UNITED STATES DISTRICT COURT IN AND FOR THE SOUTHERN DISTRICT OF IOWA CENTRAL DIVISION

INC.;		:		
	D1-:4:CC		CIVIII NO	4 00 CM 00

CIVIL NO. 4-98-CV-90577 Plaintiff,

VS.

ASGROW SEED COMPANY, et al., :

Defendants.

PIONEER HI-BRED INTERNATIONAL,

PIONEER HI-BRED INTERNATIONAL,

CIVIL NO. 4-98-CV-90578 INC.;

Plaintiff,

VS.

ORDER ON DISCOVERY

DEKALB GENETICS CORPORATION, AND BIFURCATION

et al.,

Defendants.

The Court held hearings on March 30, 2000, and April 19, 2000. Appearing were: Tom Cunningham, John Templar and Barb Tapscott, Dan Cosgrove, Steven Nelson, Glen Johnson, J. Dean Lectenberger, Janelle Waack, Robert Lytle, Gerard Harrison, and H. Richard Smith.

The following matters were discussed: Plaintiff's Resisted Motion for Amended Protective Order (Clerk's Nos. 116 in 4-98-90577 and 115 in 4-98-cv-90578) and the Defendants' Resisted Motions for Bifurcation and to Stay Discovery, and all parties' Suggestions for Amendments to the Scheduling Order.¹ The Court has reviewed all of

¹In the Asgrow case, 4-98-90577, the pleadings reviewed (with the Clerk's docketing numbers) were: Pioneer: 130; Asgrow: 124, 125, 132, 133; Pharmacia and Upjohn: 127.

In the Dekalb case, 4-98-90578, the pleadings reviewed (with the Clerk's docketing numbers) were: Pioneer's fax of April 17, 2000, filed herewith, 132, 134; Dekalb and Monsanto: 125, 126, 135, 137; Pfizer:

the briefs associated with these motions, and heard arguments of counsel. These matters are fully submitted.

1. <u>Motion to Amend Protective Order</u>. Plaintiff moves to increase from two to four the number of in-house technical advisors who are allowed to review confidential material. This motion is resisted. This motion is denied. Plaintiff has not shown that outside technical advisors are not available, or are inadequate for this task.

By agreement of the parties, in response to Plaintiff's motion, the number of in-house counsel who have access to confidential documents is expanded to three.

Motions to Bifurcate. At all of the conferences on this case, the Court has requested the parties to consider whether bifurcation, discovery staging, or other procedures are appropriate (such as the framework outlined in U.S. Dist. Ct. Rules of N. D. Cal., Civil Rls. 16-6 to 16-11), to manage these cases in the most speedy, just and economical fashion possible. See, Fed. R. Civ. P. 1. It was hoped that the parties would identify issue allocation in these cases, which would allow more orderly management. That has not happened. In fact, whether portions of these cases are bifurcated or otherwise staged for discovery has turned into a hotly contested process.

These cases were filed in 1998; they are complex, and need a schedule and discovery-management plan that will finally get them to trial. The parties have widely divergent views on how to reach this goal.

Trials are estimated to run at least two to three months in each case. Therefore, a significant portion of one judge's civil docket for a year is going to be dedicated to – or at the least, reserved for – these two cases. The parties agree that at some point, settlement should be considered, but at the present they seem to be dedicating 100% of their time and attention to the litigation of these cases.

Below is a summary of the parties' proposed schedules in these cases, with their

agreement that the trial in the <u>Asgrow</u> case would be set after the trial in the <u>Dekalb</u> case, although discovery would run simultaneously:

Dates as proposed by:	Plaintiff	Pfizer	Dekalb/Asgrow			
	(for issues of stat. limitations/laches)					
Plaintiff's Disclosure of Patent Claims			7/28/00			
Defendants' Disclosure of Prior Art			10/31/00			
Plaintiff's Claim Chart			1/31/01			
Defendants' Response Chart			1/31/03			
Plaintiff's Expert Reports (liability)	11/1/00	8/3/01	4/30/03			
Plaintiff's Expert Report (damages)	12/1/00					
Plaintiff's Rebuttal Expert	2/1/01	1/18/02	9/30/03			
Joint Claims Construction Statement			12/10/03			
Plaintiff's Brief on Claim Construction			1/9/04			
Defendants' Response Brief on Claim	2/11/04					
Plaintiff's Reply Brief on Claim Con	2/25/04					
Markman Hearing			3/11/04			
Defendants' Experts (liability) 1.	/1/01 12/3	3/01	8/29/03			
Defendants' Expert (damages) 2	/1/01					
Defendants' Non-patent Experts	8/3/01					
Plaintiff's Rebuttal Non-patent Experts 1/18/02						
Discovery Closes	4/1/01	2/15/02	10/31/03			
Dispositive Motions	1/5/01	5/31/02	5/31/04			
Trial Ready	7/1/01	10/1/02	10/1/04			
Estimated Length of Trial	60 days	5 days	40 days			

