Miscellaneous Docket No. 2012-M113

UNITED STATES COURT OF APPEALS

FOR THE FEDERAL CIRCUIT

IN RE VARIAN MEDICAL SYSTEMS, INC.,

Petitioner.

ON PETITION FOR A WRIT OF MANDAMUS TO THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA IN CASE NO. 2:08-CV-01307, JUDGE ARTHUR J. SCHWAB

REPLY IN SUPPORT OF EMERGENCY MOTION FOR TEMPORARY STAY OF A JURY TRIAL PENDING RESOLUTION OF A MANDAMUS PETITION

On Monday, the district court plans to conduct a jury trial that will violate the Seventh Amendment right of Petitioner-Movant Varian Medical Systems, Inc. ("Varian") because Varian will not be permitted to argue that the asserted patent is invalid. As Varian's emergency stay motion explains (Mot. 3), the law of this Court is clear that a mandamus should issue to require that a jury consider the question of patent validity. *In re Lawrence B. Lockwood*, 50 F.3d 966 (Fed. Cir. 1995), *vacated by* 515 U.S. 1182 (1995). In order to provide this Court with sufficient time to consider the

mandamus petition, Varian seeks a temporary stay of the jury trial pending consideration and resolution of its mandamus petition.

In a telling omission, the opposition filed by Respondent University of Pittsburgh of the Commonwealth System of Higher Education ("Pitt") does not even cite *Lockwood* nor take issue with the legal principle that a mandamus must issue when the jury right to consider invalidity is being denied. Pitt also does not dispute that it would not be harmed by the requested stay.

Instead, Pitt's opposition relies entirely on a distorted view of the record that is easily corrected. Pitt argues that Varian (a) had an opportunity to present its validity case and (b) delayed in seeking this Court's assistance. An objective review of the record demonstrates the opposite: Varian had no meaningful opportunity to present its validity case and timely sought review here.

I. Varian's Mandamus Petition Is Likely To Succeed Because The District Court Is Denying Varian A Meaningful Opportunity To Present Its Invalidity Defense.

Directing this Court to a pretrial hearing on January 13, 2012, just five business days before trial, Pitt contends that Varian was given a chance to present its invalidity defenses. (Mem. 6-7, 9.)

Varian's mandamus petition anticipated and addressed this argument in detail. (Pet. 19-23.) There, Varian explained that to prepare a complex patent invalidity trial before a jury with no patent background, it would have to issue a new pretrial statement, prepare numerous trial aids relating to the patent claims, create demonstrative exhibits, prepare expert and lay witnesses to testify, and craft cross-examinations of the inventors and Pitt's expert. (Pet. 19-23.) In sum, trying an invalidity case would take months, **not days** to prepare and requires more than a few days to present (as is slated for this willfulness trial).[1]

Pitt's "opposition" does not address, much less dispute, that the preparations set out in the mandamus petition are necessary for Varian to have an opportunity to present its validity case to the jury. Instead, Pitt suggests that this Court can deny Varian's stay request because the "issues

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[1] John M. Hintz, *Anatomy of a Patent Infringement Case*, 931 PLI/Pat 121, 127 (2008) (explaining that two to three months is required for trial preparation in a patent case); *Medtronic Sofamor Danek USA, Inc.v. Globus Medical, Inc.*, 2:06-cv-04248 (E.D. Pa. Sept. 16, 2008) (fifteen-day trial began on multiple infringement groups and invalidity after 151 days of preparation); *Agrizap Inc. v. Woodstream Corporation,* 2:04-cv-03925 (E.D. Pa. Feb. 20, 2007) (twelve-day trial began on invalidity, willful infringement, inequitable conduct, and fraudulent misrepresentation after ninety-eight days of preparation); *Pfizer Inc. v. Mylan Laboratories*, 2:02-cv-01628, (W.D. Pa. Nov. 28, 2006) (seven-day invalidity trial began after 132 days of preparation); *Agere Systems Inc. v. Atmel Corp.*, 2:02-cv-00864 (E.D. Pa. March 1, 2005) (thirteen-day trial began on invalidity and willful infringement after fifty-three days of preparation).

below . . . are issues of trial management." (Mem 8.) But word-games cannot hide the substantive impact of the district court's actions: Varian cannot present its validity case to the jury. That is a violation of the Seventh Amendment no matter how described.

