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VIEW FROM THE BENCH

**Ten Practical Tips for
State Court Litigators**

By Alan M. Mansfield, Editor, *ABTL Report*



Judge Joan Lewis



Judge Jeffrey B. Barton

ABTL Past President Charles Berwanger arranged a 2-for-1 lunch special this past month, when both Judge Jeffrey Barton and Judge Joan Lewis of the San Diego Superior Court participated in the ABTL brown bag lunch series. Both shared their insights from their perspective as San Diego Superior Court Civil Independent Calendar judges about what they would have liked to have known as lawyers practicing before the Court. They provided numerous practical tips to our members to help them be more effective with the limited time judges have available.

**1. Tailor Your Briefs To
Be Concise and Relevant.**

To place this tip (and several others below) in perspective, it is important to understand the current Independent Calendar judge case load and resources. Each I/C judge has about 500 active cases, and are assigned an additional 60 cases each month. Each judge has a law and motion research attorney who helps prepare tentative

(See "Ten Practical Tips" on page 6)

**Everything You Wanted
to Know About Wage
and Hour Class Action
Lawsuits But Were
Afraid to Ask**

By Samantha D. Hardy, Esq., and Paul Nunez, Esq., Sheppard,
Mullin, Richter & Hampton LLP

Wage and hour class action lawsuits have been increasing in number, type, and amount at stake for several years, and the growth continues. In California alone, the number of potential wage and hour class action suits filed since the year 2000 exceeds 3,000. Wage and hour class actions have been filed against every industry, from retail to high tech companies to financial institutions. It is therefore critical that all businesses understand what a wage and hour class action



Samantha D. Hardy

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President's Column

By Maureen F. Hallahan

In my last President's Column, I promised you great fall programs and I am happy to report that ABTL delivered! September was active, informative and entertaining.



Maureen F. Hallahan

The ABTL all-day seminar on September 9, 2006, "Masters of the Art: Building to the Close," was well attended, educational and a lot of fun. In this combination seminar and mock trial, attendees observed some of the best trial lawyers in San Diego demonstrate all phases of a trial. We all learned valuable techniques and lessons including what to do when an expert witness does not testify on direct examination as expected. You can never predict everything that will happen in litigation and certainly not at trial. The panelists were presented with interesting and unplanned situations that required quick action and damage control. It does not get any more real than that! As part of the program, a jury of law students from a local law school used real time technology to record their ongoing reactions to the persuasiveness of opening statements or closing arguments, and the believability of testifying witnesses. At the close of the trial the jury determined that the plaintiff prevailed on the issue of liability. Interestingly, when this program was presented to the ABTL statewide membership at the Annual Seminar in Tucson last year based on the same evidence, the jury determined that the defendant prevailed on the issue of liability!

A thank you to Judge Haden who was the force behind this program, to Frank Tobin and Katy Bacal for their work in coordinating the program, to August Larson and AJL Video for their invaluable assistance in the presentation of the evidence and exhibits and to MSI for the jury real time technology. A special thank you to all the judges and lawyers who participated as well

as to Dan Lawton, who stepped in at the last minute to give a winning closing argument.

Just one week later, on September 18, 2006, ABTL presented one of the best and most well attended programs in its history. John Hueston, the United States Attorney who prosecuted Kenneth Lay and Jeffrey Skilling, was an extraordinary speaker providing a first hand account of the approach to the successful prosecution as well as the problems and issues encountered along the march to the guilty verdict. I want to give special recognition to our ABTL Program Chair, Tom Egler, for his role in persuading this wonderful speaker to participate in an ABTL Dinner program.

ABTL is presenting one more dinner program in 2006 featuring Clay Jenkinson as Meriweather Lewis. So mark your calendars for December 4, 2006 for what promises to be a very entertaining holiday program. Although I have not personally seen him perform, by all accounts he is not to be missed! This is also a program that is well suited for the whole family. Don't miss this opportunity to have our families meet our colleagues at an entertaining dinner program.

You will be receiving this issue of the ABTL Report as many of us head off to Maui for the ABTL Annual Seminar, where we will join a sold out crowd to learn what to do "when things go wrong." This program features some of ABTL's most talented judges and litigators offering advice and war stories on the real life drama of the courtroom and the unpredictable situations that can arise. As you know, one can always expect the unexpected in trial. The trick is to be prepared to handle whatever comes your way. In this seminar the panelists will share their techniques and strategies to handle difficult situations and explain how they keep their cool under pressure.

My thanks to all of you for your support of ABTL. I look forward to seeing you and meeting your families at our holiday program on December 4, 2006. ▲

Southern District Rolls Out New Patent Local Rules

By Fred Berretta and Joe Reisman of Knobbe, Martens, Olson & Bear, LLP

The District Court for the Southern District of California recently adopted a set of Patent Local Rules governing certain procedures unique to patent cases. The new rules are similar to patent local rules previously adopted in other courts, for example, the Northern District of California and the Eastern District of Texas, and apply to all patent cases filed after April 3, 2006. This article discusses these new rules and some of the procedural issues they raise in the context of prosecuting or defending a patent case in the Southern District of California.

The new Patent Local Rules are divided into four main sections: (1) Scope of Rules, (2) General Provisions, (3) Patent Disclosures, and (4) Claim Construction Proceedings. They generally govern the required disclosures and exchanges leading up to the Claim Construction Hearing. One express goal of the new rules is to conduct the Claim Construction Hearing, a critical and often case dispositive event, within about nine months of the defendant's first appearance in the case. The Patent Local Rules do not specifically address other case scheduling matters, such as expert report due dates, and discovery and motion cutoff dates. Such matters will presumably be set using the Court's normal case scheduling procedures.

A. Scope of Rules

The Patent Local Rules apply to any case involving allegations of infringement, invalidity or unenforceability of a utility patent. Thus, in addition to the normal patent infringement complaint brought by the patent owner or the declaratory judgment action brought by the alleged infringer, the new rules may also apply to actions alleging breach of a license agreement if infringement of the underlying patent is alleged. The new rules are limited to utility patents, and thus would not apply to actions involving design patents (for which a Claim Construction Hearing is generally not necessary).

