

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

M-I Drilling Fluids UK Ltd.
and M-I LLC,

Case No. 14-cv-4857 (ADM/HB)

Plaintiffs,

ORDER

v.

Dynamic Air Inc.,

Defendant.

HILDY BOWBEER, United States Magistrate Judge

This matter is before the Court on Defendant's motion to compel Plaintiffs to reduce the number of patent claims they will assert in this case from 117 (i.e., all claims of the five patents-in-suit) to ten by February 22, 2016. [Doc. No. 198].¹ Plaintiffs agree in principle that the number of asserted claims should be reduced but argue that discovery has not progressed sufficiently to allow the drastic reduction proposed by Defendant, and that in any event, there is no basis for concluding that ten claims is the correct number. Plaintiffs did, however, agree to reduce the number of asserted claims by February 22 to twenty-five.

The parties agreed to submit this issue through a modified informal resolution process while reserving the right to appeal the Court's decision to the District Judge. They submitted letter briefs [Doc. Nos. 198, 201], and the Court held a hearing by teleconference

¹ The facts giving rise to this lawsuit are recited in District Judge Ann D. Montgomery's February 2014 Order in a related case, *M-I Drilling Fluids UK Ltd. v. Dynamic Air Inc.*, No. 13-2385, 2014 U.S. Dist. LEXIS 14804 (D. Minn. Feb. 6, 2014), and will not be repeated here.

on February 18, 2016.

I. DISCUSSION

While patent owners sometimes bring suit to enforce hundreds of patent claims, in general, “the problem of excessive claim assertion is self-policing, since most patent holders are motivated to reduce the number of claims in order to simplify presentation at trial.”

Douglas A. Cawley, *District Court Patent Case Management Post-AIA*, 14 Sedona Conf. J. 77, 84 (2013). Still, “patent owners may have little motivation to drop asserted claims until late in the litigation, so defendants and the courts may still be faced with numerous claims in the pre-trial phase.” *Id.* The Federal Circuit and district courts have thus provided guidance on how and when courts should reduce the number of asserted claims.

In *In re Katz Interactive Call Processing Litigation*, 639 F.3d 1303, 1309 (Fed. Cir. 2011), the plaintiff asserted 1,975 claims from thirty-one patents against 165 defendants. The Federal Circuit affirmed the district court’s order that the “total number of claims to be asserted against all defendants could not exceed 64 (eight claims for each unique specification including four specifications not at issue).” *Id.* The plaintiff argued this claim reduction order violated its due process rights, but the Federal Circuit held otherwise, specifically noting that the district court’s order provided that the plaintiff could raise additional claims if it showed those claims presented unique issues. *Id.* at 1312; *see also Stamps.com Inc. v. Endicia, Inc.*, 437 F. App’x 897, 902 (Fed. Cir. 2011) (affirming order to reduce number of claims from 629 to fifteen, but giving plaintiffs the opportunity to add additional claims upon a showing of good cause).

In addition to deciding whether, how, and to what extent to reduce the number of

asserted claims, courts have addressed disputes governing when any reduction should occur. In *In re Katz*, the Federal Circuit stated “a claim selection order could come too early in the discovery process, denying the plaintiff the opportunity to determine whether particular claims might raise separate issues of infringement or invalidity in light of the defendants’ accused products and proposed defenses,” but noted the plaintiff made no such argument in that case. 639 F.3d at 1313 n.9. In *Arctic Cat, Inc. v. Polaris Indus. Inc.*, No. 13-cv-3579 (JRT/FLN), 2015 WL 3756409, at *1 (D. Minn. June 12, 2015), Judge Franklin L. Noel issued a report and recommendation, subsequently adopted by Chief Judge John R. Tunheim, addressing the proper timing for claim reduction. After surveying orders of district courts around the country, Judge Noel concluded claim reduction should not occur before defendants had served invalidity and non-infringement contentions, but held that “waiting to reduce claims until after claim construction would be too late in the litigation process.” *Id.* at *4.² When the parties were subsequently unable to agree on a deadline for claim reduction within those guidelines and on the maximum number of claims to be asserted, Judge Noel issued a second order requiring the patentee to reduce its claims to no more than twenty across the three patents-in-suit, no later than a week after the parties’ joint claim construction statement was filed. *See* Order at 2, *Arctic Cat*, No. 13-cv-3579 (D. Minn. July 27, 2015) [Doc. No. 122]. The order provided, however, that the patentee could add or substitute a claim with leave of court if it could demonstrate “that the claim presents

