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DOUBLE THE TROUBLE OR DOUBLE THE FUN? WORKING WITH HYBRID WITNESSES

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Parties on both sides of the "v." in virtually every patent infringement case face the issue of what to do with a valuable "hybrid witness." A hybrid witness is the classic double whammy—someone familiar with relevant facts of the case and an expert on the technology. Frequently, the credibility, passion and insights of these pivotal witnesses can be a "game changer" at trial. These witnesses are well worth the effort if you know how to work with the procedural rules.

Managing these potentially powerhouse witnesses has been under the purview of Fed. R. Civ. P. 26(a)(2)(A) & (B)[1], providing guidelines for 17 years to what, when and how to manage disclosures and reports for hybrid witnesses. These sometimes misapplied standards were updated in late 2010 by new Rule 26(a)(2)(C), which clarifies some of the confusion and should be a part of your IP IQ.

Historic Disclosure and Report Requirements

Prior to, and even under the 1993 version of Rules 26(a)(2)(A) & (B), there were often doubts as to whether a hybrid witness needed to be disclosed and whether a report needed to be filed before the witness could testify at trial. Even though the 1993 amendments were clear, district courts created confusion and substantial risk by adding their own spin on the parties' obligations.[2]

Rules 26(a)(2)(A) & (B) were originally intended to impose a duty on the parties to provide "certain basic information that is needed in most cases to prepare for trial or make an informed decision about settlement."[3] The 1993 amendments were necessary because expert disclosures under the prior rule were "frequently so sketchy and vague" that they were of no help at all.[4] As we will see, new Rule 26(a)(2)(C) adds to and clarifies the pre-existing rules.

Both the 1993 and 2010 versions of Rule 26(a)(2)(A) require a party to "disclose to the other parties the identity of any witness it may use at trial to present evidence under Federal Rule of Evidence 702, 703, or 705."[5]

Similarly, both the 1993 and 2010 versions of Rule 26(a)(2)(B) provide that a written report is necessary, "if the witness is one retained or specially employed to provide expert testimony in the case or one whose duties as the party's employee regularly involve giving expert testimony."[6]

The 1993 Advisory Committee Comments, however, gave district courts discretion to modify the obligation to file a report: "By local rule, order, or written stipulation, the requirement of a

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1 Fed. R. Civ. P. 26(a)(2)(A) & (B) (1993 Amendments).
2 *See, e.g., 3M v. Signtech, USA, Ltd.*, 177 F.R.D. 459, 461 (D. Minn. 1998).
3 Fed. R. Civ. P. 26(a), Advisory Committee Comments (1993 Amendments).
4 *Id.*
5 Fed. R. Civ. P. 26(a)(2)(A) (1993 and 2010).
6 Fed. R. Civ. P. 26(a)(2)(B) (1993 and 2010).

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written report may be waived for particular experts or imposed upon additional persons who will provide opinions under Rule 702."[7]

When some district courts became enamored of their ability to expand or contract the duty to file expert reports to fit a particular case, the lack of predictability was a potential nightmare for trial lawyers. Failing to provide the necessary disclosure or report under Rule 26(a)(2) can have dire consequences. FED. R. CIV. P. 37(c)(1) "gives teeth" to the provisions of Rule 26(a). [8] Rule 37(c)(1) provides, in relevant part:

> If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless.

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New Rule 26(a)(2)(C)

The 2010 amendments to Rule 26(a)(2) brought added clarity to the area when a new subpart (C) was added:

> *Witnesses Who Do Not Provide a Written Report.* Unless otherwise stipulated or ordered by the court, if the witness is not required to provide a written report, this disclosure must state:
>
> (i) the subject matter on which the witness is expected to present evidence under Federal Rule of Evidence 702, 703, or 705; and
>
> (ii) a summary of the facts and opinions to which the witness is expected to testify.[9]

New Rule 26(a)(2)(C) became effective December 1, 2010, and governs "all proceedings thereafter commenced and, insofar as just and practicable, all proceedings then pending."[10]

As the 2010 Advisory Committee noted, "This amendment resolves a tension that has sometimes prompted courts to require reports under Rule 26(a)(2)(B) even from witnesses exempted from the report requirement. An (a)(2)(B) report is required only from an expert described in (a)(2)(B)."[11]

New Rule 26(a)(2)(C) became effective December 1, 2010, and governs "all proceedings thereafter commenced and, insofar as just and practicable, all proceedings then pending."