Pfizer is a defendant only in the <u>Dekalb</u> case, and only on Lanham Act and misappropriation-of-trade-secret claims: it is not a defendant on breach-of-contract or patent-infringement claims. There is a fundamental difference in how the parties view the scope of the patent cases, which results in schedules that are years apart in proposed trial dates. Pfizer seeks a stay of discovery or, at a minimum, staging of discovery, until certain threshold legal issues are addressed. Pfizer suggests four trials are appropriate: statute of limitations, patent, non-patent and damages; tried serially by the same jury. Plaintiff is optimistic in its formulation

of a schedule, which projects these cases ready for trial about one year from now (and about three years after filing); Defendants' amended plan calls for a trial ready date of October 1, 2004; which, for trials on liability only, seems somewhat pessimistic.

The Court has the discretion to authorize separate trials of any claims or of issues it deems appropriate. See Fed. R. Civ. P. 42(b) and the cases discussed in <u>Pioneer Hi-Bred Int'l., Inc. v. Lubrizol</u>, No. 4-92-cv-90198 (S.D. Iowa Sept. 29, 1997) (order on motion to bifurcate). This determination can only be made after analyzing the factual and legal features of the individual cases, which has been done in both the Asgrow and Dekalb cases.

The Court has reviewed and weighed: a) the complexity of the issues; b) the relationship among the issues; c) judicial economy; d) convenience of the parties; e) overlap of evidence to be presented on all claims; f) prejudice to any party; and g) the Seventh Amendment right to trial by jury, including the right to have no fact tried by jury re-examined in any court. These cases involve numerous legal theories: Lanham Act; misappropriation of trade secrets in violation of Iowa Code Ch. 550; common-law misappropriation; common-law trade secret misappropriation; breach of contract and patent infringement (25 patents and 225 claims in the Dekalb case - which claims are not brought against Pfizer; and nine patents and 100 claims in the Asgrow case). Any bifurcation and schedule depends upon the sound discretion of the Court. In these cases, reasonable minds apparently differ wildly as to what path should be chosen. Ultimately, the trial court will be required to decide which route makes the most sense.

There is a threshold issue to be addressed on the "misappropriation" counts: Has Plaintiff stated a claim, and if so, under what statute of limitations? Additionally, Defendants have raised the defense of laches. The resolution of this issue and defense will save all involved time and money, and to a certain extent dictate the scope of discovery. But does this issue need to be bifurcated, or should the case be managed in stages, so that it may be promptly addressed?

Counsel for Defendants have indicated that dispositive motions relating to statute of

limitations and laches could be filed within the next month, or within the next three months at the latest. Discovery on these issues has been progressing. Even if the trial court were to find that there was a material question of fact relating to some portion of this issue, it would make more sense to attempt to resolve it early in the case. Other discovery could proceed while preparations were being made to address this issue.

Therefore, any dispositive motions relating to the issue of statute of limitations and laches on any of Plaintiff's claims of misappropriation shall be filed by August 1, 2000. Resistance to the motions shall be filed by September 1, 2000, and replies by September 15, 2000. If the trial court determines that a material question of fact precludes entry of partial summary judgment, it will determine then whether bifurcation, and prompt trial of that issue is appropriate.

Next, the Court considers whether the patent claims should be bifurcated from the remaining claims. Plaintiff contends that all of its claims are so interrelated that no bifurcation is possible, and that no savings would be gained by such action. Defendants, of course, paint such a grim picture as to the massive sweep of discovery required before the patent claims can be submitted, that this case begins to look like <u>Jarndyce v. Jarndyce</u> in Dicken's *Bleak House*.²

Charles Dickens, Bleak House, Ch. 1, p. 4 (Everyman's Library Ed. 1966) (1852-53).

Jarndyce and Jarndyce drones on. This scarecrow of a suit has, in course of time, become so complicated, that no man alive knows what it means. The parties to it understand it least; but it has been observed that no two Chancery lawyers can talk about it for five minutes, without coming to a total disagreement as to all the premises. Innumerable children have been born into the cause; innumerable young people have married into it; innumerable old people have died out of it. Scores of persons have deliriously found themselves made parties in Jarndyce and Jarndyce, without knowing how or why; whole families have inherited legendary hatreds with the suit."

Surely a case should be able to move from filing to trial <u>on liability only</u> in under six years, no matter how many patents or what the level of complexity. Additionally, Defendants want all discovery relating to damages stayed until after liability is tried on each issue. So, under their plan, it would be well into 2006 before the last issue begins making its way to the Court of Appeals.

