

UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN

# Engineering Law

## Professor Barich

### Class 4



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# Items

- Check grades on Compass
  - Notify me immediately of any difference
- Exam#1 – Sept 27<sup>th</sup> –NEXT WEEK!
  - 60 questions – multiple choice, T/F
  - Second half of class
  - Material includes all of today



# Summary - 1

- Law producing system = Constitution, Congress, Agencies (and state counterparts)
- Courts = Law interpretation, application, and dispute resolution system
  - Trial court that takes evidence and finds facts
  - Appeals court
    - No evidence
    - Only reviews mistakes in law, not fact



# Summary - 2

- The Federal Court System includes:
- Federal District Court – the Trial court
- Federal Appeals Court – the Appeals court
  - Appeal is not a matter of right in civil cases, but is routine
  - 13 circuits, usually several states for each
  - All patent appeals go to Federal Circuit



# Summary - 3

- SC is the highest court in the land and the only court specifically authorized in the Constitution
- Appeal to SC is not a matter of right
- Must petition for *certiorari*
  - Supreme Court decides whether it will grant cert and hear the case – only 80-150/year
  - Cert is granted only ~1% of the time
  - Almost all cases end at Appeals Court
  - Most cases are heard to resolve inconsistency between Circuit/Appellate Courts



# Summary - 4

- State Courts are typically modeled on the Federal system
- Think of states as their own “country”
- Some have only 2 levels – Trial & Supreme
- Each state sets up its court system and procedures - Names can vary
- Rare to go from state to fed court
- Parallel courts, not appeal path to federal
  - But! Request *cert* from State Supreme Court
  - But! *Habeus Corpus*



# Summary - 5

- Complaint – asking court for something from someone
- Answer – person responds
- Discovery – investigate the claim
- Trial – the facts are determined and the law is applied to the facts
- Appeal – but only mistakes in law
- Plaintiff is the one complaining, defendant defends themselves against the complaint



# Summary - 6

- Rules
  - Federal Rules of Civil Procedure (FRCP)
  - Local Court Rules
  - Judge-made, case-specific rules
- Rule 11 - sanctions
  - No launching suit for improper purposes
  - Must conduct pre-filing investigation
  - Can't lie about law or facts
  - Can be imprisonment, fine, or ruling, but most likely fine



# Summary - 7

- Jurisdiction – can the court hear the case?
  - Typically between state and federal courts
  - Federal Question (~70% of Federal Cases)
  - Diversity (~30% of Federal Cases)
  - Supplemental
  - Need Minimum Contacts for state jurisdiction
    - Awareness that party could be “haled into court” or has somehow “availed themselves of the state”



# Venue

- Going to federal court, but which one?
- Venue – geographic location of Federal court to hear your case – Ohio or Iowa?
- Varies by jurisdictional basis
  - Federal Question
    - Anywhere convenient, usually where witnesses are subject to subpoena or where companies are located
    - 2017 Supreme Court rules that for patent cases the defendant must be sued 1) in its state of incorporation, or 2) where defendant infringes and has an established place of business
  - Diversity (28 U.S.C. § 1391)
    - (1) district where any defendant resides if all defendants reside in the same state,
    - (2) the district where a substantial part of the events giving rise to the claim occurred, or
    - (3) the district in which any defendant is subject to personal jurisdiction if there is no district in which the claim can otherwise be brought



# Be Sure You Want To File

- Make sure you really want to bring suit
  - Lawsuits are VERY expensive - \$5-7MM avg. through patent trial (if +\$25M at stake)
  - Start when you like, but may not end when you want
  - The other side may counterclaim
  - Sap corporate resources because people are working on the lawsuit
  - Stressful and can harm health
  - May impact customer relationships or persona in industry – not warm and fuzzy



# Settlement - 1

- May seem strange to discuss settlement this early – have not even filed a case!
  - Settlement can occur at any time
  - Pre-filing is likely when the greatest percentage of cases are resolved
- Settlement Agreement is contract between two parties to resolve a legal claim
- Violation is breach of contract
- File lawsuit to get the judge to lay contempt of court on top – often done