² Citing cases from this district, the District of Delaware, the District of Northern California, and the Eastern District of Texas, Judge Noel observed that “the vast majority of courts that have ordered claim reduction have done so prior to claim construction.” *Id.*

unique questions of validity or infringement.” *Id.*

A slightly modified approach pursued by some district courts involves a phased approach to claim reduction. For example, in *Thought, Inc. v. Oracle Corp.*, No. 12-CV-05601-WHO, 2013 WL 5587559, at *1-4 (N.D. Cal. Oct. 10, 2013), the court required the patentee to identify no more than ten claims per patent and no more than thirty-two claims total prior to claim construction. After claim construction, the court gave the patentee twenty-eight days to make a final election of asserted claims, reducing the final count to no more than five claims per patent and sixteen total. *Id.* at *4. A 2013 model order from the Federal Circuit Advisory Council also provides for phased claim reductions. *See* Federal Circuit Advisory Council, “A Model Order Limiting Excess Patent Claims and Prior Art,” (July 23, 2013) (proposing an initial election of asserted claims, with a final election of asserted claims occurring twenty-eight days after the court issues its claim construction order).

To support its position that Plaintiffs should be required now to reduce their asserted claims to ten, DAI relies on the *Arctic Cat* case previously discussed and on two other District of Minnesota cases in which the court ordered claim reduction. In *3M Co. v. Moldex–Metric, Inc.*, No. 03-cv-5292 (MJD/AJB) (D. Minn. Aug. 20, 2007) [Doc. No. 406], Judge Davis ordered the patentee to reduce its number of asserted claims to ten, based on four patents. *Id.* at 7. In *Select Comfort Corp. v. Gentherm, Inc.*, No. 13-cv-2314 (SRN/JJK), 2014 WL 4976586, at *1 (D. Minn. Oct. 3, 2014), Judge Nelson ordered the patentee to reduce the number of asserted claims to fifteen.

In each of these cases, however, it appears discovery had progressed farther than it

has in this case. In *3M Co. v. Moldex-Metric*, fact discovery was complete. Order at 5, *3M Co.*, No. 03-cv-5292 [Doc. No. 406]. In *Select Comfort*, while the parties disagreed about the appropriate number of claims (the patentee proposing fifteen and the accused infringer proposing ten), the patentee did not argue that it did not have enough information to permit it to choose the claims on which it would go forward. In *Arctic Cat*, although the patentee initially argued it had not had adequate time to analyze recently produced CAD files that were key to its ability to intelligently reduce the number of asserted claims, by the time it was required to reduce claims, it had been in possession of the CAD files for four months and had conducted a two-day inspection of the accused products. See Arctic Cat's Mem. Supp. Mot. Reduce at 7-8, *Arctic Cat*, No. 13-cv-3579 (D. Minn. Mar. 16, 2015) [Doc. No. 79]; Polaris's Mem. Opp. Mot. Reduce at 20-21, *Arctic Cat*, No. 13-cv-3579 (D. Minn. Apr. 6, 2015) [Doc. No. 93]. In addition, infringement and invalidity contentions and countercontentions had been served and the parties had submitted their joint claim construction statement. See Arctic Cat's Mem. Supp. Mot. Reduce at 7-8, *Arctic Cat*, No. 13-cv-3579 (D. Minn. Mar. 16, 2015) [Doc. No. 79]; Order, *Arctic Cat*, No. 13-cv-3579 (D. Minn. July 27, 2015) [Doc. No. 122].