The committee outlined the intent of new Rule 26(a)(2)(C), saying that its required disclosures are "considerably less extensive than the report required by Rule 26(a)(2)(B)" and that "Courts must take care against requiring undue detail, keeping in mind that these witnesses have not been specially retained and may not be as responsive to counsel as those who have."[12]

The 2010 Advisory Committee also defined the scope of hybrid witness testimony and the corresponding disclosure requirement: "A witness who is not required to provide a report under Rule 26(a)(2)(B) may both testify as a fact witness and also provide expert testimony under Evidence Rule 702, 703, or 705," and, "The (a)(2)(C) disclosure obligation does not include facts unrelated to the expert opinions the witness will present."[13]

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7 FED. R. CIV. P. 26(a)(2), Advisory Committee Comments (1993 Amendments).

8 *See Tokai Corp. v. Easton Enter., Inc.*, Nos. 2010-1057 & 1116, 2011 WL 308370, at *3 (Fed. Cir. Jan. 31, 2011); *Yeti By Molly Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1110 (9th Cir. 2001).

9 FED. R. CIV. P. 26(a)(2)(C) (2010).

10 2010 U.S. Order 27 (C.O. 27) (April 28, 2010).

11 FED. R. CIV. P. 26(a), Advisory Committee Comments (2010 Amendments).

12 *Id*.

13 *Id.*

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Pitfalls Remain

Notwithstanding this newfound clarity, pitfalls remain. One trap for the unwary came to light in a recent Federal Circuit case. In *Tokai Corp. v. Easton Enterprises, Inc.,* the parties filed cross motions for summary judgment on the issue of invalidity for obviousness.[14]

In opposition to Easton's motion, Tokai submitted expert declarations. The district court sustained objections to the declarations on the ground that Tokai failed to submit written reports for the declarant/experts during expert discovery.[15] On appeal, Tokai argued that one of the experts was its employee and therefore exempt from submitting a report under Fed. R. Civ. P. 26(a)(2)(B). Tokai reasoned that the expert was able to offer an expert declaration without an accompanying written report. [16]

Notwithstanding this newfound clarity, pitfalls remain.

Rejecting Tokai's argument, the Federal Circuit concluded, in part, that Tokai failed to introduce evidence indicating that the proffered expert qualified for the employee-expert exception.[17] Moreover, said the Federal Circuit, "even if [the expert] were a Tokai employee, Tokai failed to introduce evidence indicating that his duties did not 'regularly involve giving expert testimony.'"[18]

Six Additional Things to Know When Applying New Fed. R. Civ. P. 26(a)(2)

Here are six more things you need to know when working with hybrid witnesses:

1. Law of the Regional Circuit Applies

Generally, Rule 26(a)(2) comes into play when expert testimony is excluded under Rule 37. The Federal Circuit reviews a district court's decision to exclude evidence under the law of the regional circuit.[19] For example, the Ninth Circuit reviews a district court's decision to exclude evidence on summary judgment for abuse of discretion,[20] and applies the same standard in reviewing the imposition of discovery sanctions.[21]

Generally, Rule 26(a)(2) comes into play when expert testimony is excluded under Rule 37. The Federal Circuit reviews a district court's decision to exclude evidence under the law of the regional circuit.

2. Report by Employee Required Only if 'Employed' to Provide Expert Testimony

Rule 26(a)(2)(B) contemplates an employee-expert exception to the written report requirement for "individuals who are employed by a party and whose duties do not regularly involve giving expert testimony." The disclosure of expert testimony must be accompanied by a written report "if the witness is one . . . specially employed to provide expert testimony in the case or one whose duties as the party's employee regularly involve giving expert testimony."[22]

14 Nos. 2010-1057 & 1116, 2011 WL 308370, at *2 (Fed. Cir. Jan. 31, 2011).

15 *Id.*

16 *Id.* at *3.

17 *Id.* at *4.

18 *Id.*

19 *Tokai Corp.,* 2011 WL 308370, at *3 (citing *Del. Valley Floral Grp., Inc. v. Shaw Rose Nets, LLC,* 597 F.3d 1374, 1379 (Fed. Cir. 2010)).

