

The Expert Disclosure Pitfalls Of Rule 26(a)(2)



Law360, New York (May 27, 2011) -- Highly compensated, professional “experts” are a fixture of modern-day patent cases. The central role these experts play in modern-day patent cases can lead to the impression that the expert-disclosure requirements of Fed. R. Civ. P. 26(a)(2) apply only to them — witnesses who will opine on ultimate issues such as infringement, invalidity and damages.

Such an impression is mistaken, however, as a close inspection of Rule 26(a)(2) and Fed. R. Evid. 701 and 702 reveals that the disclosure requirements can also apply to individuals offered to testify about facts derived from their firsthand knowledge of the invention, the accused products or prior art references. Parties ignore the broad applicability of Rule 26(a)(2) at their peril, as the penalties for failure to comply with the rule can be severe. Thus, as this article explains, when preparing Rule 26(a)(2) disclosures it is important to assess not who the witness is, but what the witness will say at trial.

Rare today is the patent case that does not feature a stable of “experts.” These are people who are regularly retained to analyze complex technical materials pertaining to the patent, the accused products and/or the prior art; to render an opinion as to the patent’s infringement or invalidity based on that analysis; and to offer testimony concerning that opinion at trial.

Under the Federal Rules of Civil Procedure, parties must disclose such individuals pursuant to Rule 26(a)(2)(A), provide a written report setting forth the individuals’ opinions pursuant to Rule 26(a)(2)(B), and present the individuals for deposition pursuant to Rule 26(b)(4)(A).

Given the complexity of the disputed issues in patent cases — and the prohibition against an attorney’s statements serving as evidence on which a jury can rely in reaching its verdict — the outcome will often hinge on an expert’s ability to convincingly explain a party’s case theory to the jury.

Indeed, the experts, as opposed to a party’s employees or inventors, are often the most important witnesses who will take the stand at trial. Thus, parties regularly expend a tremendous amount of time, energy and money working with expert witnesses to draft expert reports that will lay the foundation for the expert’s opinions and trial testimony, and to prepare the experts for deposition such that those

opinions proceed to trial intact.

The prevalence of professional experts and the emphasis placed on them means that for many intellectual property practitioners, the only experience they have with the expert-disclosure requirements of Rule 26(a)(2) is in the context of expert witnesses. Thus, there is a tendency to believe that the rule applies only to witnesses who will offer expert opinions, and excludes witnesses who may offer other forms of expert testimony. But the rule is not so limited.

By its own subheading Rule 26(a)(2) is clearly directed to “Disclosure of Expert Testimony,” and requires disclosure of “any witness [a party] may use at trial to present evidence under Federal Rule of Evidence 702, 703 or 705.” Fed. R. Civ. P. 26(a)(2)(A). Evidence presented pursuant to Rule 702 is not limited to opinion testimony.

While much of the literature assumes that that experts testify only in the form of opinions, that assumption is logically unfounded. Fed. R. Evid. 702, advisory committee note (1972). Instead, experts may simply explain the scientific or technical principles relevant to the case and leave the jury to apply those principles to the facts. *Id.*

Properly framed, the expert-disclosure requirements extend beyond individuals who will provide expert opinions, and reach any individual whose testimony will be based in whole or in part on scientific, technical or specialized knowledge. In the patent-litigation context, this frequently includes the patent’s inventor, the employees a party will offer to explain the structure or operation of an accused product, and the prior art inventors a party will offer to explain the development of a § 102(g) prior art reference.

Parties who do not disclose these individuals — either for tactical advantage, to avoid the burdens of expert discovery or through oversight — commonly argue that disclosure is not required because the individuals are not expert witnesses, but fact witnesses. In their view, because these individuals obtained their knowledge about the patent, the accused product or the prior art reference through their firsthand personal experiences, similar to a percipient witness of a car accident, the individuals are merely lay witnesses offered to testify to facts uniquely within their personal knowledge.

Again, the Federal Rules refute this argument. Rule 701, which is directed to the admissibility of testimony by lay witnesses, specifically excludes testimony that is “based on scientific, technical or other specialized knowledge within the scope of Rule 702.” Fed. R. Evid. 701(c). The very purpose of the exclusion is “to eliminate the risk that the reliability requirements set forth in Rule 702 will be evaded through the simple expedient of proffering an expert in lay witness clothing,” and to “ensure that a party will not evade the expert witness disclosure requirements set forth in Fed. R. Civ. P. 26.” *Id.*, advisory committee note (2000).

In determining whether a witness should be disclosed pursuant to Rule 26 and subjected to the scrutiny embodied in Rule 702, the important inquiry is not to “distinguish between expert and lay witnesses, but rather between expert and lay testimony.” *Id.* The focus is on what the witness will say, not who the witness is or how they obtained their knowledge.

The fact that an employee or prior art inventor may present a blend of lay and expert testimony does not exempt the individual from the expert-disclosure requirements. The notes recognize that a witness may “provide both lay and expert testimony in a single case,” and clarify that “any part of a witness’ testimony that is based on scientific, technical or specialized knowledge within the scope of Rule 702 is governed by the standards of Rule 702 and the corresponding disclosure requirements of the Civil and Criminal Rules.” *Id.*

The operative effect of these rules is best illustrated by decisions applying them. As one court has stated, “Patent lawsuits are rife with disputes over whether testimony that is based on personal perceptions and an intimate understanding of the invention is particularized or specialized.” *Barato v. Brushstrokes Fine Art Inc.*, 701 F. Supp. 2d 1068, 1074 (W.D. Wis. 2010).

