



MAY 2012

New Federal Case Will Have Practical Impact on Patent Litigation

All companies that could face patent litigation, either as a plaintiff or defendant, should take note of a recent federal decision interpreting the Leahy-Smith America Invents Act (AIA). In a May 2, 2012, ruling, the U.S. Judicial Panel on Multidistrict Litigation (MDL) ruled that the joinder provision of the AIA, restricting multi-defendant patent suits, does not bar centralizing cases for pretrial proceedings. The panel's decision will have a wide-ranging practical impact because it opens a window where the AIA appears to close the door on the issue of coordination in multi-defendant patent lawsuits. [See *In re: Bear Creek Technologies, Inc.* \('722\) Patent Litigation, MDL No. 2344](#)

THE ISSUE

The issue facing the MDL was a crucial tactical consideration in patent litigation: If a plaintiff sues many unrelated defendants for patent infringement in different courts throughout the United States, is it possible to transfer all of the cases to a single court for coordination of discovery and pretrial rulings? The MDL answered: "Yes."

Specifically, in *In re: Bear Creek*, the MDL ordered fourteen suits brought by Bear Creek Technologies Incorporated to be transferred to the District of Delaware pursuant to 28 U.S.C. § 1407. In so doing, the MDL rejected arguments by defendant Vonage Holdings Corporation that centralized pretrial proceedings for unrelated defendants was precluded by the AIA's joinder provision.

CLOSED DOOR: AMERICA INVENTS ACT JOINDER PROVISION

The joinder provision of the AIA, aimed at barring patent suits naming dozens of unrelated companies as defendants, states that "accused infringers may not be joined in one action . . . or have their actions consolidated for trial, based solely on allegations that they each have infringed the patents or patents in suit."

Vonage argued that the MDL could not centralize the *Bear Creek* litigation because the only commonality among the multiple defendants was the bare allegation that they infringe the

same patent. At issue in each action is the infringement of a Bear Creek patent by various telecommunications companies and related questions surrounding the validity or enforceability of the patent.

OPEN WINDOW: SECTION 1407 AUTHORITY

The MDL found that when it uses its 28 U.S.C. § 1407 authority to centralize cases in a single district for pretrial proceedings, it is not turning all the transferred cases into one action or joining the defendants as defined by the AIA. The separate nature of the actions is preserved and each case will have its own separate trial. The cases are transferred and centralized only to streamline discovery and other pretrial litigation.

Furthermore, the MDL concluded that if Congress had intended the joinder provision to apply to pretrial centralization, it would have said so explicitly. The MDL found the text and legislative history of the AIA to be silent as to pretrial transfer, only discussing actions "consolidated for trial."

Although Vonage argued that centralization would lead to a flood of requests by plaintiffs to the MDL attempting to circumvent the AIA's joinder provision, the MDL asserted that this was an insufficient reason to deny centralization. Centralization of any proceeding, including patent cases, is not automatic, and will necessarily depend on the facts, parties, procedural history, and other circumstances in a given litigation.

CONTACT US

The America Invents Act is a comprehensive piece of legislation that makes broad changes to a statutory scheme that has been relatively unchanged for nearly 60 years. Accordingly, a careful, detailed analysis of its provisions should be undertaken prior to taking any action with regard to any specific intellectual property or intellectual property litigation.

If you need assistance or you have any questions concerning the impact of *Bear Creek*, lawyers in Robinson & Cole's [Intellectual Property and Trade Secrets Litigation Team](#) and [Intellectual Property and Technology Group](#) are available to assist you.

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