giving rise to monetary liability. If the patentee amends its complaint to include a damages claim, either party is free to then demand a jury trial on this new claim. In such cases, a plaintiff-patentee should consider whether it wishes to provide the defendant with the opportunity to demand a jury before amending the complaint to include damages.

When an Issue Is Triable By a Jury

The Seventh Amendment protects either party's right to a jury trial so far as that right would have existed in 1791, namely in courts of law but not in courts of equity. Since the merger of the courts of law and equity, courts have conducted a historical analysis to determine whether a case is "more similar to cases that were tried in courts of law [in 1791] than to suits tried in courts of equity or admiralty." *Tull v. U.S.*, 481 U.S. 412 (1987). A court must consider both the nature of the action involved and the remedy sought. *Chauffeurs, Teamsters & Helpers, Local No. 391 v. Terry*, 494 U.S. 558 (1990).

In patent litigation, the right to a jury trial historically depends on the remedy sought by the patentee in its complaint. Infringement actions seeking only damages are legal in nature and, therefore, warrant a jury trial. Actions that seek only injunctive relief, attorneys' fees, costs, or other solely equitable relief do not give rise to Seventh Amendment protection. *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331 (Fed. Cir. 2001).

If an action seeks both legal and equitable relief, different fact-finders will decide the claims. A jury will decide the legal claims while the judge will decide the equitable issues. In such cases, the jury must first decide any common issues of fact. *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500 (1959). Moreover, the jury's findings on the overlapping issues will have a *res judicata* effect on the subsequent bench ruling on the equitable claims. Parties should also be aware that while affirmative defenses do not affect the analysis, monetary counterclaims do give rise to a jury trial right.

Patent infringement actions often involve declaratory judgment claims or counterclaims. For declaratory judgment claims, the Seventh Amendment analysis of whether the action requires a jury trial depends on the underlying inverted dispute. Under this framework, a declaratory judgment claim for non-infringement or for invalidity is legal and will give rise to Seventh Amendment protection as long as the patentee *could have sued* for damages. *See, e.g., Marseilles Hydro Power, LLC v. Marseilles Land & Water Co.*, 299 F.3d 643 (7th Cir. 2002).

But the same rule does not necessarily apply to declaratory judgment counterclaims. Earlier non-precedential or vacated case law, *In re Lockwood*, 50 F.3d 966 (Fed. Cir. 1995), *vacated*, 515 U.S. 1182 (1995); *In re SGS-Thomson Microelectronics Inc.*, 35 U.S.P.Q.2d 1572 (Fed. Cir. 1995), suggested that the mere possibility that the plaintiff could seek damages at some point was sufficient to warrant a jury trial. But recent decisions seem to have overruled this position. Instead, a declaratory judgment counterclaim does not depend on whether the plaintiff *could* sue for damages but whether it *has* sued for damages. As the Federal Circuit resolved in two recent decisions, a declaratory judgment counterclaim does not give rise to a jury trial if the patentee limits itself to injunctive relief. *In re Tech. Licensing Corp.*, 423 F.3d 1286 (Fed. Cir. 2005); *In re Impax Labs., Inc.*, 171 Fed. Appx. 839 (Fed. Cir. 2006). The Supreme Court denied review in both cases.

The Nature of an Action Can Change

An action does not always maintain the same legal or equitable nature as when it commenced. In fact, a party's actions during litigation can either eliminate or give rise to a jury trial right. In one decision, *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331 (Fed. Cir. 2001), the Federal Circuit affirmed the lower court's denial of a jury trial after the plaintiff dropped its damages claims only six days before trial. Likewise, in *In re Impax Labs., Inc.*, 171 Fed. Appx. 839 (Fed. Cir. 2006), the district court permitted a patentee-plaintiff to voluntarily dismiss with prejudice its damages claims in order to moot the legal aspect of the defendant's declaratory judgment counterclaims and thereby eliminate the defendant's right to a jury trial.

There is a broader significance to *Tegal* and *Impax* beyond their immediate holdings. In essence, these cases allow a plaintiff-patentee to decide days before trial whether it desires a jury trial or a bench trial. It grants the plaintiff greater flexibility and control over determining its preferred fact-finder. If the judge seems favorable given his or her discovery and summary judgment rulings, a plaintiff can forgo its monetary remedy in favor of the sympathetic fact-finder. The value of a consolidated multi-defendant trial may also be greater than recovering damages from a particular defendant. On the other hand, in the wake of the Supreme Court's elimination of the presumption in favor of a permanent injunction, a plaintiff should also consider whether it will be able to meet the burden required to obtain a permanent injunction or other equitable relief before abandoning its damages claims.

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