Indeed, a mandamus must issue based on even the mere "possibility of issue or claim preclusion" of the Seventh Amendment right. *First National Bank of Waukesha v. Warren*, 796 F.2d 999, 1005 (7th Cir. 1986); *In re Lawrence B. Lockwood*, 50 F.3d 966 (Fed. Cir. 1995), *vacated as moot by* 515 U.S. 1182 (1995) (noting that *First National* "militates in favor of issuing the writ" unless there was "no possibility of issue or claim preclusion"); *see also Dimick v. Scheidt*, 293 U.S. 474, 486 (1935) ("any *seeming* curtailment of the right to a jury trial should be scrutinized with the utmost care.") (emphasis added). Here, Pitt concedes that the risk to Varian's Seventh Amendment rights is real. (Mem 4.)

II. Varian Petitioned this Court Only After it Repeatedly Objected to the District Court's Mishandling the Denial Of Its Seventh Amendment Rights.

Notwithstanding the detailed chronology of events laid out in Varian's mandamus petition (Pet 3-11), Pitt asserts that Varian waited until the eve of trial to request relief from this Court. (Mem 3-4.) Pitt's contention ignores that the timeline of events here reflects Varian's efforts to afford the district

court every opportunity to correct its error. *See, e.g., Cole v. United States Dist. Court for the Dist. of Idaho*, 366 F.3d 813, 820–23 (9th Cir. 2004) ("In the ordinary course, the district courts, and not the courts of appeals, are to be called on, in the first instance . . . . That petitioners did not avail themselves of review in the district court strongly counsels against our issuing the writ."); *In re Richards*, 213 F.3d 773, 788 (3d Cir. 2000) (reversing grant of mandamus on the grounds that petitioner failed to ask trial court to reconsider its ruling).

As the timeline set out below indicates, on no less than **five occasions**, beginning with **an objection two days after the court issued its order setting a trial date**, Varian either asked the court to reconsider its prior rulings or objected to the judge's course of action. To reiterate,

- On December 21, 2011, two days after the parties completed briefing on summary judgment motions, and without any prior notice that a trial would be scheduled after such briefing or any trial scheduling conference to ascertain the schedules of counsel or the necessary fact and expert witnesses, the district court issued its pretrial order, setting a trial date of January 23, 2012, and explaining that "[t]he trial will be on the very narrow issue of willfulness . . . The parties will not be permitted to 'backdoor' other issues into this trial." (RA 1.)[2]

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[2] This document was inadvertently omitted from Varian's appendix in support of its mandamus petition. The citation on the first line of the second paragraph on page 16 of the mandamus petition pertains to this document, not A 58 as indicated. It is attached hereto and referenced by (RA __), while references to the appendix in the mandamus petition are designated by (A

- On December 23, 2011, two days after the court's order setting a trial date, Varian filed an emergency motion for reconsideration and clarification in which it explained that (1) the issues of invalidity remained unresolved, (2) a willfulness determination cannot be made until a jury first determines whether the patent is invalid, (3) the parties required clarification as to the scope of evidence that could be introduced at trial, and (4) if evidence of patent invalidity was to be admissible at the willfulness trial, a continuance should be granted to afford Varian the requisite time to make an invalidity presentation. (A 284, 285, 290.)

- On December 27, 2011, the court issued its order on Varian's emergency motion refusing to move the trial date and stating that "Varian is not entitled to present" evidence at the willfulness trial on its "non-infringement and invalidity positions." (A 283.)

- On January 3, 2012, in light of the court's comments barring evidence on Varian's invalidity position, Varian submitted a pretrial statement objecting to the court trying willful infringement before a decision on patent validity had been rendered, noting that an invalid patent cannot be infringed. (A 171-72.)

