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Federal Rules of Evidence Amendments**Will Proposed Changes to 701, 702 Narrow Gate to Expert Testimony in Patent Trials?**

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Unless Congress disapproves, amendments to the Federal Rules of Evidence on experts and expert testimony (Rules 701 and 702) will take effect on Dec. 1, 2000. The amendments, proposed “in response to” the Supreme Court’s decision in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*,¹ are intended to require the trial courts to take “a more rigorous and structured approach” to their “gatekeeping” function under *Daubert*.²

How will such an approach affect proof in patent trials? For example:

- Will the amended rules keep an inventor from testifying about the background of the invention, and, in passing, providing a tutorial on basic technology and impressing the jury with the patent’s ingenious (i.e., non-obvious) solution to a pressing problem (i.e., a long-felt need)?
- Will the amended rules be applied to the clearly non-technical, non-scientific testimony of experts in Patent Office procedure?
- Will the amended rules limit the testimony of damages experts?

A Brief History

As early as 1854, the United States Supreme Court established a standard for the admission of technical expert testimony.³ Admissibility would turn on whether the expert’s occupation and experience enabled him to express opinions upon which a court could confidently rely.⁴

In 1923, in *Frye v. United States*,⁵ the D.C. Circuit adopted a stricter evidentiary test, which governed the introduction of scientific proof for the next half century. Frye proscribed the admission of such evidence unless it was “demonstrable” and based on theories “generally accepted” in the scientific community.⁶ The rigid *Frye* standard barred novel scientific evidence, however valid and reliable, which had not yet achieved general acceptance.⁷

The *Frye* reign ended in 1975 with the adoption of the Federal Rules of Evidence. The evidentiary rules were designed to liberalize the admission of scientific and technical evidence.

As adopted, Rule 701 allowed lay witnesses to testify in the form of an opinion, if the opinion was rationally based on the witness's perceptions and if the testimony would be "helpful to a clear understanding of the witness' testimony or the determination of a fact in issue."⁸ Under Rule 702, expert testimony was admissible if the proffered expert was qualified as such by knowledge, skill, experience, training, or education and if the testimony would be helpful to the trier of fact.⁹

Commentators differed widely on whether the new Rule 702 created any reliability standard by which trial courts could exclude proffered expert testimony.¹⁰ In *Barefoot v. Estelle*,¹¹ the United States Supreme Court declined to read a reliability standard into Rule 702, reasoning that the adversary system should be trusted to safeguard against the pitfalls of unreliable expert testimony.¹² The Court's view was supported by commentators who disapproved of judicial screening of expert testimony for reliability.¹³

In 1993, however, in *Daubert*, the Court held that Rule 702 implicitly required the trial courts to screen proffered expert testimony for both relevance and reliability.¹⁴ Under *Daubert*, the trial courts could consider a number of non-exclusive factors in judging the reliability of expert testimony, including 1) whether the expert's techniques and theories can be or have been tested; 2) whether the techniques and theories have been subjected to peer review and publication; 3) their known or potential rate of error; 4) the existence and maintenance of standards and controls and, 5) whether the principles and methods have attained general acceptance.

Emphasizing the flexibility of its guidelines, the *Daubert* Court invited the trial courts to develop other tests that might help measure "the reliability of evidence as ensured by the scientific validity of its underlying principles."¹⁵ Accepting the Supreme Court's invitation, on remand, the Ninth Circuit added the additional factor of whether the expert's testimony grew naturally and directly from his research, or was instead developed solely for purposes of the litigation.¹⁶

Although, in *Daubert*, the Supreme Court had held that trial courts must focus "solely on principles and methodology, not on the conclusions that they generate,"¹⁷ in 1997, the Court extended the "gatekeeper" function of the trial courts by holding that, in determining the reliability of proffered expert testimony, the trial courts should assess the ultimate conclusions reached by the experts as well as their general theories.¹⁸

Controversy persisted, however, as to whether *Daubert* applied to all expert testimony or only to scientific expert testimony. Some trial courts believed that the *Daubert* standard was inapplicable to non-scientific expert testimony,¹⁹ while the majority applied *Daubert* to assess the admissibility of such testimony.²⁰ In 1999 the Supreme Court settled the controversy by ruling in *Kumho Tire* that the *Daubert* standard applied to all expert testimony.²¹

The Proposed Amendments

On April 6 and 7, 1998, "in response to" *Daubert*, the Advisory Committee on Evidence Rules approved proposed amendments to the Federal Rules of Evidence.²² The proposed rules, which were published in August 1998, confirm the trial court's gatekeeper function and seek to provide guidance to trial courts in assessing the