Rule 1.3 provides that any motion filed prior to

the Claim Construction Hearing that raises claim construction issues may be deferred until after the claim construction ruling. Virtually every substantive or case dispositive motion in a patent case depends in some way on the legal construction of the asserted claims. Thus, parties (and particularly defendants considering an early summary judgment motion of non-infringement) may be well advised to "hold their fire" until after the claim construction ruling. On the other hand, the Court may consider, prior to the Claim Construction Hearing, a motion to establish a defense based on the existence of an express or implied license. Presumably, the Court would make an exception for a motion for preliminary injunction where there appears to be a real danger of irreparable harm to the patent owner, and make a preliminary ruling on claim construction that may be revisited later.



Fred Berretta



Joe Reisman

B. General Provisions

As most Southern District practitioners are aware, in a normal case the Early Neutral Evaluation ("ENE") Conference is scheduled relatively soon after the defendant appears. If the case does not settle at the ENE, the Court provides the dates for the Fed.R.Civ.P Rule 26 meeting of counsel and initial disclosures. The Patent Local Rules modify this normal procedure by moving the ENE Conference back to within 60 days from the defendant's appearance, but require that the Rule 26(f) meeting of counsel occur no later than 21 days

Congratulations to Vince Bartolotta, 2006 Recipient of the Broderick Award

By Robert Steiner, Esq., Luce Forward Hamilton & Scripps LLP



Robert Steiner

Vince Bartolotta has had a remarkable legal career. In addition to being a competent jury trial lawyer, he has been active in a number of important legal organizations. He has served as a director of the San Diego Chapter of the Association of Business Trial Lawyers, as past president of the San Diego Chapter of the American Board of Trial Advocates, and also as past president of Consumer Attorneys of San Diego. Each of these organizations submitted his name in nomination in 2006 for the prestigious Broderick Award.

The Broderick Award, named in honor of attorney Daniel Broderick, was established in 1990 to annually recognize a leading civil trial lawyer who exemplified the qualities of civility, professionalism and integrity. A review of the recipients over the past 17 years demonstrates a balance of plaintiff and defense lawyers. By tradition, those not eligible for the award include judges, retired judges, and lawyers employed by governmental agencies.

The selection committee is composed of one representative from the four founding organizations: Association of Business Trial Lawyers, ABOTA, Consumer Attorneys of San Diego and San Diego Defense Layers. ABTL is proud to be a sponsor and participant in the selection of worthy candidates in cooperation with the other three

(See "Vince Bartolotta" on page 18)



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Who Should Resolve Your Case – The Trial Judge, The Settlement Judge or Your Client?

By Colin W. Wied, Esq.

What is the best way to resolve disputes? The good old-fashioned way is to try the case. But that means risk, it is expensive in both dollars and lost time, and it is stressful. Moreover, after the judge or jury has spoken, at least one party is unhappy, and often both parties feel short-changed.

Recognizing that there are insufficient resources to try all the cases, traditionally courts have required parties and counsel to attend settlement conferences. These settlement conferences, conducted usually by a judge other than the trial judge, are effective. It may reasonably be asked, however, just how pleased the parties and counsel are with the settlements. After all, the strongest settlement tool the settlement judge has is to opine on what will happen if the case goes to


trial, telling each party to settle rather than risk either losing or getting less than desired. Thus, about the same level of happiness results from settlement conferences as from trials. In either case, it is pretty much an up or down result.

Mediation beats the other two alternatives hands down. Mediators are trained to spot emotional blocking issues and get them out of the way before tackling the money issues. For example, in probate cases, long-term sibling conflicts tend to bubble up. I call it the Tommy



Colin Wied

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Or Your Client

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Smother's syndrome: "Mom always liked you best." Underneath these resentments there usually co-exist repressed feelings of mutual regard. The same is true in most business conflicts. In a mediation, relationships can be restored as a part of the settlement. That likely doesn't happen in court.

Mediators are also alert to the possibilities of finding solutions that satisfy both sides - solutions that would be unavailable in court. A good example is a patent infringement case where the stakes are high. Rather than betting the farm at trial, parties come to realize that a license agreement of some sort needs to be worked out between them.

For example, in my style of mediation I try to avoid talking about money early in the mediation. The "let's cut to the chase" approach usually creates a spread between demand and offer that is difficult to surmount. Instead, usually in caucuses, I probe the strengths and weaknesses of each side until I sense where each side may be willing to settle. At that point I can begin urging the parties to settle within a reasonable range, knowing they are ready to do so.

With San Diego's system of case management conferences, counsel and the parties often go to mediation because the trial judge told them to do so. That has an advantage in that neither counsel needs to suggest a weakness by being the first to suggest mediation. In my experience as a mediator, I have been very impressed with the competence of counsel during the mediation sessions, especially with the recognition by counsel of the desirability of settling the case. I find it rare that a lawyer wants to run up the fees rather than settle.

And how about the clients? The wonder is that clients stop talking to each other when litigation begins. They are under the mistaken impression that it is improper for them to communicate, and in some cases, their lawyers tell them not to talk to each other. Yet clients who have businesses to run learn early on that litigation is not a profit-making venture. Given a choice, most clients would go for an early, fair settlement without the expense and risk of litigation. I am reminded of a San Diego law firm that was engaged in full-time litigation for one client when, quite by happenstance, the presidents of the two litigants talked

to each other, settling the case out from under the lawyers. The San Diego firm collapsed.

The moral of that story is to remember that cases belong to the clients — not the lawyers, and not the courts. At trial and at judicial settlement conferences the client may not be in control of the process. In mediation, the client controls the entire process. When a case is settled in mediation, both sides and their lawyers are typically satisfied. All sense of risk and anxiety is gone, supplanted by a feeling of satisfaction and relief. That typically doesn't happen in either the settlement conference or trial court.

Cases will continue to settle one way or another, as they always have. Yet, the trend today is toward more than delay reduction. Now the drive is to reduce the direct and indirect costs of traditional dispute resolution. Far and away the best way to do that is to hand the case back to the clients in a mediation. ▲

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rulings on law and motion matters, but does not help on motions *in limine*, trial issues, or post-trial motions. Trials are scheduled for 9:00 a.m. to 4:30 p.m. Monday through Thursday. *Ex parte* applications are heard at 8:30 each morning, with the court reviewing the papers after the trial day is completed.