- On January 4, 2012, the court reaffirmed that the trial would be limited to willfulness. Though neither party had proffered in their pretrial statements any evidence, witnesses, or exhibits necessary for a full trial on the issue of patent validity, Plaintiff expressed for the first time ever that *it* wanted to affirmatively present evidence regarding *Varian's* invalidity defenses. The court withheld ruling and ordered the parties to propose a list of issues to be tried by the jury. (A 34-35.)

- On January 9, 2012, Defendant noted in the submission of such issues that the court had repeatedly prohibited the admission of evidence pertaining to Varian's patent invalidity defense and requested that if the court were to reverse course on that issue (two weeks before trial), the trial would have to be continued to allow sufficient preparation time, pretrial submissions would have to be revised, and the trial would have to be lengthened. (A 207-8.)

__.)

- On January 12, 2012, the court adopted all of Plaintiff's proposed trial issues. (A 160.)

- At a hearing on January 13, 2012, Varian again sought clarification on the scope of the trial, whether the jury would be asked to decide if the patent is invalid, and if not, what preclusive effect this would have. Pitt then asked for the trial to be expanded and provide for a full trial on invalidity without any additional evidence, statements, or witnesses. Varian objected to this proposed last-minute change, explained that there was no practical way that it could prepare an invalidity trial in a matter of days, and reasserted that the court should not be trying willfulness before invalidity. Though the court denied Pitt's request, it declined to address whether there would be any preclusive effect from the jury's willfulness determination on any subsequent invalidity decision. (A 29-37.)

- That same day, Varian orally requested that the court certify the issue of whether a willfulness trial can be had without an invalidity trial. The court declined. (A 54-55.)

- On January 15, 2012, Varian submitted a written motion asking that the court certify the issue. (A 192-200.)

- On January 18, 2012, the district court denied Varian's request for certification. (Attached to Rule 28(j) letter submitted by Petitioner on January 19, 2012.)

In short, Varian gave the district court every possible opportunity to correct the error of refusing to allow the jury to consider the question of validity. Varian's mandamus petition was filed at the appropriate time.

CONCLUSION

For these reasons, as well as those set forth in Varian's mandamus petition and stay motion, Petitioner-Movant Varian Medical Systems, Inc.

respectfully requests that this Court stay the January 23, 2012 trial pending resolution of its mandamus petition.

Dated: January 20, 2012

Respectfully submitted,

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Declaration of Authority Pursuant to Fed. Cir. 47.3(d)

I hereby declare that:

1. Mark S. Davies, Esq. is attorney of record for Petitioner Varian Medical Systems, Inc. in the current case;

2. Mr. Davies is unavailable to sign Petitioner's reply in support of the emergency motion for a temporary stay;

3. Mr. Davies has given me actual authority to sign his Entry of Appearance.

Pursuant to 28 U.S.C. § 1746, I declare that the foregoing is true and correct.

Executed on January 20, 2012.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on January 20, 2012, I caused an original and four true and correct copies of the REPLY IN SUPPORT OF EMERGENCY MOTION FOR TEMPORARY STAY OF A JURY TRIAL PENDING RESOLUTION OF A MANDAMUS PETITION to be served on the Clerk of the United States Court of Appeals for the Federal Circuit and I further certify that I caused the following individuals to be served with a true and correct copy of the foregoing via Federal Express.

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The Honorable Arthur J. Schwab
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Katherine M. Kopp
January 20, 2012

REPLY APPENDIX

Pre-Trial Order

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNIVERSITY OF PITTSBURGH OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION,

Plaintiff(s),

v.

VARIAN MEDICAL SYSTEMS, INC.,

Defendant(s).

08cv1307
ELECTRONICALLY FILED

PRETRIAL ORDER

AND NOW, this 21st day of December, 2011, the Court **HEREBY ORDERS** as follows:

A. Final Pretrial Orders:

1. **Jury Selection & Trial**. Jury selection and trial are set for **January 23, 2012 at 9:00 AM**, in Courtroom 7C, 7th Floor, United States Courthouse, 700 Grant Street, Pittsburgh, Pennsylvania. The trial will be on the very narrow issue of willfulness (see doc. no. 365 at 44 - 50, doc. no. 399 at 33-41, and doc. no. 416 at 24-27), and will be tried during the week of January 23, 2012. The parties will not be permitted to "backdoor" other issues into this trial.