# Settlement - 2

- Once you have done the factual and legal due diligence, usually send it in a letter to the other side with warning that you may file suit
- Want to resolve dispute quickly and cheaply – lawsuits are neither
- Open discussions with other side
- File suit if discussions break down or if the other side is not taking it seriously
- Other side could file for Declaratory Judgment



# Filing a Lawsuit

- Getting a lawsuit started is a multi-step process. Plaintiff does the following:
  - File suit (Complaint) with District Court clerk
  - Get Summons from clerk
  - Serve Complaint & Summons on Defendant
  - Have proof of service returned to Court
  - If no return of proof of service, case is closed
- Don't have to serve right away
  - Use to encourage settlement – file, threaten to serve to show them you are serious, then work out settlement – Federal=90 days
  - Second biggest settlement opportunity



# Answer - 1

- Once the defendant is served with the Complaint, they must file an Answer
  - Or else risk default judgment in favor of P
  - 21 days if served - 12(a)(1)(A)(i) FRCP
  - 60 days if Defendant waives service
- Extensions of time to respond are possible
  - Request them from the judge, fairly common
  - Judge usually grants unless opposed
  - Often requested to discuss settlement



# Answer - 2

- Need not immediately address merits of case
- FRCP 12 Motion Practice
  - “I should not even be sued!”
  - (1) lack of subject-matter jurisdiction;
  - (2) lack of personal jurisdiction;
  - (3) improper venue;
  - (4) insufficient process;
  - (5) insufficient service of process;
  - (6) failure to state a claim upon which relief can be granted; and
  - (7) failure to join a party under Rule 19.



# Answer - 3

- (1) lack of subject-matter jurisdiction;
  - This is the wrong court – should be in state court
- (2) lack of personal jurisdiction;
  - Not within long-arm statute
- (3) improper venue;
  - More convenient to try case elsewhere
  - Often D will already have filed elsewhere
- (4) insufficient process;
- (5) insufficient service of process;
  - Very rare



# Answer - 4

- FRCP 12(b)(6) - failure to state a claim upon which relief can be granted
  - Most likely motion
  - The Complaint fails to even allege all the facts necessary to state a cause of action
  - Ex 1 – does not allege intent when intent required
  - Ex 2 – alleges “infringement” of US patent due to making and selling product in Canada
- (7) failure to join a party under Rule 19
  - If party is needed to complete relief



# Answer - 5

- If you prevail on any of the FRCP 12 motions, then the case is dismissed.
- If not, then must file “substantive” Answer
  - Often just a blanket denial of just about all of the Complaint
  - Must include Affirmative Defenses (if any)
  - Must include Counterclaims (if any)
  - See Example later



# Affirmative Defenses

- Burden of Proof – typically the Plaintiff bears the burden of proof
  - In 50-50 case, verdict for D; 51% then to P
- Affirmative defenses are legal responses to an allegation that, if proven, typically reduce or eliminate P's claim – FRCP 8(c)
  - D's reason why, even if the Complaint is proven, they should still not be liable
  - Defendant bears the burden of proving ADs
  - Example – fair use for © infringement
  - Other Exs. - Assumption of risk, contributory negligence, fraud, laches (delay), license, etc.



# Counterclaims

- Essentially a “Complaint” back to P
  - D has the burden of proving counterclaims, just like P has burden of proving Complaint
  - “You sue me? I sue you!”
  - Example – Contract dispute
    - Party 1 alleges breach based on inadequate job
    - Party 2 alleges breach based on failure to pay
  - Example – Patent dispute
    - Party 1 alleges Party 2 infringes patent
    - Party 2 alleges Party 1 is infringing different patent



# Counter Cs vs. Affirm Ds

- Affirmative Defenses knock down an attack, but Counterclaims attack back
  - P could lose on Complaint, but be liable for CC
  - If P loses on Complaint, no need for AD
- Complaint and Answer are frequently amended to assert new causes of action or remove causes of action that are no longer tenable
  - Typically need permission of judge to amend
  - Usually granted for removing
  - Sometimes not granted to add claims if judge feels you are delaying