Typically there are 15 motions on calendar each week, at least eight of which are "heavy" (motions for summary judgment or adjudication, injunction requests, etc.). So while the judges read and consider all the submitted papers, these papers are being considered after the judge has put in a full trial day and read several *ex parte* applications. Thus, realistically they can only read a few motions each evening. Attorneys also recall more about the case in term of prior procedural history and rulings, and can properly presume the court will not recall every single detail about the 500-plus cases on their docket when reviewing the papers.

In light of these facts, how can attorneys make their motions more effective? First, Judge Barton suggested that at the beginning of the motion

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counsel describe all the relevant background facts necessary to resolve the motion (not simply a history of the case) and say what their client wants (or what should not be ordered) through this motion. A clear, concise Statement of the Case is a good way to do this. If there is another document that describes the procedural history in detail, it may be better to simply incorporate it by reference unless necessary to the motion, if trying to create or preserve an appellate record.

Second, if there is a key fact, identify it clearly and where it can be readily located in the submitted materials. If there is a key case, cite that case law correctly and honestly, and explain why it resolves the issue (Judge Lewis noted that the judges rely heavily on case law being cited accurately). If the opposing side relies on a key decision, explain why it does not apply rather than ignore it.

Third, Judge Barton observed the judges know the standards for demurrers or summary

judgment based on the number of motions they review. Thus, spending a page quoting the standard is not very helpful. Counsel should include a discussion of such standards where a particular aspect of that standard is relevant to resolution of the motion.

Finally, if in good faith counsel believe the other side is asking the court to make an order the court does not have a legal basis for, or would have serious potential consequences that may not be readily apparent, counsel should explain why they believe that is the case. Judge Lewis commented that she takes particular notice if counsel raises such a concern.

2. The Rule 335 Statement and Separate Statement of Facts Are Very Important

While Judge Barton commented that as a lawyer he felt these supporting documents were of limited value, as a judge he says they are essential. He can look at one document to get to the core of the dispute, while he can view the supporting

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brief to summarize the applicable law. The problem he sees is that Rule 335 statements typically include overly broad requests or every possible objection, rather than a focused request or one or two objections that are most persuasive.

The other reason why these documents may be seen as cumbersome is more due to the nature of the dispute. Both Judge Barton and Judge Lewis said they prefer counsel to come to the court with a discovery dispute before filing a motion, since many times the matter can be either narrowed or resolved with a face-to-face discussion – along with a reminder that under the California Code of Civil Procedure, unless a party shows they acted with substantial justification the court “shall” impose a monetary sanction on the losing party. A meeting with the court can reduce the issues that truly need to be addressed, and as a result the size of the Rule 335 Statement. Both judges make themselves available during *ex-parte* hours to deal with such issues.

Similarly, Judge Lewis commented that separate statements of undisputed fact prepared in accordance with Cal. Rule of Court 342 (which she noted many are not) help the court focus on precisely what evidence within what are sometimes several banker’s boxes of documents support a particular point. These statements also can be effectively used to focus the court on what is the crux of the dispute. If these documents are concise and tailored to focus on what is needed and why, these statements may be the primary document the judge reviews when considering such motions.

3. Think Before You Send That E-mail In A Discovery Dispute.

Judge Lewis observed that many times a discovery dispute appears to be less about a substantive issue and more about attorneys’ emotions. While helpful to outline what is in dispute, letter exchanges typically do not accomplish much in the meet and confer process in terms of actually resolving the dispute to be brought before the court. In these days of instant e-mail communication where a written response can be sent in a fit of pique, those e-mails are frequently submitted as evidence of the unreasonableness of the position taken by a particular side. These e-mails do

not go unread. While counsel may not have the benefit of leaving a particular issue alone for a few days, they would be well-served to heed Judge Lewis’ litigation tip — before pushing the “send” button, read the e-mail and ask “what would the judge or jury think if they read this?”

Judge Barton similarly observed and expressed concern about what he perceived was an increasing lack of civility between counsel – more so than he had experienced in family law, where the parties are involved in much more emotional issues.

4. Don’t Discount The Importance of Oral Argument On Law And Motion Matters.

Both Judge Barton and Judge Lewis said they do not view oral argument as perfunctory; in fact, both routinely take matters under submission and change their tentative ruling about 20% of the time. Judge Barton stated that if a matter is taken under submission, he personally reviews the papers again to address issues raised in oral argument, since sometimes the tentative ruling has been revised significantly from the initial proposed draft and is presented to get the parties’ reaction to the court’s initial thoughts.

Again, it is important to keep in mind the constraints set forth above. If there are two or three cases or evidentiary cites that form the basis for oral argument, or if counsel believe there is some legal impediment for the court doing what has been requested in the motion or suggested in the tentative ruling, make that point at the beginning of the argument, rather than use a shotgun approach that loses focus on the key points counsel desire to make.

5. Delaying Discovery Until You Are Close To Trial Can Be Hazardous.

It is not uncommon for a trial date to be set by the court and, after the matter does not resolve after mediation, for both sides to agree that additional discovery needs to be completed and thus the trial date should be continued or vacated. The problem with this stipulation is the request may deviate from the trial court’s case disposition time standards promulgated as a result of the Trial Court Delay Reduction Act, (see Cal. R. of Ct. App, § 2.1). While cases that meet the definition of a “complex case” may be exempted from these standards, few cases truly fall into this category.

Judge Barton admonished that parties should not anticipate simply because they agree the trial

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date should be continued such a request will be granted, if doing so would result in the case being tried beyond these disposition time standards. Considering when discovery can commence under the Code of Civil Procedure and when it must be completed (particularly if a party contemplates a summary judgment motion), counsel should not expect that they can defer discovery until closer to trial and, if the case does not settle at mediation, the court will continue the trial.

6. Provide A Realistic Trial Estimate At The Case Management Conference.

Judge Barton noted that in his experience he has had one trial that concluded early. In contrast, most cases are at risk for going over the estimate and require judicial involvement. Once representations are made to a jury regarding the length of a trial, both Judges consider it an obligation of the Court to insure the case finishes close to the estimated time. If one side or the other appears to be taking too long at trial, the court may impose

strict time limits on counsel during the course of trial. Therefore, when providing a trial estimate at the Case Management Conference, and particularly at the start of trial, it is better to err on the side of caution. The court and the jury will not be upset if counsel finish early.