2. **Pretrial Conference(s).** A final pretrial conference shall be held on **January 17, 2012 at 1:30 PM**, in Courtroom 7C, 7th Floor, United States Courthouse, 700 Grant Street, Pittsburgh, Pennsylvania. A preliminary pretrial conference with the Court's law clerk shall be held on **January 13, 2012 at 10:30 AM**.

3. **Exchange of Witness Lists and Exhibits.**

a. Plaintiff shall file and serve its list of trial witnesses, listing separately the witnesses it will call and the witnesses it may call if needed (other than purely for

impeachment). For each witness listed Plaintiff shall provide an offer of proof explaining the substance of the witness' testimony. The offers of proof shall be no more than one (1) double-spaced page with twelve (12) point font. Plaintiff's witness list and offers of proof shall be due by **December 27, 2011. Plaintiff's Pretrial Statement shall be due the same day.**

b. Defendant shall file and serve its list of trial witnesses, listing separately the witnesses it will call and the witnesses it may call if needed (other than purely for impeachment). For each witness listed Defendant shall provide an offer of proof explaining the substance of the witness' testimony. The offers of proof shall be no more than one (1) double-spaced page with twelve (12) point font. Defendant's witness list and offers of proof shall be due by **January 3, 2012. Defendant's Pretrial Statement shall be due the same day.**

c. All exhibits must be exchanged and marked in advance of trial. One paper copy of each exhibit displayed during trial is to be provided to the Deputy Clerk the morning following its display. In order for the Jurors' Exhibit Binder to be complete when deliberation begins, counsel must be prepared to bring one paper copy of each exhibit to be displayed on the last day of trial to Court the last day of trial. Counsel must provide the Court one binder(s) that will hold the paper copies of the exhibits to be submitted to the jury at the close of trial.

d. Counsel must provide eight (8) binders for the jury that contain twenty (20) lined sheets of notebook paper for the jurors to take notes.

e. Voluminous data shall be presented by summary exhibits pursuant to Fed.R.Evid. 1006, and voluminous exhibits shall be redacted to eliminate irrelevant material (which shall remain available for examination by opposing counsel). Where copies of documents are offered, the originals shall be available for examination, unless waived by stipulation.

4. **Designation of Discovery Excerpts to be Offered at Trial**. The parties shall submit designation of excerpts from depositions, interrogatory answers, and responses to requests for admission to be offered at trial (other than for impeachment) by **January 4, 2012**.

5. **Motions**. The parties shall file all motions in limine, including motions under Fed.R.Evid. 104(a) and motions to limit or sever issues, together with supporting briefs or memoranda of law, by **January 5, 2012**. Responses shall be filed by **January 9, 2012**. All briefs supporting or opposing such motions are limited to 5 pages.

6. **Proposed Jury Instructions & Verdict Slips**. Counsel shall meet in an attempt to agree on a joint verdict slip and a joint set of proposed substantive jury instructions regarding plaintiff(s)' claims and their elements, any defenses and their elements, and any evidentiary or other matters particular or unique to this case; the parties need not submit "boilerplate" or standard civil jury instructions. After said meeting, and on or before **January 6, 2012**, counsel shall file a unified (meaning one) combined set of proposed instructions, along with computer disk/CD containing the instructions in WORD format. The filed set of instructions shall include both the agreed upon instructions and the proposed instructions to which the parties have not agreed. Each agreed upon instruction shall include the following notation at the bottom: "This proposed instruction is agreed upon by the parties." Each instruction to which the parties have

not agreed shall indicate at the bottom the name of the party proffering the instruction. Proposed instructions by different parties shall by grouped together.

A charging conference will be held, at which time a ruling will be made on each point for charge and a copy of the Court's proposed charge will be supplied to counsel. Counsel are required to state objections to the proposed charge at the charging conference and to supply the alternate language, together with case authority.

The Court will not accept separate proposed jury instructions from the parties.

The Court generally rules on jury instructions prior to the Final Pretrial Conference on ECF.

A joint verdict slip shall be filed by **January 6, 2012**. If parties, after meeting in an attempt to agree on a joint verdict slip are unable to agree, the parties shall submit their respective proposed verdict slip by **January 6, 2012**.