An apt example is the decision in *WNS Holdings LLC v. United Parcel Service Inc.* There, the court considered whether the defendant should have disclosed the contemplated testimony of one of its employees pursuant to Fed. R. Civ. P. 26(a)(2), given that the employee intended to discuss the functioning and interrelation of highly sophisticated pieces of avionics equipment installed on the defendant’s aircraft. 2009 U.S. Dist. LEXIS 59829, *5 (W.D. Wis. July 14, 2009).

In resolving the question, the court offered some insight as to the distinction between lay testimony and expert testimony in the context of patent cases. Lay testimony is often a summary of firsthand sensory observations that could be made by any layperson, whereas expert testimony does not require firsthand knowledge — it can be offered by any individual with specialized knowledge of the relevant topic.[1] *Id.* at *6 (citing *United States v. Conn*, 297 F.3d 548, 553-54 (7th Cir. 2002)); see also, *United States v. Glenn*, 312 F.3d 58, 67 (2d Cir. 2002) (“[A] lay opinion must be rationally based on the perception of the witness. This requirement is the familiar requirement of firsthand knowledge or observation.” (citations and quotations omitted)); *United States v. Figueroa-Lopez*, 125 F.3d 1241, 1246 (9th Cir. 1997) (distinguishing lay and expert testimony).

Applied to the facts of the case, the court determined that some of the employee’s testimony was expert testimony and some was lay testimony. For example, testimony concerning how the defendant’s avionics systems worked was expert testimony because it “could be offered by any individual with specialized knowledge of” those systems. *Id.* at *7. Furthermore, the testimony would require “a foundation of specialized knowledge to produce explanations or interpretations that an untrained layman could not reach from perceiving the same equipment in use.” *Id.* at *7-8.

In contrast, testimony concerning what equipment and avionics systems were found on defendant’s aircraft was lay testimony because it arose “solely from [the employee’s] personal, firsthand sensory observations obtained from installing that equipment and those systems.” *Id.* at *8. Ultimately the court allowed the lay testimony but excluded the expert testimony because the employee was not disclosed as an expert. *Id.*

Most cases addressing the expert-disclosure requirements in the context of employees and prior art inventors with firsthand knowledge about the complex technologies at issue either presume without stating it that the individuals must be disclosed as experts or reach that conclusion. See Tokai Corp. v. Easton Enters. Inc., ___ F.3d ___, No. 2010-1057, -1116 (Fed. Cir. Jan. 31, 2011) (considering plaintiff's employee); Innogenetics, N.V. v. Abbott Labs., 512 F.3d 1363 (Fed. Cir. 2008) (considering defendant's prior art inventor); Barato, 701 F. Supp. 2d at 1074 (considering patent's inventor); Arlington Indus. Inc. v. Bridgeport Fittings, 658 F. Supp. 2d 630, 639-40 (considering patent co-inventors).

The disputed issue in many of these cases is not on whether the witness will offer expert testimony, but whether the witness must submit a written report pursuant to Rule 26(a)(2)(B).

The consequences of failing to observe the expert-disclosure requirements can be severe. The district courts in Tokai, Innogenetics, Barato and WNS Holdings[2] precluded the offered expert testimony pursuant to Federal Rule of Civil Procedure 37(c)(1), which holds that a party's failure to disclose an expert prevents the party from using the "witness to supply evidence on a motion, at a hearing or at a trial, unless the failure was substantially justified or is harmless."

The Western District of Wisconsin in particular is known for "setting and strictly enforcing tight expert disclosure deadlines." Barato, 701 F. Supp. 2d at 1071. Other courts, however, are more lenient, requiring nondisclosing parties to immediately prepare the required expert report and present the individual for deposition, or requiring no action at all where the undisclosed individual has already been deposed. Bridgeport, 658 F. Supp. 2d at 640; KW Plastics v. United States Can Co., 199 F.R.D. 687, 690-91 (M.D. Ala. 2000).

Given the importance of expert testimony to patent cases, its preclusion can be a crushing blow. Because the threat of preclusion is both serious and real, it is best to err on the side of caution when determining whether an individual should be disclosed pursuant to Rule 26(a)(2).

In making the determination, it is important to recall that the rules are concerned with the content of the witness's testimony, not with how the witness is characterized, and that there is a policy interest in favor of disclosure. The burdens of disclosure are generally small, particularly where the individual is an employee that does not routinely provide expert testimony, thus in many cases the potential risks will greatly outweigh the potential costs.

--By Samuel L. Walling, William H. Manning, Jacob S. Zimmerman, Aaron R. Fahrenkrog and Anthony G. Beasley, Robins Kaplan Miller & Ciresi LLP

William Manning is a partner in Robins Kaplan's Minneapolis office. Samuel Walling, Jacob Zimmerman, Aaron Fahrenkrog and Tony Beasley are associates in the firm's Minneapolis office.

The opinions expressed are those of the authors and do not necessarily reflect the views of the firm, its

clients, or Portfolio Media, publisher of Law360. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] Evidentiary issues are determined according to the law of the regional circuit. *Micro Chemical Inc. v. Lextron Inc.*, 317 F.3d 1387, 1390-91 (Fed. Cir. 2003).

[2] The WNS Holding case is somewhat unique because the defendant did not contend that its failure to disclose the proffered testimony was substantially justified or harmless. 2009 U.S. Dist. LEXIS 5982.

All Content © 2003-2011, Portfolio Media, Inc.