7. Prepare For Trial Pursuant to the Advanced Trial Review Orders.

Both Judge Lewis and Judge Barton commented on how many counsel come to the trial call not ready for trial – exhibits have not been pre-marked or identified as being potentially objectionable on a joint list, or deposition transcripts have not been designated. The purpose of the Trial Readiness Conference is to address these issues and prepare the way for a smooth trial. In some courts, if exhibits are not on the trial exhibit list and potential objections not included, they may be deemed waived.

If counsel plan on using deposition transcripts at trial, so that the court can rule on objections to certain testimony counsel should lodge the transcripts with the court and have a copy for the

(See "Ten Practical Tips" on page 10)

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judge and a copy for the witness ready to show during trial. Counsel should also be prepared with page and line number references ready to read into the record or for impeachment purposes.

Along these lines, Judge Barton noted that while no one wants to waive an objection to evidence, it is important to focus on what evidence is necessary to prove your case, or what evidence you may want to exclude that may hurt your case. A laundry list of objections to virtually everything are the least likely to be effective for either law and motion matters or for trial. Focused objections to key evidence are the most likely to be successful.

8. Request The Judge Ask Sensitive *Voir Dire* Questions And For Their Procedures.

While questions that are designed more for pre-conditioning the jury will not be asked (and objections to such questions may be raised during the *voir dire* process), both Judge Lewis and Judge Barton said that judges understand cases sometimes raise issues that are best addressed from the judge rather than be attributed to a particular side. Both said that if there are particularly sensitive issues raised by a case, they are willing to ask questions directed at such issues if requested to do so by counsel. *Voir dire* practices vary considerably by judge (even Judge Barton and Judge Lewis use different methods). Counsel should inquire in advance if the court has any written procedures, or ask the judge about *voir dire* procedures during the Trial Readiness Conference.

9. Practice Your A/V Skills Before Trial.

Attorneys who effectively use audio-visual equipment at trial have an advantage over those who do not as juries appear to be more focused on such evidence, according to Judge Barton. However, this statement comes with a significant *caveat* – it is the rare case where the equipment works as intended for the entire case. And if counsel is not familiar with the equipment or it fails during trial, this could result in significant disruption or, even worse, delay in presenting the case to the jury. The key tip here is the effective use of such equipment. That comes with practice and test running the presentation to be used before trial.

On the other hand, A/V equipment is rarely

helpful for law and motion matters. In addition to the time constraints noted above, use of such equipment may raise a number of collateral matters (e.g., does the material constitute additional briefing and must be shown to the other party, or clearing use of the equipment with the court) that raise more headaches than justify the use of such equipment.

10. Look At The Jury To See If The Trial Is Taking Too Long.

Finally, both Judge Lewis and Judge Barton emphasized the need to focus on the jury and its demeanor during trial. Many times they see attorneys focusing on issues not germane to the key point of the case, or spending an inordinate amount of time addressing issues that result in the jury sitting outside in the hallway, without due consideration of the impact that may have on the jury. If the trial is taking too long or a point has already been made, the jurors' reactions will let counsel know that in subtle (and sometimes not so subtle) ways. Judge Barton said he will occasionally ask counsel during trial to look at the jurors. Their reaction may be the best evidence of the pace of the trial. ▲

Wage and Hour

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lawsuit is, how to avoid becoming the target of such a suit, and what to do if faced with one.

1. THE BASICS

A wage and hour class action lawsuit is, generally speaking, a suit brought by an individual or small group of individuals on behalf of themselves and other employees in the same or similar job classifications, alleging failure to pay minimum wage or overtime or failure to comply with other requirements relating to the proper payment of employees.

Wage and hour class actions can be based on either federal or state law. Those based on federal law are brought under the Fair Labor Standards Act ("FLSA"). The FLSA, among other things, requires covered employers (1) to pay their employees at least the federal minimum wage and (2) to pay their employees overtime at a rate of one-and-one-half times their regular hourly wage for hours over 40 in a week, unless those

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employees qualify for one of several specific “exemptions” from one or both of these requirements. The FLSA requires class action lawsuits brought under federal law (technically called “collective actions”) to proceed on an “opt-in” basis, meaning only those employees who actively agree to participate in the lawsuit may be included.

In addition to the FLSA, states are free to establish laws of their own setting forth minimum wage, overtime and other requirements for employers that are more favorable to employees than those included in the FLSA. Some states (such as California) have enacted sophisticated wage and hour laws with numerous requirements not found in federal law, while other states simply incorporate federal law or do not have any type of wage and hour laws on the books. In addition, some state laws allow wage and hour class actions to proceed on an “opt-out” basis, meaning all employees in the purported class would be included unless they actively chose not to participate. California both has more restrictive requirements than the FLSA and allows wage and hour class action suits to proceed on an “opt out” basis, and as a result has been a hotbed of wage and hour litigation activity.

A. Common allegations

Employers can unintentionally stumble into violations of federal and state wage and hour laws in myriad ways. California’s wage and hour laws are lengthy and complex, and go far beyond the requirements set forth by the FLSA. The most common allegations in wage and hour class actions are as summarized below:

1. Misclassification: The FLSA and some state wage and hour laws, including California’s statutory scheme, exempt certain classes of employees from the application of minimum wage and/or overtime provisions. Some of the more commonly used exemptions are exemptions that apply to executive, professional, and administrative employees; exemptions that apply to inside or outside salespeople; and exemptions that apply to certain employees who drive as part of their job. Each of these exemptions has specific requirements. An employer may either intentionally or inadvertently misclassify a group of employees as qualifying for one of these exemptions. As a result,

the employer may fail to pay the employees the minimum wages or overtime wages they would otherwise be due had they been properly classified as non-exempt employees.

2. Off-the-clock work: Employees sometimes perform work before clocking in or after clocking out, either at the urging of their supervisor, of their own volition in an attempt to appear more efficient, or for other reasons. As a result, those employees are not paid any wages for that work. This can create a violation of minimum wage requirements, overtime requirements (if the unrecorded hours would have been overtime hours), and other wage and hour requirements such as record-keeping requirements.

