

The Evolution of E-Discovery Model Orders

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Abstract

This article analyzes the Federal Circuit’s Model Order regarding E-Discovery in patent cases (the “Model Order”). The article (i) briefly describes the purpose behind the Model Order, (ii) describes its key provisions, and then (iii) analyzes the Model Order to identify some areas of continuing concern. The authors conclude that, while it is beyond refute that the Model Order is a step in the right direction in the courts’ efforts to control and manage e-discovery, the Model Order is only a first step. In this regard, several problems, as set forth below, can potentially arise when counsel or the courts use the Model Order. It is hoped that this article will encourage judges, litigants, and other interested parties to continue trying to solve some of the still troubling aspects of e-discovery and e-discovery abuse.

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The E-Discovery Dance for Patent Litigation: The Federal Circuit Tries to Change the Tune

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I. THE MODEL ORDER: AN ATTEMPT TO CONTROL AND MANAGE E-DISCOVERY

The Model Order Regarding E-Discovery in Patent Cases (the “Model Order”)² is the Federal Circuit’s response to the exponential growth of e-discovery and related costs in cases before it.³ As noted in the Introduction to the Model Order, patent cases tend to suffer from disproportionately high discovery expenses—with one study determining that the costs of an intellectual property case run almost 62% higher than other litigations.⁴ Moreover, the exponential growth in electronic documents and communications has, intentionally or otherwise, led to what the Federal Circuit considers to be excessive e-discovery.⁵ Broad and unfettered e-discovery—particularly email related discovery—has led to litigations where the time and cost of electronic production far outweighed the minimal benefits of marginal and cumulative disclosure, thus threatening to derail the judicial promise of just, speedy and affordable determination of disputes:

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² E-Discovery Model Order, *available at* <http://memberconnections.com/olc/filelib/LVFC/cpages/9008/Library/Ediscovery%20Model%20Order.pdf>.

³ *See supra* note 2 at 2.

⁴ *See id.* at 1 (citing Emery G. Lee III & Thomas E. Willging, *Litigation Costs in Civil Cases: Multivariate Analysis* 8 (Fed. Judicial Ctr. 2010)).

⁵ *Id.* at 2.

As technology and knowledge play an increasingly important role in our economy, the courts must not become an intolerably expensive way to resolve patent disputes. Specifically, litigation costs should not be permitted to unduly interfere with the availability of the court to those who seek to vindicate their patent rights—the enforcement of such rights is both an obligation of the legal system and important to innovation. Likewise, disproportionate expense should not be permitted to force those accused of infringement to acquiesce to non-meritorious claims.⁶

The Model Order provides the courts and counsel with a framework for managing the e-discovery process and the responsible, targeted use of e-discovery in patent cases. It seeks to “promote economic and judicial efficiency by streamlining e-discovery, particularly email production, and requiring litigants to focus on the proper purpose of discovery—the gathering of material information.”⁷

II. A REVIEW OF THE KEY PROVISIONS OF THE MODEL ORDER

The Model Order attempts to get both parties to engage in targeted e-discovery by placing presumptive limits on e-discovery. In this regard, the Model Order has patterned itself after Federal Rule of Civil Procedure 30, which limited deposition practice by presumptively limiting each side to ten depositions of seven hours each.⁸ Specifically, the Model Order requires the parties exchange the type of core documentation key to every patent litigation – *i.e.*, documents concerning (i) the patent; (ii) the accused product; (iii) the prior art; and (iv) the relevant finances – before propounding email requests.⁹ Even then, the Model Order

⁶ E-Discovery Model Order, *supra* note 2, at 2.

⁷ *Id.* at ¶ 1 (“This Order . . . streamlines Electronically Stored Information (“ESI”) production to promote a ‘just, speedy, and inexpensive determination’ of this action”).

⁸ *Id.* at 3; FED. R. CIV. P. 30.

