

Multidistrict Litigation In Patent Infringement Cases

**Jamie H. McDole
Aaron D. Charfoos¹**

¹ Jamie McDole and Aaron Charfoos are both associates at the Chicago office of Kirkland & Ellis LLP.

Over the past decade an increasing number of litigants in patent infringement lawsuits have availed themselves of the Multidistrict Litigation (“MDL”) process. MDL proceedings are a valuable way, under appropriate circumstances, to handle large, multi-party and multi-jurisdiction patent infringement litigations that involve common questions of law and fact.²

I. GENERAL OVERVIEW OF MULTIDISTRICT LITIGATIONS

Generally, MDL proceedings are a mechanism used to consolidate large, complex, related cases for pretrial purposes in a single court. Through the MDL process, the consolidated cases are transferred to a single judge for pretrial administration, such as discovery, claim construction, and pre-trial motions. Once pre-trial proceedings are complete, the individual cases are transferred back to their court of origin for trial.

The authority to consolidate cases into an MDL proceeding originates from 28 U.S.C. § 1407. Specifically, section 1407(a) of Title 28 of the United States Code provides:

When civil actions involving one or more common questions of fact are pending in different districts, such action may be transferred to any district for coordinated or consolidated pretrial proceedings. Such transfers shall be made by the judicial panel on multidistrict litigation authorized by this section upon its determination that transfers for such proceedings will be for the

² See, e.g., *In re MLR, LLC Patent Litigation*, 269 F. Supp.2d 1380 (J.P.M.L. 2003) (consolidating actions involving patents for data transmission over cellular networks); *In re Cygnus Telecom. Tech., LLC*, 177 F. Supp.2d 1375 (J.P.M.L. Nov. 9, 2001) (consolidating actions involving patent for routing international phone calls); *In re Gabapentin Patent Litigation*, 2001 U.S. LEXIS 1726 (J.P.M.L. Feb. 5, 2001) (consolidating actions involving patent for pharmaceutical); *In re Dippin’ Dots, Inc., Patent Litigation*, 2000 U.S. LEXIS 18340 (J.P.M.L. Dec. 14, 2000) (consolidating actions involving patent for ice cream product); *In re Papst Licensing, GmbH, Patent Litigation*, 1999 U.S. LEXIS 15871 (J.P.M.L. Oct. 12, 1999) (consolidating actions involving patent for computer hard drive technology); *In re Omeprazole Patent Litigation*, 1999 U.S. LEXIS 12589 (J.P.M.L. Aug. 12, 1999) (consolidating actions involving patent for pharmaceutical); *In re Nabumetone Patent Litigation*, 1998 U.S. LEXIS 13735 (J.P.M.L. Sept. 2, 1998) (consolidating actions involving patent for pharmaceutical); *In re Manchak Patent Litigation*, 1998 U.S. LEXIS 8560 (J.P.M.L. June 3, 1998) (consolidating actions involving patent for stabilizing sludge).

convenience of the parties and witnesses and will promote the just and efficient conduct of such actions.

28 U.S.C. § 1407(a). In enacting 28 U.S.C. § 1407, Congress identified patent cases as particularly appropriate for transfer and consolidation for MDL proceedings. *See* H.R. No. 90-1130, 1st Sess. (1968). The public policy reasoning behind MDL proceedings are for the convenience of parties and witnesses, and for judicial economy. For instance, if a patent owner sues multiple parties in separate jurisdictions throughout the United States, discovery will involve many of the same witnesses (i.e. inventors) and claim construction will likely involve the same issues. The MDL process avoids having multiple deposition of the same witness or inconsistent claim construction from multiple courts on the same patent.

II. MDL PANELS

The decisions to transfer cases to MDL proceedings are made by a panel comprised of seven circuit and district court judges designated by the Chief Justice of the United State Supreme Court. *See* 28 U.S.C. § 1407(d). The powers of the MDL panel are limited solely to the transfer of a case to an appropriate forum and judge, and remand to the district of origin after pretrial proceedings are completed.