3. Miscalculation of overtime: Determining how much overtime an employee is due is not necessarily a matter of simple arithmetic. The proper computation of overtime depends on the nature of an employee’s compensation (e.g., hourly wages, a salary, commissions, bonuses, differing wage rates for different tasks, etc.). While the calculation of overtime on some types of compensation is relatively straightforward, that calculation can be extremely complicated, especially for bonuses or commissions earned over more than one pay period. In addition, the proper computation of overtime on any particular type of compensation may vary from state to state. For example, computation of overtime on a salary can be different under California law than under federal law.

4. Unlawful commission policies: Commission policies, particularly those involving advances, raise complicated issues. These issues include the proper computation of overtime and compliance with certain state laws, such as a California law prohibiting the taking back of wages once earned.

5. Unlawful vacation policies: Some states have complicated rules regulating vacation policies. California prohibits employers from implementing “use-it-or-lose-it” vacation policies, where employees forfeit vacation they have accrued but not used at year end, at termination, or at any other time.

6. Meal period and rest break violations: California law requires employers provide certain employees with unpaid 30 minute meal periods during any work periods that exceed five hours, and with paid 10 minute rest breaks during any work periods of at least three and one-half hours.

Wage and Hour

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7. Reimbursement and expense-related allegations: Wage and hour class actions have been filed alleging failure to properly reimburse for mileage or other expenses; failure to provide necessary tools, equipment, or uniforms; unlawful charges for cash shortages or lost or damaged property; and other issues relating to the proper allocation of responsibility for certain expenses between employers and employees.

8. Record-keeping and pay stub violations: In many instances where an employer has violated one of the rules described above, it has also committed a record-keeping or pay stub violation. Consider for example the requirement that an employer track hours worked by overtime-eligible employees and include that information on employees' pay stubs. An employer who has misclassified a group of employees as exempt and paid them accordingly likely has not tracked the hours and therefore cannot include them on the pay stubs, as is required by California law.

B. Sky high damages

The unpaid wages claimed in a wage and hour class action can add up fast. In California, California Business and Professions Code Section 17200 *et seq.* allows some class actions to proceed on the basis of a four-year limitations period. Federal law allows some collective actions to proceed on the basis of a three-year limitations period. Just the unpaid wages to an entire classification of employees over this period can be millions of dollars. However, the damages alleged in a wage and hour class action are rarely limited to unpaid wages. Under certain circumstances, the FLSA provides for liquidated damages in an amount equal to the unpaid wages. Some state laws likewise provide for liquidated damages, or, like California, provide penalties for violation of certain state laws. When interest and attorneys' fees are added, the amount owed by an employer that has violated the wage and hour laws can be mind-boggling. That is why it is critical for employers to recognize their risk areas and avoid becoming the target of such a suit.

II. MEETING THE CHALLENGE

A. Avoiding wage and hour class actions

The best way to avoid becoming the target of

a wage and hour class action lawsuit sounds simple: be familiar with the law, identify areas in which your company may not comply, and correct any mistakes. However, as noted above, the laws themselves are complicated, and vary from state to state. This means a nationwide employer must not only familiarize itself with federal law and the laws of every state in which it does business, but also must make sure this information gets to the field – to the managers, payroll personnel, and other employees who are making and implementing compensation decisions. The following are some suggestions for tackling this monumental task.

1. Employee classification reviews: Begin with a review of the categories of employees who are classified as exempt. Remember that in order to be exempt from minimum wage and/or overtime requirements, an employee must qualify for both a federal exemption and a state exemption, if applicable. In some instances, a state may enact a “parallel” exemption that is similar but not identical to a federal exemption. Employers should therefore confirm any employee classified as exempt meets every requirement of the exemption under both sets of laws. Exemptions are “all or nothing” – if any of the criteria are not met under either federal or state law, the employee is not exempt.

2. Payroll practice audits: Track your time-keeping and payroll system from start to finish – in other words, from the time an employee performs the work to the time he or she receives payment for it – and make sure all applicable laws are being followed. Is all work recorded? Is overtime calculated in accordance with the relevant laws? Do all applicable records accurately reflect the hours and compensation calculation?

3. Time card certifications: Many employers require employees to sign their time cards to verify accuracy. Some employers have begun to add certifications above the signature line. Such certifications may state, for example, that the employee recorded all hours worked, or may reference specific state requirements (such as California's meal period and rest break requirements) and confirm those requirements have been met.

B. Defending wage and hour class actions

The cheapest way to rectify wage and hour violations is to do so before a suit is filed. If, however,

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before the ENE. Thus, discovery will open before the ENE Conference, and the Rule 26(a)(1) initial disclosures would also be due before the ENE (normally within 14 days after the Rule 26(f) conference). Parties who believe there is a chance for settlement at the ENE may want to stipulate (with Court approval) to move the Rule 26(a)(1) initial disclosures until sometime after the ENE Conference, as such disclosures can be voluminous in a patent case.

The Patent Local Rules contemplate that if the case does not settle at the ENE, the Magistrate Judge assigned to the case will proceed with an Initial Case Management Conference (“CMC”) to discuss normal case scheduling and cutoff dates. The timeline provided with the Patent Local Rules indicates that the CMC would immediately follow the ENE, but it is conceivable that the CMC would be scheduled on a later date. The parties’ Rule 26(f) report to the Court, due seven days before the ENE Conference, must address the normal scheduling matters, as well as four issues specific to patent cases: (1) any proposed modification of the deadlines provided in the Patent Local Rules, (2) whether the Court will hear live testimony at the Claim Construction Hearing, (3) discovery related specifically to claim construction, and (4) the order of presentation at the Claim Construction Hearing.

Although discovery will open earlier than usual, the Patent Local Rules set specific dates for claim construction positions and related disclosures from both parties. Thus, a party may object to premature discovery requests seeking this same information. Counsel should carefully consider the interplay of the Federal Rules of Civil Procedure and the Patent Local Rules and all the required disclosures, and discuss these matters with opposing counsel during the Rule 26(f) conference so that the parties can agree on a workable discovery plan, subject to Court approval. Rule 2.3 requires counsel of record sign all the required statements, disclosures and charts, thereby certifying that, to the best of counsel’s knowledge after reasonable inquiry, they are complete and correct as of the time they are made. Thus, it would appear that Fed.R.Civ.P Rule 11 may be invoked to police compliance with the Patent Local Rules.