At this time, due to the complexity of, and inter-relationship among, the issues, the Court finds that bifurcation of the patent and non-patent issues is not appropriate. It would not serve the interests of judicial economy due to the potential overlap of evidence. Bifurcation of liability and damages, however, is appropriate. The issue of damages is discrete, and can easily and efficiently be presented separately. There would be no duplicate issues to be decided by different juries. No party would be prejudiced by bifurcating damages and staying discovery on this issue until there is a determination of liability. Discovery then can be appropriately tailored to the theories upon which Plaintiff has prevailed. It will also reduce the trial time necessary.

The Court grants Defendants' Motion to Stay Discovery as to damages for the reasons and authorities cited in the Defendants' briefs. The Court notes that in discussions with counsel, some Defendants have taken an expansive view of what evidence relates to damages. Although motions to compel have yet to be filed, the Court offers some guidance to further the parties' discussion on this issue. Simply because some portion of Pioneer's genetic material has not yet been commercially used does not mean that information relating to that material is precluded from discovery. Plaintiff is entitled to discover information about actual or potential commercial use by others of its proprietary material.

One of the reasons Defendants have constructed such a lengthy pretrial schedule is because they contend that they need two complete growing seasons in the Midwestern outdoor climate to fully test Pioneer's theory about the existence of its genetic material in Defendants' inbreds and hybrids corn. Pioneer maintains that a two-year grow-out cycle is totally unnecessary, and that the claims may be established based upon the Defendants' breeding

records. Planning for a grow-out cycle is not necessary until the scope of Pioneer's claims is clear. Therefore, the schedule which is set herein may be revised later if it is determined that the breeding records alone are insufficient proof for all parties on these claims.

Although the Court denies the motion to bifurcate the patent and nonpatent claims, it would greatly clarify issues and increase the efficiency of this case if more stringent case management methods were applied to the patent issues, so that discovery could proceed in the most orderly fashion.

The Court adopts the framework and definitions as outlined in U.S. Dist. Ct. Rules N. D. Cal., Civ. Rls. 16-6 through 16-11 (attached hereto and incorporated herein by reference) without the limitations suggested by Defendants. The following schedule for both cases is hereby set. The Asgrow case shall be set for trial after the Dekalb case.

- a) Plaintiff's Initial Disclosure of Asserted Claims: September 1, 2000. The Court notes that Plaintiff maintains it cannot make this disclosure because it has not had a chance to review <u>all</u> of Defendants' breeding records. Apparently it had sufficient information to outline the patents and claims in the Amended Complaint. It has received more discovery since then. Under Plaintiff's proposed schedule, it would be tendering expert reports on liability by November 1, 2000, so this type of disclosure should be well within its capacity. By September 1, 2000, it shall serve a statement as to: 1) each claim of each patent that is allegedly infringed by the opposing party; 2) the "accused instrumentality" of which the Plaintiff is aware; and 3) the date of conception and the date of reduction to practice of each asserted
 - claim.
- The Defendants' Initial Disclosure of Prior Art: November 1, 2000. b)
- c) Plaintiff's Initial Disclosure Claim Chart: January 1, 2001.
- d) Defendants' Response Chart: March 1, 2001. Defendants' chart must specify all grounds of invalidity and defenses to claims of willfulness.

e) Designation of patent and nonpatent experts with reports:

1) Plaintiff: May 1, 2001

2) Defendants: June 15, 2001

3) Plaintiff's rebuttal: July 15, 2001

f) Joint Claim Construction Statement: December 1, 2001

1) Plaintiff's Brief on Claim Construction: January 15, 2002

2) Defendants' Response Brief: February 15, 2002

3) Plaintiff's Reply: March 1, 2002

g) Markman Hearing: To be scheduled on trial judge's calendar in March or April, 2002.

- h) Completion of discovery in patent and nonpatent issues: July 1, 2002.
- Dispositive motions on all remaining issues: August 1, 2002;
 Resistance: September 1, 2002; Reply: September 20, 2002.
- j) As set forth above, motions as to statute of limitations/laches shall be filed by September 1, 2000. Discovery on these issues shall be completed by August 15, 2000.
- k) Trial Ready: November 1, 2002; estimated length of trial: 40 days.

The issue of damages is bifurcated from all liability claims, and will be submitted to a jury separately, with a separate discovery schedule, after determination of liability. The schedule for discovery on damages will be determined later.

No Seventh Amendment issues arise from having different juries address the discrete portions of this case. The Seventh Amendment is only implicated when two juries decide the same essential issues. The motion to stay discovery relating to damages is granted. The Court will wait until counsel have conferred to resolve or narrow disputes as to the scope of discovery

before determining what is precluded from discovery because it relates more toward damages than liability.

IT IS SO ORDERED.

Dated this _____ day of May, 2000.

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CELESTE F. BREMER UNITED STATES MAGISTRATE JUDGE