# Complaint Examples

- Federal Court Complaint
  - Trial Counsel
  - Identification of District Court
  - Jurisdiction
  - Identification of Parties
  - Summary of Facts
  - Cause of Action
  - Prayer for Relief
  - Demand for Jury Trial
  - Appendix
- Federal Court Complaint Example #2
  - Can be for big money, here \$1B+
- State Court Complaint Example #1
  - Often less formal



# Answer Examples

- Federal Court Answer
  - Admit/Deny Facts
  - Affirmative Defenses
  - Counterclaims –looks like another complaint
- State Court Answer
  - Often much less formal
  - But! Some state courts can be as exacting as federal practice



# Discovery - 1

- Court-ordered/supervised factual investigation carried out by parties
  - Pretty much any material that may be relevant
  - Longest phase of a case - May last for years
  - (1) interrogatories
  - (2) motions or requests for production of documents
  - (3) requests for admissions
  - (4) depositions



# Discovery - 2

- Interrogatories
  - Long, complex, open ended questions
  - Limited in number (25)
  - Often not very effective
- Document Production
  - Typically, largest part of discovery
  - Literally millions of docs exchanged
  - Often build your factual case on the docs
  - Finding the needle in the haystack
  - Mostly electronic these days – all e-mail, etc.
  - May have to agree on search terms or people



# Discovery - 3

- Requests for admissions
    - Not widely used
    - May be more useful when just trying case for damages rather than liability or *vice versa*
  - Depositions
    - Second-most used discovery vehicle
    - Can build some facts, maybe
    - Can use to get “sound bites”
    - See how potential witnesses will play to jury
    - May be useful as a settlement tool
    - May be the first time opposing counsel gets access to other side’s decision makers to present their view of the case
-  Often emotional and stressful

# Discovery - 4

- If the other side is not participating, call the judge and/or bring a motion to compel
  - Some materials are “privileged” and are not subject to discovery
    - Attorney/client privilege
      - Some States: Exception for illegal acts or harming others
    - Attorney work product
    - Maybe/sometimes – psychologist, priest, spouse
      - Don’t count on it!
  - Judge sets timeline for Discovery
    - Once complete, facts are set and the parties pretty much know each other’s positions
-  Often an opportunity for settlement

# More on Settlement - 1

- Varies by type of case, geography and judge, but cases overwhelmingly settle
  - 97% of cases settle – Department of Justice
  - 98.2% settle – NY Times
  - Does not count those “settled” before filing
- Plaintiffs often get a better outcome by settling – study reported in NY Times
  - Plaintiffs did worse at trial 61% of the time
  - Only in 15% of cases was going to trial the “right” decision (P got more than D offered and D paid less than P demanded)



# More on Settlement - 2

- Even if you “win” a case, it doesn’t mean that you are getting your money (at least not right away)
  - Must bring action against specific assets
  - Bankruptcy
  - Appeals
    - Reverse - back to zero
    - Remand – more time and delay
  - Other side may offer to settle after adverse judgment for amount less than judgment
- Many industries rely on web of industry partners and companies want to be easy to work with
- Other industries are very aggressive



# Proceeding Towards Trial

- Lawsuits ordinarily proceed to trial unless settled
- You may reach a point where there are no remaining issues of material fact
  - There may still be disagreement on law
  - No factual disagreement, so no need for a trial to find fact
  - One or both parties move for Summary Judgment
- Judge applies law in Summary Judgment
  - Case is over – go to appeal if necessary
  - The whole system wants the case to be over ASAP



# Summary Judgment - 1

- Don't need to have complete agreement
  - Judge can still render Summary Judgment with finding that no reasonable juror could have found facts to the contrary
  - But! Non-moving party only has to show substantial evidence of a material factual dispute exists
- Always the risk that the judge may rule against the moving party
- If there are several issues, SJ can be used to eliminate some
  - Clarify and minimize issues for trial



# Summary Judgment - 2

- Motions for SJ are standard
  - Appear in almost every case and may be used just to preserve arguments for appeal (more later)
  - Judges typically want to drive agreement, minimize disputes, and promote settlement – they don't want a trial either
  - Often parties make cross motions for SJ
  - SJ is typically the hardest fought battle until the trial