C. Patent Disclosures

Rule 3.1 provides that, no later than 14 days after the Initial CMC, the party claiming patent infringement must serve a “Disclosure of Asserted Claims and Preliminary Infringement Contentions” that identifies the asserted claims and each “Accused Instrumentality” alleged to infringe. The disclosure must include a chart that reads each asserted claim onto each Accused Instrumentality and does so on an element-by-element basis. The disclosure must also state whether a particular claim element is in “means plus function” format, thus governed by 35 U.S.C. § 112(6), and whether each claim element is infringed literally and/or under the doctrine of equivalents. The priority date for each asserted claim must also be provided.

Because of the timing of this disclosure, it will likely occur prior to production by the accused infringer of complete information about the Accused Instrumentality. Thus, unless the Accused Instrumentality is readily available, this disclosure may be “preliminary” and reflect little more

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a company does become a target, there are several options. Which path a company chooses will depend on the specifics and strength of the claims. Many such cases settle quickly, particularly where the employer investigates the allegations and concludes it has in fact violated the relevant laws. Other suits are challenged on the grounds they cannot proceed on a class basis – in other words, that the situation was different with regard to each employee and the issues therefore cannot be decided as to the entire group of employees in one suit. Still other companies are confident their practices are lawful and chose to fight the issues on the merits.

New and creative wage and hour class actions are filed every day, against different industries and alleging different violations. Employers may not be able to avoid being the target of such suits altogether. However, being aware of the issues and the risks is the first critical step. ▲

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than the pre-filing diligence required to bring the action. On the other hand, if the Accused Instrumentality is readily available, this disclosure should be more complete. In all cases, Patent Local Rule 2.3 requires as complete a disclosure as possible “formed after an inquiry that is reasonable under the circumstances.” Needless to say, contentious patent litigants often don’t see eye to eye on the requisite level of disclosure under the particular circumstances, and disputes no doubt will arise. Patent plaintiffs anxious to keep their case moving forward are well advised to make extra efforts to serve a disclosure as “complete and correct” as possible under the circumstances.

Rule 3.1 also provides that the party claiming patent infringement must identify any of its own products or processes that incorporate or use a particular asserted claim if that party “asserts” that such product or process “practices the claimed invention.” This particular provision appears to be optional in the sense that the party claiming patent infringement may choose not to assert that any of its products or processes practice the claimed invention, and so numerous strategic considerations are raised that are beyond the scope of this article. In certain cases, the patent owner may assert that it sells or uses the patented product or process for purposes of showing non-obviousness through commercial success, establishing the right to lost profits damages, or showing constructive notice of the patent through marking.

Rule 3.2 provides that the party claiming patent infringement must provide, along with the Preliminary Infringement Contentions, certain categories of documents such as offers to sell the claimed invention before the application date for the patent in suit, documents evidencing conception, reduction to practice, design and development of the claimed invention created on or before the application date or priority date, and prosecution histories for each patent in suit or application to which a claim to priority is made. This requirement would appear to mandate providing copies of provisional applications if relied upon to establish an early priority date for an asserted claim.

One interesting aspect of Rule 3.2, not found in the Northern District’s Patent Local Rules, is the requirement that the producing party use

“best efforts” to obtain all the required documents even if they are not in that party’s possession, custody or control. This rule could come into play if, for example, the plaintiff acquired the patent by assignment, or there are third-party inventors. While this production requirement may seem somewhat unusual, in most cases it would be prudent for the plaintiff to obtain and review these documents before filing the lawsuit anyway, as part of its pre-filing diligence. This will help avoid any unpleasant surprises later when your opponent subpoenas these third parties. Again, a plaintiff anxious to keep its case on track may be well advised to do a thorough “best efforts” job disclosing the required documents in a timely fashion so the accused infringer has no excuse to delay its disclosures.

Rules 3.3 and 3.4 address the accused infringer’s “Preliminary Invalidity Contentions”, which are due 60 days after service of the “Disclosure of Asserted Claims and Preliminary Infringement Contentions.” Rule 3.3(a) requires the identification of all prior art that allegedly anticipates each asserted claim or renders it obvious. The rule elaborates on the identification of prior art under 35 U.S.C. § 102(b), (f), and (g), but the first sentence is clearly not limited to these three subsections of § 102. Thus, any “prior art” or evidence thereof under any of the subsections of § 102 should be disclosed.

Rule 3.3(b) requires that, for combinations of prior art alleged to render a claim obvious, the motivation to combine the prior art must also be identified. This is consistent with Federal Circuit precedent (but note that the U.S. Supreme Court recently granted certiorari in *Teleflex, Inc. v. KSR International Co.*, 119 Fed. Appx. 282 (Fed. Cir. 2005). on the question of whether obviousness under 35 U.S.C. § 103(a) should require proof of a teaching, suggestion, or motivation that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed). Showing a “motivation to combine” may not be necessary if the Supreme Court answers this question in the negative, but there may be no downside in doing so if there is evidence of such teaching or motivation in the record.

Rule 3.3(c) requires the charting of the prior art against the asserted claims. Presumably, this would have to be done for each item of anticipatory prior art and each combination of

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prior art used to show obviousness. Depending on how many prior art references have been identified, this can amount to many hours of work putting together many charts, because there is an understandable concern that the failure to chart a particular prior art reference may result in a waiver of the right to later use that reference. There is also uncertainty at this stage about the claim construction that the Court will ultimately adopt. One approach may be to assume a broader claim construction for your invalidity contentions, and rely on a non-infringement defense if the Court interprets the claims more narrowly. Accused infringers can take some comfort, however, because revised invalidity contentions may be served after the Court's Claim Construction Ruling.

Rule 3.3(d) and (e) require disclosure of alleged defenses under the first and second paragraphs of 35 U.S.C. § 112. Again, this must be done before the Court rules on claim construction, so it must be appreciated that the claim scope is still fluid and may later take an unexpected turn. Accused infringers should therefore avoid becoming too wedded to any particular defense at this stage and remain as flexible as possible, at least until the Court finally rules on claim construction. Note also that certain defenses, such as "failure to disclose the best mode" under 35 U.S.C. § 112(1), generally rely heavily on discovery and disclosures from the party asserting infringement and the inventors. For such defenses, it is important to insist on complete disclosures from the plaintiff under Rules 3.1 and 3.2, and depose at least the named inventors on the asserted patents in a timely fashion.

