

To: Members of the Public and the Northern District of California Bar

From: Office of the Clerk

Date: August 17, 2023

Re: Patent Local Rule Proposed Amendments: Local Rules 3-2, 3-4,  
3-8, 3-9, (new) 3-10 (Damages Contentions)



The Judges of the United States District Court for the Northern District of California have approved the following proposed modifications to the Patent Local Rules. Pursuant to Civil Local Rule 83-2(b), the Court hereby posts the following proposed modifications for public comment. Proposed modifications, and a redlined version, are attached. A model certification form follows the redline.

Comments or suggestions may be submitted to [media@cand.uscourts.gov](mailto:media@cand.uscourts.gov). Any comments or suggestions must be received by **Monday, September 18, 2022, at 4:00 p.m. PDT**.

Amendments to Patent Local Rules 3-2, 3-4, 3-8 and 3-9, with a new proposed Rule 3-10, seek to achieve the following goals:

- Require the party asserting infringement to produce all licenses that may be relevant to the accused instrumentality without worrying about “comparability” and without limitation to licenses that might be relevant only to hypothetical license negotiations, because such agreements are relevant for other purposes, and relevance is in the eye of the beholder;
- Require greater specificity regarding damages theories, and then hold the disclosing party to their disclosed theories absent leave of court, as our rules do with other kinds of contentions; and
- Require a meeting between counsel and clients to discuss settlement shortly after service of the damages contentions, with a written certification that the meeting occurred but without a discussion of the content of the meeting.

## **Proposed Amended Rules**

### Rule 3-2. Document Production Accompanying Disclosure

With the “Disclosure of Asserted Claims and Infringement Contentions,” the party claiming patent infringement shall produce to each opposing party or make available for inspection and copying: . . .

(g) All agreements that may be related to the accused instrumentality or may be comparable to a license that would result from a hypothetical reasonable royalty negotiation;

### Rule 3-4. Document Production Accompanying Invalidity Contentions

With the “Invalidity Contentions,” the party opposing a claim of patent infringement shall produce or make available for inspection and copying: . . .

(c) All agreements that may be related to the accused instrumentality or may be comparable to a license that would result from a hypothetical reasonable royalty negotiation;

### Rule 3-8. Damages Contentions

Not later than 50 days after service of the Invalidity Contentions, each party asserting infringement shall identify each category of damages it is seeking for the asserted infringement (e.g., lost profits, reasonable royalty, price erosion, convoyed sales, etc.) and for each category of damages sought, provide a good faith explanation of the theory of damages and the factual basis for damages.

By way of example only, if a party is seeking price erosion, it should state the period and quantum for which it believes there has been price erosion. For convoyed sales, the party should identify the lost convoyed sales and explain why they qualify as convoyed sales. For reasonable royalty damages, a party should explain the extent to which it is seeking cost-savings or cost-avoidance royalties, profit split royalties, comparable license royalties or any other basis for royalties.

A party may not amend, without leave, its identification of the categories of damages it is seeking.

### 3-9. Responsive Damages Contentions

Not later than 30 days after service of the Damages Contentions served pursuant to Patent L.R. 3-8, each party denying infringement shall disclose in good faith material facts of which it is aware that are relevant to a category of damages disclosed under Rule 3-8.

By way of example only, if a party is aware of material facts regarding an existing non-infringing alternative, intervening rights, a marking defense, foreign sales or other damages limitations that it believes would alter a damages calculation, it should disclose the basis for its belief.

#### Rule 3-10 Damages Contentions Meeting (New)

Not later than 60 days after the response date for any required disclosure under Rule 3-9, the parties shall

(a) meet, with or without counsel of record, and shall disclose their good faith estimate of damages, assuming infringement and validity; and

(b) submit a Damages Meeting Certification that certifies the meeting has taken place and identifies the individuals who participated in the meeting.

Nothing said or written during or in the course of the meeting, or for the purpose of the meeting, can be received in evidence, compelled in discovery, or compelled as testimony in any proceeding.

### **Redline Over Current Language**

#### Rule 3-2. Document Production Accompanying Disclosure

With the “Disclosure of Asserted Claims and Infringement Contentions,” the party claiming patent infringement shall produce to each opposing party or make available for inspection and copying: . . .

(g) All agreements that ~~the party asserting infringement contends are~~ may be related to the accused instrumentality or may be comparable to a license that would result from a hypothetical reasonable royalty negotiation;

#### Rule 3-4. Document Production Accompanying Invalidity Contentions

With the “Invalidity Contentions,” the party opposing a claim of patent infringement shall produce or make available for inspection and copying: . . .

(h) All agreements that ~~the party opposing infringement contends are~~ may be related to the accused instrumentality or may be comparable to a license that would result from a hypothetical reasonable royalty negotiation;

### Rule 3-8. Damages Contentions

Not later than 50 days after service of the Invalidity Contentions, each party asserting infringement shall:

~~(a) Identify each of the category(-ies) category of damages it is seeking for the asserted infringement (e.g., lost profits, reasonable royalty, price erosion, convoyed sales, etc.), and for each category of damages sought, provide a good faith explanation of the theory of damages and the factual basis for damages, as well as its theories of recovery, factual support for those theories, and computations of damages within each category, including:~~

- ~~1. lost profits;~~
- ~~2. price erosion;~~
- ~~3. convoyed or collateral sales;~~
- ~~4. reasonable royalty; and~~
- ~~5. any other form of damages.~~

~~(b) To the extent a party contends it is unable to provide a fulsome response to the disclosures required by this rule, it shall identify the information it requires.~~

By way of example only, if a party is seeking price erosion, it should state the period during which the price erosion occurred and the quantum of price erosion. For convoyed sales, the party should identify the convoyed sales and explain why they qualify as convoyed sales. For reasonable royalty damages, a party should explain the extent to which it is seeking cost-savings or cost-avoidance royalties, profit split royalties, comparable license royalties or any other basis for royalties.

A party may not amend, without leave, its identification of the categories of damages it is seeking.

### 3-9. Responsive Damages Contentions

Not later than 30 days after service of the Damages Contentions served pursuant to Patent L.R. 3-8, each party denying infringement shall ~~identify specifically how and why it disagrees with those contentions. This should include the party's affirmative position on each issue. To the extent a party contends it is unable to provide a fulsome response to the disclosures required by this rule, it shall identify the information it requires~~disclose in good faith material facts of which it is aware that are relevant to a category of damages disclosed under Rule 3-8.

By way of example only, if a party is aware of material facts regarding an existing non-infringing alternative, intervening rights, a marking defense, foreign sales or other damages limitations that it believes would alter a damages calculation, it should disclose the basis for its belief.

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

v.	Plaintiff,	Case No.
	Defendant.	<b>PATENT LOCAL RULE 3-10 CERTIFICATION</b>

Each of the undersigned counsel certifies that the Patent L.R. 3-10 damages contention meeting occurred consistent with the requirements set forth in Patent L.R, 3-10 on the date(s) and with the participation of the persons set forth below.

Date of meeting: \_\_\_\_\_

Participants (continue list of participants on a separate sheet if necessary):

- 1. \_\_\_\_\_  Attorney  Client representative
- 2. \_\_\_\_\_  Attorney  Client representative
- 3. \_\_\_\_\_  Attorney  Client representative
- 4. \_\_\_\_\_  Attorney  Client representative

We certify that the above information is true and correct.

DATED: \_\_\_\_\_  
Attorney for Plaintiff

DATED: \_\_\_\_\_  
Attorney for Defendant