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PROPORTIONALITY IN PERSPECTIVE: OLD WHINE IN NEW BOTTLES?

Complaining about discovery requests (accused infringer) or refusals to produce documents (plaintiff patent owner) seems embedded in IP litigation. But, there may be a fix to this chronic vexation. Effective December 1, 2015, the Federal Rules of Civil Procedure were amended to limit the scope of discovery to *relevant and proportional* information.[1] Will the amendments mark a refreshing "new chapter" in discovery that will become known for an "emphasis on, and commitment to, proportionality," as some believe?[2] Or, will they become yet another interpretive hurdle for litigants and litigators?

Limiting Scope of Discovery: The 2015 Proportionality Amendments

The 2015 amendments emphasize proportionality by limiting scope of discovery to nonprivileged information that is (1) "relevant to any party's claim or defense" and (2) "proportional to the needs of the case."[3] Recognizing the term "proportional" is amorphous standing alone, the drafters added structure by revising and relocating the proportionality factors from Rule 26(b)(2)(C)(iii) to Rule 26(b)(1). The six proportionality factors include:

1. Importance of the issues at stake,
2. Amount in controversy,
3. Parties' relative access to relevant information,
4. Parties' resources,
5. Importance of discovery in resolving the issues, and
6. Whether the burden or expense of the proposed discovery outweighs its likely benefit.[4]

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1 Fed. R. Civ. P. 26(b)(1). The 2015 amendments govern all proceedings in civil cases commenced after December 2015 and all pending proceedings "insofar as just and practicable." April 29, 2015 Sup Ct. Order, p. 3, available at http://www.supremecourt.gov/orders/courtorders/frcv15(update)_1823.pdf.

2 *See* Lee H. Rosenthal and Steven S. Gensler, *From Rule Text to Reality: Achieving Proportionality in Practice*, 99 Judicature 43, 44 (2015).

3 Fed R. Civ. P. 26(b)(1); Rosenthal & Gensler, 99 Judicature at 44.

4 Fed. R. Civ. P. 26(b)(1). The second factor ("the parties' relative access to relevant information") is new, but was implicit under the former rule. Advisory Committee Notes to Committee Note to 2015 Amendments to Fed R. Civ. P. 26; *see also* Fed. R. Civ. P. 30–31, 33.

Proportionality Factors: Old Whine, New Bottle?

Proportionality factors were first adopted in 1983 amidst growing concern over discovery abuse.[5] The 1983 drafters believed proportionality would prevent litigation from becoming a weapon used to "wage a war of attrition or as a device to coerce a party,"[6] and gave the courts new tools (proportionality factors) to eliminate redundant and overbroad discovery.[7]

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But the 1983 amendments didn't meet expectations.[8] Although Rule 26(b)(2)(C)(iii) directed the courts to limit disproportionate discovery *sua sponte*, by 2013 the Advisory Committee observed that discovery still "runs out of proportion in a worrisome number of cases, particularly those that are complex, involve high stakes, and generate particularly contentious adversary behavior."[9] (Raise your hand if this sounds like virtually every patent case.) By the late 2000s, the proliferation of e-discovery and complex litigation gave rise to a growing chorus of courts, commentators, and attorneys who expressed concern about the costs, delays, and burdens of civil litigation in federal courts.[10] In response, the Civil Rules Advisory Committee hosted a conference on Civil Litigation at the Duke University of Law (hereafter Duke Conference) in 2010 to identify ways to improve federal litigation.[11]

The 2010 Duke Conference Beefs Up Proportionality

The Duke Conference was "built on an unprecedented array of empirical studies and data, surveys of thousands of lawyers, data from corporations on the actual costs spent on discovery, and white papers issued by national

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5 *See* former Fed. R. Civ. P. 26(b)(2)(C)(iii); John L. Carroll, *Proportionality in Discovery: A Cautionary Tale*, 32 Campbell L. Rev. 455, 458 (2010); Hon. Elizabeth D. Laporte & Jonathan M. Redgrave, *A Practical Guide to Achieving Proportionality Under the New Federal Rule of Civil Procedure 26*, 9 Fed. Cts. L. Rev. 19, 29-39 (2015) (discussing post-1983 history of the proportionality analysis).