7. **Proposed Voir Dire**. Counsel are permitted to supplement the standard questions provided that the proposed supplemental voir dire questions are submitted to the Court in writing by **January 6, 2012.**

8. **Joint Stipulations**. The parties shall file joint stipulations by **January 6, 2012**. All possible stipulations shall be made as to:

a. Facts;

b. Issues to be decided;

c. The authenticity and admissibility of exhibits;

d. Expert qualifications and reports;

e. Deposition testimony to be read into the record; and

f. A brief statement of the claims and defenses to be read to the jury to introduce the trial.

Counsel shall meet at a mutually convenient time and place to produce the joint stipulation in time for filing as ordered.

B. Trial Procedure

1. **Hours**. Court is in trial session, unless otherwise ordered by the Court, Monday through Thursday, 9:00 a.m. to 4:00 p.m. with breaks where appropriate. **All counsel are expected to be in their seats and ready to commence at the appointed times.**

2. **Exhibits**. Because counsel will have previously marked and exchanged all exhibits and provided a copy to the Court, it will not be necessary during the trial to show exhibits to opposing counsel prior to using them.

3. **Approaching the Witness**. It will not be necessary for counsel to request permission to approach a witness.

4. **Opening and Closing Statements**. Up to thirty (30) minutes is permitted to each side for opening and closing statements, depending on the complexity of the case. Counsel may use exhibits or charts in opening argument provided that the same have been provided to opposing counsel beforehand and either agreement was reached or the Court has ruled upon the matter.

5. **Side Bar Conferences**. The Court believes that counsel should be considerate of the jurors' time. Consequently, side bar conferences are highly disfavored because they waste the jury's time and unduly extend the length of the trial. Counsel will meet with the Court at 8:30 a.m. each day (or earlier if necessary to ensure that trial commences on time) each day to raise

points of evidence or other issues that would otherwise necessitate a side bar conference. Failure to raise the issue at that time will generally result in a disposition of the in-court objection in the presence of the jury. If necessary, counsel and the Court may amplify their objections and rulings on the record after the jury has been excused for a break, for lunch or for the day.

In addition, it is expected that counsel will anticipate evidentiary issues requiring lengthy argument and will take up such matters out of the presence of the jury. The Court will be available at **8:30 a.m.** each morning to address such issues. It is the responsibility of counsel to notify other counsel of the need for a conference at 8:30 a.m. and all other counsel will be expected to be there at the appointed time for argument. **THE COURT WILL NOT DELAY THE PROCEEDINGS TO RESPOND TO LAST MINUTE REQUESTS FOR CONFERENCES TO DISCUSS MATTERS WHICH, IN THE EXERCISE OF REASONABLE DILIGENCE, COULD HAVE BEEN HEARD AT THE MORNING CONFERENCE.**

6. **Witness List.** Prior to the commencement of the trial, counsel shall provide opposing counsel with a complete witness list, and shall provide opposing counsel throughout the trial with the actual list of the next day's witness by 5:00 p.m. in the order they are expected to be called. The same procedure will be employed by both sides at the end of each trial day. Counsel should be sure that they have adequate witnesses to fill the time allotted each day.

7. **Note Taking**. The jury shall be permitted to take notes.

8. **Jury Questions**. All written questions submitted by the jury are supplied to counsel. Counsel and the Court will meet to discuss and hopefully agree on a reply. The jury is then summoned to the Courtroom in most cases and the verbal reply is given to them. A written

reply is provided where appropriate.

9. **Jury Instructions**. A copy of the jury instructions shall be provided to the jury for use during its deliberations.

10. **Jury Access to Exhibits**. Unless otherwise advised by counsel, it will be assumed that all admitted exhibits will be sent out with the jury.

11. **Use of Technology**. The parties are hereby ordered to use trial presentation technology and courtroom technology, and trial exhibit summaries (pursuant to Rule 1006 of the Federal Rules of Evidence), to the fullest extent possible.

s/ Arthur J. Schwab
Arthur J. Schwab
United States District Judge

cc: All counsel of record