20 *Tokai Corp.,* 2011 WL 308370, at *3 (citing *Wong v. Regents of Univ. of Cal.,* 410 F.3d 1052, 1060 (9th Cir. 2005)).

21 *Yeti By Molly Ltd. v. Deckers Outdoor Corp.,* 259 F.3d 1101, 1105-06 (9th Cir. 2001) (citing *Payne v. Exxon Corp.,* 121 F.3d 503, 507 (9th Cir.1997)).

22 *Tokai Corp,* 2011 WL 308370, at *3 (citing *Torres v. City of Los Angeles,* 548 F.3d 1197, 1214 (9th Cir.2008) (where employee was a "gang expert" who regularly testified about gangs)); *See* Fed. R. Civ. P. 26(a) Advisory Committee Comments (2010 Amendments).

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3. Make a Record if the Expert Is Exempt Under Rule 26(a)(2)(C)

In *Tokai*, the Federal Circuit refused to apply the employee exception to the report requirement absent evidence indicating that the expert's duties did not "regularly involve giving expert testimony."[23] While decided under the old Rule 26(a)(2), *Tokai* provides helpful guidance. If you want to rely on the employee exception to the report requirements, make a record! Provide evidence that the proposed expert (1) is an employee, and (2) does not testify regularly as an expert as a part of her employment.

4. The 'Teeth' in Rule 37(c)(1) Sanctions Apply to Rule 26(a)(2)

Simply put, don't get bitten by Rule 37 sanctions by failing to comply with Rule 26(a)(2) requirements. There are three things to keep in mind:

- In applying regional circuit precedent, the Federal Circuit will give "particularly wide latitude to the district court's discretion to issue sanctions under Rule 37(c)(1)."[24]
- The 1993 amendments to Rule 37 provide automatic sanctions for failing to comply with Rule 26(a) disclosure requirements and broadened the courts' sanctioning power.[25]
- Meeting the "substantial justification" and "harmless" exceptions to Rule 37 sanctions is very difficult.[26] The burden of proving "harmlessness" under Rule 37 is on the party facing the sanctions.[27]

5. Timing Is Everything

Strictly comply with Rule 26(a)(2)(D) disclosure timing requirements and/or the court's pretrial scheduling order. The Federal Circuit does not tolerate tactical decisions to play close to the edge.[28]

6. Discovery by Other Means Is Not Precluded

Rule 26(a)(2) does not preclude parties from using traditional discovery methods to obtain additional information regarding matters covered by the rule.[29]

Conclusion

It is worth your effort to know the rules so you can make the best use of these often critical witnesses at trial. Knowing the rules relating to hybrid witnesses and playing within the lines will eliminate much of the guess work involved in using such witnesses and make your litigation life a bit less stressful.

23 *Tokai Corp,* 2011 WL 308370, at *4.

24 *Id.* at *3 (internal citations omitted).

25 *Yeti By Molly Ltd. v. Deckers Outdoor Corp.,* 259 F.3d 1101, 1106 (9th Cir. 2001) (citing *Klonoski v. Mahlab,* 156 F.3d 255, 269 (1st Cir. 1998) ("[T]he new rule clearly contemplates stricter adherence to discovery requirements, and harsher sanctions for breaches of this rule....")).

26 *See, e.g., Tokai Corp. v. Easton Enter., Inc.,* Nos. 2010-1057 & 1116, 2011 WL 308370, at *4 (Fed. Cir. Jan. 31, 2011); *Yeti By Molly Ltd.,* 259 F.3d at 1106.

27 *See, e.g., Yeti By Molly Ltd,* 259 F.3d at 1107; *Torres v. City of Los Angeles,* 548 F.3d 1197, 1213 (9th Cir 2008).

28 *See, e.g., Tokai Corp.,* 2011 WL 308370, at *4; *Innogenetics, N.V. v. Abbott Labs.,* 512 F.3d 1363, 1376 (Fed. Cir. 2008).

29 FED. R. CIV. P. 26(a) Advisory Committee Comments (1993 Amendments).

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Shook, Hardy & Bacon offers expert, efficient and innovative representation to our clients. We know that the successful resolution of intellectual property issues requires a comprehensive strategy developed in partnership with our clients.

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