6 Advisory Committee Notes to Committee Note to 1983 Amendments to Fed. R. Civ. P. 26.

7 *Id*. For a thoughtful discussion on the purposes of the 1983 amendments, see Judge Brazil's opinion in *In re Convergent*, 108 F.R.D. 328, 331 (N.D. Cal. 1985); *see also* Carroll, 32 Campbell L. Rev. at 459.

8 *See* Laporte & Redgrave, 9 Fed. Cts. L. Rev. at 22 ("Notwithstanding this watershed moment in the evolution of the Federal Rules, many litigants have seemingly been unable to master these proportionality concepts."); Advisory Committee on Federal Rules of Civil Procedure, *Report of the Advisory Committee on Civil Rules* 4 (May 8, 2013) (hereafter "2013 Advisory Committee Report") (Rule 26(b)(C)(iii) failed to "realize[] the hope of its authors").

9 Advisory Committee on Federal Rules of Civil Procedure, *Report of the Advisory Committee on Civil Rules* 4 (May 8, 2013) (hereafter "2013 Advisory Committee Report").

10 Judicial Conference Advisory Committee on Civil Rules and the Committee on Rules of Practice and Procedure, Report to the Chief Justice of the United States on the 2010 Conference on Civil Litigation, at 1 (2010) (hereafter "2010 Conference on Civil Litigation Report"); American Bar Association, *Member Survey on Civil Practice: Detailed Report* 49, 93, 138 (2009) (concluding 82% of lawyers surveyed agreed discovery was too expensive); *The Sedona Conference Commentary on Proportionality in Electronic Discovery*, 11 Sedona Conf. J. 289, 293 (2010).

11 2010 Conference on Civil Litigation Report at 1.

organizations and groups and by prominent lawyers."[12] A recurring theme emerged from the Duke Conference: "Proportionality in discovery, cooperation among lawyers, and early and active judicial case management are highly valued and, at times, missing in action."[13] "What is needed," the conferenced concluded, "can be described in two words—cooperation and proportionality—and one phrase—sustained, active, hands-on judicial case management."[14]

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Participants at the Duke Conference were concerned that the terms "proportional" and "reasonably proportional" were too ambiguous to provide meaningful guidance.[15] They agreed that the Rule 26(b)(2)(C)(iii) proportionality factors were "suitably nuanced and balanced."[16] Why, then, did discovery run amok in the wake of the 1983 amendments?

The conference reckoned that the problem was not the text of Rule 26(b)(2)(C)(iii), but its implementation: Parties weren't invoking the rule enough to rein in excessive discovery demands.[17] In fact, 10 years earlier the Advisory Committee had "been told repeatedly that courts have not implemented the [proportionality] limitations with the vigor that was contemplated."[18] Leading treatises noted the dearth of case law addressing proportionality issues, concluding "that no radical shift ha[d] occurred" following the 1983 amendments.[19]

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The 2015 drafters thus aimed to breathe new life into the concept of proportional discovery. They rearranged and moved proportionality factors from Rule 26(b)(2)(C)(iii) to Rule 26(b)(1) to "elevate awareness"[20] and "make them more prominent, encouraging parties and courts alike to remember them and take them into account in pursuing discovery and resolving discovery disputes."[21]

12 *Id.*

13 2013 Advisory Committee Report at 4; *see also* 2010 Conference on Civil Litigation Report at 10 ("The many possibilities for improving the administration of the present rules can be summarized in shorthand terms: cooperation; proportionality; and sustained, active, hands-on rulemaking process.").

14 2010 Conference on Civil Litigation Report at 11.

15 2013 Advisory Committee Report 4; *see Orbit One Communications, Inc. v. Numerex Corp.*, 271 F.R.D. 429, 436 n.10 (S.D.N.Y. 2010) (recognizing that reasonableness and proportionality are "highly elastic" concepts).

16 2013 Advisory Committee Report at 4.