# Proceeding To Trial

- Motions in *Limine* - “at the threshold”
- Pre-trial motions with a lot of freedom
- Move that certain evidence be excluded or that certain rules be obeyed during trial
  - Often worried about bias and prejudice
  - Don’t refer to witness as “the Muslim”
  - Don’t mention Japanese company’s involvement in WW2 in contract dispute
  - Other lawyer should not wear cowboy boots
  - Other lawyer should not speak with accent



# Proceeding To Trial

- Only need to have a trial if there are facts that need finding
  - Otherwise go to Summary Judgment
- Bench Trial – Judge is the finder of fact
  - Most civil trials unless jury is demanded
  - Typically faster
- Jury Trial – Jury is the finder of fact
  - Constitutional right
  - Most criminal trials unless waived by D



# Bench vs. Jury Trial

- Juries are typically thought to give greater damage awards and be more “plaintiff friendly”
  - Jurors may be more prone to “home cooking”
  - Bench trials are typically quicker and cheaper
  - Jury may not be of 12 – could be 6 or another number agreed to
  - Some jurisdictions do not require the jury to be unanimous in civil cases
    - Federal, Illinois – jury must reach unanimous verdict
    - Missouri – only 9 out of 12 jurors must agree
    - 33 states do not require a unanimous verdict for civil trial
  - Appeals court may be less willing to reverse jury
-  Bench fact finding may be clearer and more understandable (jury may be contradictory)

# Illinois Jury Trials

- 12 person juries for both civil and criminal are the norm
    - But! If the claim is for less than 50K, a 6-person jury may be used if neither side objects
  - 2014 – Illinois passes law to cut all civil juries to 6
    - Some other states have 6-person juries
    - Smaller juries typically favor plaintiffs
    - Supporters allege “lesser cost”, “increased diversity”
  - Illinois Constitution – “The right of trial by jury as heretofore enjoyed shall remain inviolate.”
    - Dec 2015 – mandatory 6-person juries are ruled contrary to the Illinois constitution by a trial court
-  Affirmed by IL Supreme Court in 2016

# Jury Trial - 1

- Jury trial begins with selection of the Jury in *Voir Dire*
  - Question jurors about background and beliefs to detect bias
  - Eliminate biased jurors from jury pool
  - Huge fight about particular jurors, because it is often very important for the case
- Judge typically swears in 12 jurors plus 2 alternates in case of illness or ejection
  - All 14 hear the case



# Jury Trial - 2

- Parts of a typical trial
  - Plaintiff's Case
    - Plaintiff's Direct Exam
    - Defendant's Cross Exam
    - Plaintiff's Re-direct (if any)
  - Defendant moves for JMOL
  - Defendant's Case
    - D's Direct Exam
    - P's Cross Exam
    - D's Re-direct (if any)
  - D and P both move for JMOL
  - Jury charge and deliberation



# Evidence

- Evidence may be entered in the record in many different ways
  - Witness testimony
  - Documents/exhibits
  - Judicial notice by judge
  - Stipulated/agreed to by parties
- There are many arcane rules about evidence that are beyond our scope
  - Hearsay, one rule with 30+ exceptions
  - You can almost always find a way to get it in



# Examination of Witnesses

- Direct Examination
  - Friendly witness, but no leading questions so that testimony is words of witness not lawyer
- Cross Examination
  - Hostile witness, use leading questions to aggressively question and trap witness
- Re-Direct Examination
  - Party presenting witness may use to clarify testimony, take sting out of cross
- Unlike TV, typically no surprises at trial
  - Possible sanction for failure to disclose earlier
  - Very unlikely that anything new is found out
  - Trial is not “to find things out”- it is just a ritual that is used to get someone to make a legal decision when two sides can’t agree



# Burden of Proof

- The Plaintiff must prove their case by satisfying the burden of proof
- “Preponderance of the evidence”
  - Most civil cases
  - 51% likely – more likely than not
- “Beyond a reasonable doubt”
  - Most criminal cases – really, really likely
- “Clear and Convincing Evidence”
  - Mostly in civil cases – maybe 66% or 75%?
- May be more than one burden in case
  - Prove patent infringement by preponderance, but
  -  must prove counterclaim of patent invalidity by clear and convincing evidence