“reliability and helpfulness” of proffered expert testimony.²³ The proposed amendments were not designed to codify the specific *Daubert* factors. Rather, their stated purposes are to achieve the overarching objective of ensuring reliable expert testimony,²⁴ and to promote greater uniformity in the approach of trial courts to *Daubert* issues.²⁵

Rule 701. The Advisory Committee believed that Rule 701, which allows “lay” witnesses to express opinions if “rationally based” on their own perceptions, created a loophole by which witnesses could circumvent the stricter admissibility standard of Rule 702 and the heightened scrutiny of *Daubert*.²⁶ “Lay” witnesses could also evade the procedural requirements for the identification of experts and submission of expert disclosure statements,²⁷ since Rule 26 requires such experts to be identified only if they are testifying under Rules 702, 703 or 705, and requires statements of expected testimony only from such experts who are “retained or specially employed to provide expert testimony in the case or whose duties as an employee of the party regularly involve giving expert testimony.”²⁸

In an attempt to close this loophole, the Advisory Committee proposed to amend Rule 701 “to eliminate the risk that the reliability requirements set forth in Rule 702 will be evaded through the simple expedient of proffering an expert in lay witness clothing.”²⁹ To that end, the proposed amended rule adds the requirement that a lay witness may testify in the form of an opinion only if the opinion is “not based on scientific, technical or other specialized knowledge within the scope of Rule 702.”³⁰

The proposed amendment is designed to distinguish lay testimony from expert testimony, and it allows the same witness to give both types of testimony as long as the testimony is scrutinized under the appropriate standard. Opinion testimony that is rationally based on the witness’s perception and is helpful to the trier of fact will continue to be admissible under Rule 701. However, if a portion of the lay witness’s testimony is based upon scientific, technical or other specialized knowledge, that aspect of the testimony will be subject to the heightened scrutiny of Rule 702, “and the corresponding disclosure requirements of the civil [] rules.”³¹

The testimony of an inventor — unless strictly limited to a narrative of her own work, without an explanation of the underlying technology, and without inferences, conclusions or opinions—would appear to fit squarely within the “scientific, technical or other specialized knowledge” exclusion from Rule 701 and so would be subject to the provisions of Rule 702 and the corresponding disclosure requirements of Rule 26. This conclusion is supported by the Advisory Committee Note which confirms that amended Rule 701 is intended to incorporate the distinction between lay testimony, which “results from a process of reasoning familiar in everyday life” and expert testimony, which “results from a process of reasoning which can be mastered only by specialists in the field.”³²

Rule 702. Thus, even if the inventor’s testimony is limited to an explanation of the underlying technology, it will need to comply with amended Rule 702. The amended rule makes no change in the definition of an expert’s qualifications. But it provides that an expert qualified by training or education may testify only if “(1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and

methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.”³³

The proposed amendment does not codify the *Daubert* factors, but instead, imposes intentionally broad requirements of sufficiency and reliability. It also embraces the holding of *Joiner* that, in addition to analyzing the expert’s principles and methodology, trial courts should also assess the expert’s conclusions.³⁴ The proposed amendments also incorporate *Kumho Tire*’s holding that the *Daubert* standard applies to all expert testimony.³⁵

It should not be difficult for an inventor to achieve compliance with the requirements of Rule 702, however. So far as “tutorial” evidence is concerned, even Rule 702, as originally adopted, recognized that an expert was not required to express opinions, but could “give a dissertation or exposition of scientific or other principles relevant to the case.”³⁶ The Advisory Committee Notes to proposed amended Rule 702 emphasize that the amended rule should not change the “venerable practice of using expert testimony to educate the fact finder on general principles.”³⁷ Such testimony will comply with Rule 702, the Committee says, if (1) the expert is qualified; (2) the testimony will assist the factfinder; (3) the testimony is reliable; and (4) the testimony fits the facts of the case.³⁸

If the inventor offers opinions relevant to such issues as obviousness, best mode, enablement or infringement, there is no reason to expect that such opinions will be subjected to less scrutiny than those of other experts. The fact that the testimony is grounded in the technology underlying an issued patent should, however, provide a substantial advantage in convincing the court that it satisfies the *Daubert* test.

Because the inventor will clearly be regarded as an expert, and not a lay witness under Rule 701, procedural Rule 26 will require that the inventor be identified as an expert. Whether the inventor should also submit a statement of expected testimony depends on how strictly the court interprets the language of procedural Rule 26. Some courts have interpreted it literally and have refused to require expert reports from persons not “specially retained” to provide expert testimony.³⁹ Other courts have applied the disclosure requirements more broadly and have required reports from employees not regularly engaged in giving testimony.⁴⁰

Amended Rule 702 will also clearly apply to the testimony of an expert in patent office procedure, although the *Daubert* factors themselves will be of little help in measuring the reliability of such testimony. Instead, the courts will more likely be called upon to decide the extent to which the expert will be offering an appropriate introduction to the process by which patents are examined, or will instead be giving inappropriate instruction to the jury on legal issues.