III. MOTIONS TO TRANSFER TO MDL PROCEEDINGS

Under Section 1407, transfer proceedings can be initiated either by motion of a party or by the MDL panel *sua sponte*. Generally, and for most practical purposes, transfer proceedings are initiated by motion of a party. Section 1407(c) sets forth the procedure for moving to transfer to MDL proceedings. To transfer to MDL proceedings, the moving party must show that (1) there are “one or more common questions of fact” between the civil actions pending in different districts; (2) the transfer “will be for the convenience of parties and witnesses;” and (3) the transfer “will promote the just and efficient conduct” of the actions to be

consolidated. *See* 28 U.S.C. § 1407(a); *see also Fung v. Abex Corp.*, 816 F. Supp. 569 (N.D. Cal. 1992); *In re Chiropractic Antitrust Litigation*, 483 F. Supp. 811, 813 (Jud. Pan. Mult. Lit. 1980). Although the MDL statute is phrased in terms of common questions of fact, the MDL panel also considers common questions of law -- such as claim construction -- when it applies this standard. *See, e.g., In re Cygnus Telecom. Tech., LLC, Patent Litigation*, 177 F. Supp. 2d 1375, 1376 (J.P.M.L. 2001).

Once a party files a motion to transfer, the MDL panel is required by Section 1407 to notify “the parties in all actions in which transfers for coordinated pretrial proceedings are contemplated” of the time and place of the hearing to determine whether transfer would be appropriate. *See* 28 U.S.C. § 1407. If a party objects to the consolidation of cases for MDL proceedings, the panel is required to have a hearing on the issue:

No transfer or remand determination regarding any action pending in the district court shall be made by the Panel when any party timely opposes such transfer or remand unless a hearing session has been held for the presentation of oral argument.

See Judicial Panel On Multidistrict Litigation Rule 16.1(c).³ However, the MDL panel may dispose of oral argument if (1) “the dispositive issue(s) have been authoritatively decided; or (2) the facts and legal arguments are adequately presented in the briefs and record, and the decisional process would not be significantly aided by oral argument. *See id.* If a hearing is granted, the hearings are conducted in different federal districts throughout the calendar year. *Id.* at Rule 16.1(a) (“The Panel shall convene whenever or wherever desirable or necessary in the judgment of the Chairman.”).

³ The Rules of Procedure of the Judicial Panel on Multidistrict Litigation are found at 199 F.R.D. 425 (2001).

Rule 16 of the Judicial Panel on Multidistrict Litigation sets forth the manner in which hearings before the MDL panel are conducted. The MDL panel's rules require the parties to coordinate and organize their arguments with similarly situated parties (i.e. all parties opposed to the transfer should coordinate their arguments) to select a representative "to present all views without duplication." *See id.* at Rule 16(f). Unless otherwise ordered by the MDL panel, only twenty minutes is allotted for each oral argument -- not for each party -- "The time shall be divided equally among those with varying viewpoints." *Id.*

IV. CHOICE OF FORUM FOR CONSOLIDATION

While 15 U.S.C. §1407 does not outline hard and fast rules for determination of the appropriate forum for consolidation of an MDL action, the MDL panel has offered its own guidance on the issue. In particular, the MDL panel has considered the relative conditions of the potential transferee Courts' dockets, convenience of the parties, the location of relevant documents and residences of the witnesses, the district in which the largest number of cases are pending, and the situs of the alleged wrongful conduct. *In re Corn Derivatives Antitrust Litig.*, 486 F. Supp 929 (J.P.M.L. 1980); *In re Air Disaster at Lockerbie, Scotland*, 709 F. Supp 231 (J.P.M.L. 1989); *In re Computervision Corp. Sec. Litig.*, 814 F. Supp 85 (J.P.M.L. 1993); *In re Temporomandibular Joint (TMJ) Implants prod. Liab. Litig.*, 844 F. Supp. 1553 (J.P.M.L. 1994). Based on an evaluation of these factors, the MDL panel determines where to consolidate the cases and assign a judge to oversee the consolidated action - often a judge that is familiar with MDL actions. *See In re Commodity Credit Corp. Litig. Involving Grain Shipments*, 364 F. Supp. 462 (J.P.M.L. 1973)