The defense of inequitable conduct in procuring the patent is not specifically dealt with by the Patent Local Rules. Inequitable conduct will result in unenforceability of the entire patent. Such a defense is akin to a charge of "fraud" on the Patent Office, and so the Federal Circuit has held that the more strict pleading requirements of Fed.R.Civ.P. Rule 9 apply to allegations of inequitable conduct. Typically such defenses do not come to light until after some discovery and depositions have been completed, and so the normal practice is to seek a stipulation from the

opposing party or leave of Court to amend the pleadings as soon as there is a good faith belief that the defense has merit and can be pled with the requisite particularity.

Assuming such particularized allegations of inequitable conduct are already pled or prepared, there seems little downside to including them in the accused infringer's Rule 3.3 Preliminary Invalidity Contentions. However, it is unclear whether such a disclosure under the Patent Local Rules alone would suffice to bring the charge of inequitable conduct to trial. Thus, the safer practice for the accused infringer is to amend the pleadings as soon as possible.

Rule 3.4 covers the scope of the document production that must accompany the Preliminary Invalidity Contentions. Rule 3.4(a) calls for the production of documentation "sufficient to show" the operation of any Accused Instrumentality identified by the patent claimant in its Rule 3.1 infringement chart. By the time Rule 3.4 disclosures are required, documents regarding the products or devices accused of infringement may have already been produced as part of the accused infringer's Rule 26 initial disclosures or in response to normal discovery requests from the patent claimant.

In addition to complying with Rule 3.4, the main concern for the accused infringer is not to withhold documents "sufficient to show" that there is no infringement. Based on the application of similar rules by other courts, there may be a risk that any exculpatory evidence withheld at this point may be excluded if produced later. Also, the lack of a Court issued Protective Order is no excuse to delay this document production. As provided in Rule 2.2, any confidential documents must be marked and treated accordingly by the parties.

Rule 3.4(b) calls for the production of each item of prior art identified and not listed in the patent, including translations of any foreign documents. This would appear to require any type of "prior art" identified, not just patents or publications, and would include documentation relating to public use or on sale bars and the invention by another ("derivation") or evidence of prior invention. As the production of all such evidence is also required as part of the accused infringer's Rule 26 initial disclosures since it may be used to support an invalidity defense, the accused

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infringer should take great care to produce all such exculpatory evidence in its possession at least by this stage in the proceedings, or risk exclusion later. One approach may be to produce all prior art references known at the time, even those for which a chart was not prepared under Rule 3.3(c), so that if the claim construction takes an unexpected turn and the reference becomes more relevant an invalidity chart for that reference can be provided with the Final Invalidity Contentions.

Rules 3.6 and 3.7 allow for the modification of the parties' preliminary contentions under certain circumstances. Under Rule 3.6(a), the patent claimant's Preliminary Infringement Contentions may be amended only if the patent claimant believes in good faith that the amendments are required in view of the Court's claim construction ruling or the documents produced by the accused infringer regarding the Accused Instrumentality. Thus, if the Court's claim construction ruling does not address a particular claim limitation, and no new information is produced about the corresponding element in the Accused Instrumentality, it seems that any amendment to the patent claimant's Preliminary Infringement Contentions as to that claim limitation may be precluded. Any amended infringement contentions are due 30 days after the Court serves its claim construction ruling, and become the patent claimant's Final Infringement Contentions. If no amendments are made, the patent claimant's Preliminary Infringement Contentions are deemed its Final Infringement Contentions.

Under Rule 3.6(b) the accused infringer's Preliminary Invalidity Contentions may be amended only if the patent claimant serves Final Infringement Contentions or the accused infringer believes in good faith that the Court's claim construction ruling so requires. Thus, if the Court's Claim Construction Ruling does not address a particular claim limitation, and the patent claimant's Preliminary Infringement Contentions are not changed as to that particular claim limitation, it seems that any amendment to the accused infringer's Preliminary Invalidity Contentions as to that claim limitation would normally be precluded.

Although it is not entirely clear, presumably any permissible amendments to the Preliminary Invalidity Contentions based on a change in the patent claimant's Preliminary Infringement Contentions would be limited to the particular claim limitations affected by the changes made by the patent claimant (as opposed to a wholesale amendment of the accused infringer's Preliminary Invalidity Contentions). Any amended invalidity contentions are due 50 days after the Court serves its claim construction ruling, and become the patent claimant's Final Infringement Contentions. If no amendments are made, the accused infringer's Preliminary Invalidity Contentions are deemed its Final Invalidity Contentions.

Rule 3.7 provides that, except as set forth in Rule 3.6, no amendments or modifications to the parties' preliminary or final contentions may be made except those allowed by the Court based upon a showing of good cause. It remains to be seen how strictly the Court will interpret these rules and what circumstances may qualify as "good cause" to make an otherwise untimely amendment to a party's contentions. Presumably, newly discovered prior art would qualify if the party can demonstrate diligence in searching and the inability to reasonably discover the prior art sooner. Amendments to the parties' contentions based upon late production or disclosures by the opposing party (for example, late produced documents relating to the design or operation of the Accused Instrumentality) would also seem to be appropriate if the information could not otherwise be obtained with reasonable diligence. There are many possible scenarios that might justify an otherwise untimely amendment to the parties' contentions. The rules give the Court substantial discretion to decide these matters on a case-by-case basis. Published decisions from the Southern District interpreting the new Patent Local Rules should provide more guidance as new patent cases work their way through the Court. In the meantime, practitioners should consult decisions from district courts with similar patent local rules.

Rule 3.8 concerns the timing and scope of required disclosure in connection with any opinions of counsel to be relied upon as a defense to a charge of willful infringement. Rule 3.8 provides that a privilege log must be served listing any documents relating to the subject matter of an opin-

ion that are to be withheld on grounds of privilege, except those documents authored by counsel acting solely as trial counsel. Failure to comply with the requirements of this rule will preclude reliance on an opinion of counsel as a defense to a charge of willful infringement. The extent of the waiver when an opinion is produced is a complex area of the law beyond the scope of this article.