# JMOL

- Judgment as a Matter Of Law
  - FRCP 50
  - Can only be made after other party has completed presenting their cases
  - No evidence to support a reasonable conclusion for the other party
  - The evidence they presented is insufficient to satisfy their burden of proof
  - After P's case, D can move
  - After D's case, both P and D can move
  - Typically made to preserve for appeal, very rarely granted at trial



# Jury Charge and Deliberations

- After both P and D present their case, the Judge reads jury instructions to jury
- Jury instructions are prepared by P and D and aggressively argued to the judge
- Jury then retires to consider case
  - Parties can settle even now
- Jury returns with verdict (finding of facts)
- Judge (usually) enters judgment based on finding of facts



# Verdict - 1

- Typically unanimous in criminal cases, but not necessarily in civil cases (determine beforehand)
- If jury reaches verdict, then Judge enters judgment (unless judge believes that no reasonable jury could have reached the verdict, in which case JMOL)
- If no jury agreement, then mistrial – parties can start over
- Remember – you can get a verdict from a bench trial, too (typically no mistrial)



# Verdict - 2

- What can you get awarded as a judgment?
  - Damages – cash
  - “Court Order”
    - Specific performance – E.g. ordered to sell house
    - Injunction – barred from doing something
  - Attorney’s Fees
  - Punitive damages – punish a bad actor
  - Declaratory Judgment – I do not infringe



# Verdict - 3

- Jury Nullification – you don't have to play by the rules as a juror (typically in criminal cases)
  - *US v. Moylan* (1969) – 4th Circuit Court of Appeals unanimously ruled:
    - "If the jury feels that the law under which the defendant is accused is unjust, or exigent circumstances justified the actions of the accused, or for any reason which appeals to their logic or passion, the jury has the right to acquit, and the courts must abide that decision."
  - But! The Supreme Court has found that the trial judge has no responsibility to inform the jury of the right to nullify laws
    - Courts often prevent a defense attorney from telling the jury about jury nullification
-  But! 2012 New Hampshire law specifically allowed it

# Appeal - 1

- Can only appeal final judgment that has been entered by judge
- Can only appeal mistakes in law
- Must timely file appeal after entry – or lose right
- Parties may cross-appeal
- From Federal District (trial) courts, appeals generally go to numbered Circuit Courts
  - But! All patent appeals go to Federal Circuit Court of Appeals



# Appeal - 2

- Appeals process
  - Parties file appeal briefs – written arguments alleging mistakes in law
  - Appeals court reviews the briefs and the record from the trial court
  - Typically, substantial deference given to findings of fact (either jury or judge)
  - Typically, no deference to application of law
  - Oral Arguments – typically only 30 mins each
  - Appeals decision is rendered - Typically some months later in writing



# Appeal - 3

- The appeals decision can take several forms
  - Judgment is Vacated – lower court judgment is thrown out. Often returned to lower court for further action
  - Remanded – returned to lower court to make further findings of fact or modify judgment
  - Modified – more common in criminal cases
  - Affirmed – the lower court judgment stands
- Petition for *Cert* to Supreme Court?



# Appeal - 4

- Only about 15% of state civil court trials are appealed – Department of Justice
  - There may not be a mistake in law to appeal!
- Of those appealed, 43% were dismissed or withdrawn prior to disposition
- Only about 2% of cases appealed made it to the state supreme court
- Federal court – usually bigger money, more complicated = higher appeal rate



# Trial Advice

- In discovery, don't hide anything – it will be found. Disclose it to your lawyer immediately so that it's impact can be softened.
- Your lawyer may question you about bad facts on direct exam to soften the evidence
- Trials are expensive – often as much as everything that went before
- Always be open to settlement
- If you ever testify, prep with lawyer beforehand and don't be afraid to say you don't know



- Questions?
- See you next class!
- Remember – Exam 1 Next Class!