⁹ E-Discovery Model Order, *supra* note 2, at ¶ 8.

presumptively limits the number of custodians and search terms for all email production requests, so that any email production requests are focused on particular issues and areas for which email discovery is appropriate.¹⁰ These limits are presumptive only, and may be modified by the parties or the court for good cause shown.¹¹

Where a party seeks more discovery than agreed upon by the parties, or allowed by the court, the requesting party bears the reasonable cost of that discovery.¹² By shifting costs, the Model Order seeks to ensure that a party carefully balances the cost and value of the additional discovery.¹³

The Model Order also seeks to lower the cost of e-discovery by addressing a large source of that cost – pre-production review of documents by attorneys or other human reviewers. To minimize such pre-production review, the Model Order expressly provides that the inadvertent production of attorney-client privileged or work product documents during e-discovery may not be used in the pending case, and does not constitute a waiver in the pending case, in any other federal or state proceeding, or for any purpose.¹⁴

III. The Model Order: Areas of Continuing Concern

The Model Order is a good first step at addressing the major problem with e-discovery: its ever-increasing complexity, cost and expense. However, the solutions provided by the Model Order raise several concerns, four of which are identified and discussed below.

¹⁰ E-Discovery Model Order, *supra* note 2, at ¶¶ 6, 7, 10, 11.

¹¹ *Id.* at ¶ 2.

¹² *Id.* at ¶¶ 10, 11.

¹³ *Id.* at 3-4.

¹⁴ E-Discovery Model Order, *supra* note 2, at ¶¶ 12-14.

A. The Model Order's Triggers for Cost Shifting Allow the Parties to Game the System and May Offer Disincentives to More Economical Alternatives in E-Discovery

The first potential area of concern with regards to the Model Order arises from the Model Order's reliance on disproportionate costs to trigger cost shifting.¹⁵ In this regard, it is possible for counsel for the producing party to manipulate the discovery process so as to increase costs and force the requesting party to bear those costs. Specifically, the costs of performing data collection or execution can sometimes be substantially less costly if done in-house, than if a third-party vendor collected and performed the search.

For example, a large technology firm might have a proprietary document tracking platform that runs on legacy hardware, and an in-house IT team that is familiar with and manages this system. In such cases, it would be substantially more costly to retain a third-party vendor, than to use the in-house IT department. Yet, that expense arguably could still be presented to the court and opposing counsel as a true cost in e-discovery, and be used to deter, narrow, or shift the costs of e-discovery. Indeed, the producing party can contend that using a third-party vendor is appropriate, because doing so will avoid any concern that in-house IT staff will inevitably skew the production results in favor of the producing party. The end result is that a party can, or at least can try, to intentionally trigger cost shifting as a tactic in litigation.

Courts and litigants should be aware of this tactic, and raise the issue during the initial discovery conference mandated by Federal Rule of Civil Procedure 26. One solution is for the courts to encourage parties to utilize their own IT departments when possible to collect and

¹⁵ E-Discovery Model Order, *supra* note 2, at ¶ 3. The Model Order also provides that discovery tactics that delay or prolong the process will be considered by the Court in determining which party should bear the costs of the discovery process.

produce documents, as long as best practices are followed by the in-house IT department in collecting and producing those documents.

B. The Model Order Default Standard that Metadata Is Not To Be Produced Absent a Showing Of Good Cause Ignores the Critical Value Metadata Provides When Issues Exist Around Authenticity or Authorship

The second area of concern with the Model Order is its default standard of no metadata (*i.e.*, “data about data”) absent a showing of good cause.¹⁶ In a segment of patent related disputes that focus on the date of filing, on priority, or on who is the creator of a patent, metadata is likely to be a critical element that provides crucial information regarding such key points as dates, times, authorship, and other related elements.¹⁷ Although, the Model Order does allow parties to request metadata upon a showing of “good cause”, it is an uphill effort for counsel to establish “good cause” around metadata because even after the initial discovery conference, litigants may not have enough information to determine specifically what metadata they need in order to make a showing of “good cause.”

One solution is for the Court to maintain a lenient standard for “good cause,” and allow relevant facts to emerge early in the case to save time and money for litigants.