By contrast, in this case, although it has been pending for some time, discovery is still in an early stage, in part because of complications involved in obtaining discovery in foreign jurisdictions and from non-parties. DAI did not complete its production of core technical documents (most if not all of which had to be obtained from its Brazilian affiliate) until a few days ago. Plaintiffs are taking their first substantive depositions (other than depositions intended to address organizational and custodial issues) February 18 and

February 19, 2016. Additionally, while the parties have exchanged initial infringement and invalidity contentions and countercontentions and have begun to identify claim terms that may need to be construed, claim construction has not yet begun in earnest,³ and they have agreed to dates to exchange another round of contentions.

The Court concludes, therefore, that it is premature to require Plaintiffs to reduce their claims to the extent demanded by Defendant by February 22, 2016. Plaintiffs represented they are willing and able to reduce the number of asserted claims to twenty-five by that date. The Court therefore orders Plaintiffs to do so. However, taking into account the limits set by orders in this District and others, the Court believes that a further reduction in the number of claims is appropriate, particularly in view of the fact that all of the patents-in-suit share a common specification,⁴ and that there were terminal disclaimers filed.⁵

³ Pursuant to a stipulated extension in the schedule, the parties' joint claim construction statement is now due March 9, 2016, the opening claim construction briefs are due April 1, 2016, and responsive claim construction briefs are due April 18, 2016.

⁴ The five patents-in-suit include the parent, a divisional of the parent application, two continuations of the parent application, and one continuation of a continuation of the parent application.

⁵ The three cases in this District that have addressed claim reduction ordered a reduction to ten claims in a case involving four patents, *3M Co.*, No. 03-cv-5292 [Doc. No. 406], fifteen claims in a case involving five patents, *Select Comfort*, 2014 WL 4976586, at *4, and twenty claims in a case involving three patents, *Arctic Cat*, No. 13-cv-3579 [Doc. No. 122]. While there is no magic formula, courts have identified additional factors beyond the number of patents-in-suit for determining the appropriate number of asserted claims. *See, e.g., Thought*, 2013 WL 5587559, at *1-4 (considering the number of patents-in-suit, the number of claims at issue, the feasibility of trying the claims to a jury, whether the patents at issue have common genealogy, whether the patents contain terminal disclaimers, and whether the asserted claims are duplicative.)

Accordingly, taking a page from the courts and proposals that have required a further reduction of the number of asserted claims as the case progresses, the Court will require Plaintiffs to reduce their asserted claims to fifteen within twenty-eight days of the claim construction order in this case.⁶

Accordingly, **IT IS HEREBY ORDERED** that

1. Plaintiffs must reduce the number of asserted claims to **twenty-five** by **February 22, 2016**.
2. Plaintiffs must further reduce the number of asserted claims to **fifteen** within **twenty-eight days of the claim construction order**.
3. Plaintiffs may allocate the asserted claims among the patents-in-suit as they choose.
4. Plaintiffs may only add and/or substitute a claim with leave of the Court for good cause shown after demonstrating that the claim presents unique questions of validity, infringement, or damages. *See In re Katz*, 639 F.3d 1303, 1312-13 (Fed. Cir. 2011).

Dated: February 19, 2016

s/Hildy Bowbeer
HILDY BOWBEER
United States Magistrate Judge

⁶ Defendant argues that by delaying claim reduction until after claim construction, the parties will have engaged in needless work that could have been avoided. The Court believes, however, that the difference between twenty-five asserted claims and fifteen asserted claims will not result in significant wasted effort, particularly given that, as Defendant itself argued in support of its motion for claim reduction, “there is substantial overlap between the claims.” [Doc. No. 198 at 2.]