17 *Id.*

18 Advisory Committee Notes to 2000 Amendments to Fed. R. Civ. P. 26(b)(1); *see also The Sedona Conference Commentary on Proportionality in Electronic Discovery*, 11 Sedona Conf. J. 289, 293 & n.9 (2010).

19 Charles A. Wright & Arthur R. Miller, *Federal Practice & Procedure* § 2008.1, at 121 (2d ed. 1994).

20 Rosenthal & Gensler, 99 Judicature at 44.

21 Advisory Committee on Civil Rules, Report to the Standing Committee 7-8 (May 2, 2014) (hereafter "2014 Advisory Committee Report to the Standing Committee") (noting the proportionality factors prescribed by Rule 26(b)(2)(C)(iii) were relocated to Rule 26(b)(1) to "illuminate and constrain the concept of proportionality.").

The 2015 amendments are therefore not intended to break new ground, but instead are intended to "restore[] the proportionality factors to their *original place* in defining the scope of discovery."[22]

A Call to Action

"Rather than a seismic shift, the 2015 proportionality amendments are a paradigm shift emphasizing counsel's responsibility to shape discovery and cooperate with opposing counsel."

Rather than a seismic shift, the 2015 proportionality amendments are a paradigm shift emphasizing counsel's responsibility to shape discovery and cooperate with opposing counsel.[23] "Effective advocacy," the comments explain, "is consistent with—and indeed depends upon—cooperative and proportional use of procedure."[24] Therefore, although the 2015 proportionality amendments are not intended to impose new obligations or to create new grounds for refusing discovery,[25] they are important. By emphatically rejecting a mercenary model of discovery in which "disputatious, uncivil, vituperative lawyers"[26] "demand everything and object to everything,"[27] the amendments obligate the parties to scrap gamesmanship and commit themselves to work with the court and each other to craft a common-sense, focused, and deliberate discovery strategy early in the case. Experience following the 1983 proportionality amendments leads us to believe rule changes alone are not enough to meaningfully improve the discovery process.[28] Lawyers and judges must give meaning to the concept of proportionality by implementing the amendments through communication, cooperation, and effective case management. Or, there likely will be unwanted court-driven consequences.

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Chief Justice John Roberts recently wrote "[t]he amended rule [26(b)(1)] states, as a fundamental principle, that lawyers must size and shape their discovery requests to the requisites of the case."[29] "The test for plaintiffs' and defendants' counsel alike," Chief Justice Roberts explained, "is whether they will affirmatively search out cooperative solutions, chart a cost-effective course of litigation, and assume shared responsibility with opposing counsel to achieve just results."[30]

Will you pass the test?

"Lawyers and judges must give meaning to the concept of proportionality by implementing the amendments through communication, cooperation, and effective case management. Or, there likely will be unwanted court-driven consequences."

22 Advisory Committee Notes to 2015 Amendments to Fed R. Civ. P. 26(b)(1) (emphasis added).

23 *Gilead Sciences, Inc. v. Merck & Co., Inc.*, 2016 WL 146574, at *1 (N.D. Cal. Jan. 13, 2016) ("What will change—hopefully—is mindset."); Rosenthal & Gensler, 99 Judicature at 44. The proportionality amendments work in tandem with the 2015 amendment to Rule 1, which now expressly requires all parties to construe and employ the rules "to secure the just, speedy, and inexpensive determination of every action and proceeding." *See* Fed R. Civ. P. 1.

24 Advisory Committee Notes to 2015 Amendments to Fed. R. Civ. P. 1.

25 Rosenthal & Gensler, 99 Judicature at 44; Fed. R. Civ. P. 26(b)(1), Advisory Committee Notes to 2015 Amendments to Fed. R. Civ. P. 26(b)(1); 2014 Advisory Committee Report to the Standing Committee at 8.

26 *See Kreuger v. Pelican Prod. Corp.*, No. CIV-87-2385-A (W.D. Okla. Feb. 24 1989).

27 Rosenthal & Gensler, 99 Judicature at 44.

28 *See* 2010 Conference on Civil Litigation Report at 5.

29 Chief Justice John Roberts, 2015 Year-End Report on the Federal Judiciary at 7 (2015).

30 *Id.* at 11.