C. The Model Order Only Allows Email Production to Occur After the Parties Have Exchanged Initial Disclosures of Basic Documents and Information on the Critical Systems Storing the Email

The Model Order attempts to force the parties to hold off on email production until after initial disclosures regarding the patents, the prior art, and relevant financial information.¹⁸

¹⁶ E-Discovery Model Order, *supra* note 2, at ¶ 5.

¹⁷ *See* DISPUTE RESOLUTION AND E-DISCOVERY (Daniel B. Garrie & Yoav M. Griver eds., 2012).

¹⁸ E-Discovery Model Order, *supra* note 2, at ¶ 8.

However, to encourage focused and reasonable email production, it is respectfully suggested that the Model Order also should require the parties to define their respective technology systems involved with email. This information is critical to allowing the parties to draft email requests that are reasonable and narrowly tailored, as required by the Model Order.¹⁹

For example, a party might craft a request for email that is narrowly tailored and appears reasonable,²⁰ but that request still could be unreasonable if the party seeks email that is five years old and is only stored on disk backup in Germany. In this example, the cost of production given the medium and location makes an apparently narrow and reasonable request unreasonable in practice, and may require an even more refined request. The parties should be required to identify and disclose their respective technology systems involved with email, so that such issues may be identified before email requests are issued. One possible solution is for the Model Order to be amended to require the parties to exchange information about their IT systems at the earliest stage of the litigation, enabling both sides to effectively organize their forthcoming search requests.

¹⁹ E-Discovery Model Order, *supra* note 2, at ¶ 6 (“To obtain email parties must propound specific email production requests”) and ¶ 7 (“Email production requests shall only be propounded for specific issues, rather than general discovery of a product or business”).

²⁰ *See, e.g.,* McGrath v. United States, 103 Fed. Cl. 658 (Fed. Cl. 2012). In *McGrath*, the United States Court of Federal Claims considered a proposed discovery order that contained some of, but not all, the provisions from the Model Order. Among other things, the parties were eventually ordered to cooperate to identify the proper custodians, proper search terms, and proper timeframe before producing email, and “encouraged” to use narrowing search criteria (e.g., “and,” “but not,” “w/x”) to limit email production.

D. The Model Order Should Consider Requiring the Parties to Perform Email Sampling Before Limiting the Number of Search Terms and Custodians to Five People and Terms

The Model Order presumptively limits the number of custodians and search terms for all email production requests to five terms and custodians per producing party for all such requests.²¹ The intent is to control the exorbitant costs of production by minimizing what parties can request.²² While well intentioned, this presumptive limit presents a challenging paradigm, because it is impossible for parties to be 100% accurate on terms and custodians – especially when they do not control the data. Consequently, it is our belief that, prior to the Court or parties selecting terms or custodians, they should apply common-sense:

1. Both parties should group search terms into high, medium, low value.
2. The parties should then take each group of search terms and identify applicable time frames and custodians. For example:

High Group

Dates: 02/2010 to 05/2011; 03/2005 to 04/2006

Custodians: D. Smith; M. Jane

Terms: Apple, Democrat, Republican, Libertarian

3. The opposing party should then sample each of the custodians using the search terms and dates for the group.
4. Re-order the terms and custodians.

Of course, the Court should mandate the application of the Model Order's strict number requirements, should the parties fail to mutually agree on a protocol, or if the terms the parties propose are inappropriate or indiscriminate in nature. In such circumstances, paragraph 11 of the Model Order provides for cost-shifting to the requesting party.

²¹ E-Discovery Model Order, *supra* note 2, at ¶¶ 10, 11.

²² *Id.* at 2, ¶¶ 6, 7.

IV. CONCLUSION

Courts and counsel should utilize the Model Order as a starting point for dialogue around e-discovery in patent disputes, but should also take into account the potential pitfalls that the Model Order presents. As the few cases have shown since the implementation of the Model Order, the court is willing, within reason, to allow parties to produce their own mutually agreeable protocol.²³ However, it remains to be seen what will happen in a case with unwilling parties whose case demands more than what the Model Order allows.

²³ See, e.g., *McGrath*, 103 Fed. Cl. at 658 (modifying a proposed discovery order submitted by the parties that was based, in part, upon the Model Order).