Additionally, soon after the Patent Local Rules were adopted by the Southern District, the Federal Circuit handed down *In re Echostar Communications Corp., et al.* 448 F.3d 1294 (Fed. Cir. 2006) on a petition for writ of mandamus from the Eastern District of Texas. The Federal Circuit clarified the scope of the waiver and resolved several conflicts between the leading district court decisions. In *Echostar*, the court made clear that the scope of the waiver in a patent case is a matter of Federal Circuit law, as opposed to regional circuit law. Accordingly, defense counsel should carefully consider the *Echostar* decision on this issue in the context of the Patent Local Rules.

Claim Construction Proceedings

This section of the Patent Local Rules governs the required exchanges and briefing leading up to the Claim Construction (or “*Markman*”) Hearing. Rule 4.1 provides that the parties simultaneously exchange preliminary proposed constructions of each claim term, phrase, or clause that the party believes requires construction or interpretation by the Court. At the same time, the parties must also provide each other preliminary identification of any extrinsic evidence (*i.e.*, evidence outside the patent and file history) supporting its proposed claim constructions. This includes identification of any percipient or expert testimony contemplated to support a party’s claim construction. Fourteen days later, the parties must simultaneously exchange papers, this time of their responsive claim constructions and supporting extrinsic evidence. After these two exchanges, the parties must meet and confer for purposes of reaching agreement on claim constructions and narrowing the disputed claim construction issues to the greatest extent possible.

Rule 4.1 focuses on the identification of extrinsic (as opposed to intrinsic) evidence. This

is curious and most likely a reflection of the fact that these Patent Local Rules have their genesis in similar rules from other district courts adopted well before the 2005 *en banc* decision in *Phillips v. AWH Corp., et al.* 415 F.3d 1303 (Fed. Cir. 2005), wherein the Federal Circuit reestablished that the intrinsic record is paramount in claim construction. Thus, although not required as part of the Rule 4.1 exchanges, in this post-*Phillips* era a party attempting to convince the opposing party of the merits of its proposed claim construction may be well advised to include supporting citations to the intrinsic record, as well as the extrinsic evidence. This is required in the joint submissions to the Court under Rule 4.2 in any event, so it would seem prudent for a party to have identified intrinsic support for its proposed claim constructions well before it starts this phase of the process.

Rule 4.2 governs three required submissions to the Court after the parties have met and conferred: the Joint Claim Construction Chart, Joint Claim Construction Worksheet, and Joint Hearing Statement. The Joint Claim Construction Chart provides a summary of the disputed claim terms, each party’s proposed construction and each party’s supporting intrinsic and extrinsic evidence. The Joint Claim Construction Worksheet is for the Court’s benefit and simply provides the competing proposals for each disputed claim term and a blank column for the Court to enter its construction after the hearing. The Joint Hearing Statement provides the anticipated length of the Claim Construction Hearing and a listing of any proposed percipient or expert witnesses on claim construction. For any proposed expert testimony a summary of the opinions to be offered must be provided for discovery purposes. Needless to say, this entire process may be accomplished most easily and efficiently if counsel can maintain a cordial and professional working relationship.

Rule 4.3 provides that the parties must complete all discovery related to claim construction within 28 days after filing the Rule 4.2 joint submissions discussed above. Rule 4.3 also states that Fed.R.Civ.P Rule 30 will apply to any depositions except those of experts. Thus, the deposition of any percipient witness (such as an inventor) would normally be limited to one day of seven hours absent prior agreement of the parties or

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relief from the Court. Rule 4.2 apparently contemplates that expert witnesses used in the claim construction process may be deposed as part of the claim construction discovery and later deposed on any substantive factual issues such as infringement and validity after the service of Rule 26 expert reports. Although not directly addressed by the Patent Local Rules, asking the Court to schedule the due dates for the Rule 26 exchange of expert reports to a reasonable time after the Court issues its Claim Construction Ruling may reduce expenses and improve efficiency. By doing so, the expert witnesses can apply the claim constructions decided by the Court in their substantive factual opinions and avoid having to assume certain constructions beforehand and later amend their reports.

Rule 4.4 governs the claim construction briefing, and provides for the simultaneous exchange of opening and responsive briefs and supporting evidence. Given all the prior exchanges, there should be little surprise by the time the briefs are served. To reduce expenses and improve efficiency, the parties may choose to agree on submission of a joint appendix containing at least the patent file histories and cited references, as these documents are often voluminous. The Court may also prefer to receive these materials in electronic form for ease of handling and review.

Finally, Rule 4.5 provides that the Court may conduct a Claim Construction Hearing if the Court believes a hearing is necessary on any particular issues. Presumably the Court may also decide whether it wants to hear live testimony from any of the proposed witnesses, or just argument of counsel. The Court may also request a tutorial on the underlying technology that may occur before, or on the date of, the hearing.

Although the Patent Local Rules add some procedural complexity to already complex patent cases, there is little doubt that having a speedy and efficient process leading to the critical claim construction ruling should result in faster and better resolution of patent cases in the long run. ▲

Articles of Interest from Recent ABTL Newsletters

Northern California

Increasing The Likelihood of Success on Summary Judgment Motions by the Hon. Beth L. Freeman

Using An Employer's Email: Attorney-Client Privilege Issues by Tyler G. Newby

Los Angeles

What Lawyers Must Do To Block The Split by Thomas J. McDermott, Jr.

*Is Anything Left of Abuse of Process After *Rusheen v. Cohen*?* by Eve M. Coddon

"Settlement Is An Exercise In Doubt": Strategic Settlement Advocacy by Robert A. Steinberg

Keep It Simple: How Really Smart Litigators Get Bugged Down and Off Message In The Courtroom And What To Do About It by Natalie N. Adams and Heather R. Barber

Employers Beware Of The Squeaky Wheel by Michelle Lee Flores

The Iron Curtain: Protection From Personal Liability? By Elsa Horowitz

Vince Bartolotta

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organizations. The San Diego County Bar Association is a non-voting advisory adjunct to the committee's deliberations.

The annual venue for the Broderick Award presentation is the Red Boudreau Dinner, with the financial beneficiary being the St. Vincent de Paul Village established by Father Joe Carroll. Vince has served as Chairman of St. Vincent de Paul's Board of Directors (1995-2001) and currently is serving as co-chair of its capital campaign (2001 to present). ▲



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