Applying *Daubert*, the court in *Bausch & Lomb, Inc. v. Alcoa Laboratories, Inc.*⁴¹ provided a useful review of the kinds of testimony that patent law experts are often called upon to give. The court held that a patent law expert should be permitted to testify about general procedures in the patent application process, and the nature and purpose of interference and reexamination proceedings, and to provide definitions of technical terms.

He should not be allowed to testify about problems encountered by examiners, such as time pressures and lack of resources, the legal requirements for patentability or the meaning and significance of the terms “effective filing date” and “new matter.” He would, however, be allowed to give his opinion about what the effective filing date was for the claims in suit.⁴² Taking note of its broad discretionary powers, and recognizing that the helpfulness of expert evidence can often be decided only at trial, the court reserved the right to reconsider its rulings at trial.

While there have been few reported cases on patent law experts and fewer on Inventors as experts, *Daubert* and *Kumho* have already been invoked frequently in challenges to the testimony of damages experts, and amended Rule 702 clearly applies to their testimony, making no distinction between damages experts and others. Perhaps because courts are more comfortable in dealing with damages issues than with science or technology, there already exists a substantial body of case law in which the courts have applied *Daubert* to damages experts. Courts have already held, for example, that the economic methods of margin analysis, econometric analysis and regression analysis can satisfy the *Daubert* factors.⁴³ Other courts have excluded damages testimony from qualified experts whose analysis was “simplistic,”⁴⁴ or failed to satisfy the *Daubert* tests,⁴⁵ or where the court found that the expert’s conclusion was “not fairly supported” by the data on which the expert relied.⁴⁶

Challenges to methods, theories and conclusions have already become commonplace for damage experts. It is likely that the amended rules will encourage the spread of this trend, and that courts and parties in patent cases will increasingly be faced with motions to exclude expert testimony. Both parties and courts would be wise to keep in mind the observation made by Judge Alan Gold of the Southern District of Florida. In ruling that the expert damages testimony from both sides would be admissible, he stated, [E]ach party raised innumerable challenges to validity of each expert’s use of data, assumption and methodology. To listen to the parties, both experts, who have spent years preparing their testimony, did nothing reliable, credible or worthy of further review by the fact finder. While the court complements [sic] counsels’ advocacy, it is self-evident that each party perceived *Daubert* as an opportunity to vitiate the other’s case or defense. While this may be a function of *Daubert*, it is not, nor should it be, its intended purpose.”⁴⁷

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¹ 509 U.S. 579(1993).

² ‘The Evidence Rules Committee believes that adoption of the proposed rule change, and the Committee Note, will help to provide uniformity in the approach to *Daubert* Questions. The proposed amendment and the Committee Note clearly envision a more rigorous and structured approach than some courts are currently employing. Report of the Committee on Rules of Practice and Procedure of the Judicial Conference of the United States, May 1, 1999. Staff of Comm. of the Judicial Conference of the United States Report on Rules of Practice and Procedure (Comm. Print 1999).

³ *The Schooner Catherine, et. at. v. Noah Dickinson, et. at.*, 58 U.S. 170 (18S4).

⁴ Id. at 175.

⁵ 293 F. 2d 1013 (D.C. Cir. 1923).

⁶ See Id at 1014. *Frye* distinguished demonstrable and generally accepted evidence from merely experimental evidence. Under *Frye* the party proffering novel scientific evidence would need to establish general acceptance by relying on prior judicial decisions, scientific publications, peer testimony of scientists, and practical use.

⁷ See John William Strong, et al. *McCormick on Evidence* 203 at 363 (4th Ed. 1992) (explaining that scientific proof such as polygraphy, hypnotic and drug induced testimony, voice spectrograms, psychological profiles of battered women and child abusers, and many others, have “all fallen prey to *Frye*’s influence”).

⁸ Fed. R. Evid. 701.

⁹ Fed. R. Evid. 702.

¹⁰ See e.g. Peter W. Huber, *Galileo’s Revenge: Junk Science in the Courtroom* (1991); Dan Quayle, “Agenda for Civil Justice Reform in America,” 60 *U. Cinn. L. Rev.* 979 (1992) (Federal Rule of Evidence did not incorporate reliability of expert testimony as admissibility screen); Preliminary Draft of Proposed Amendments to the Federal Rules of Civil Procedure and Federal Rule of Evidence, 137 F.R.D. 53(1991) (subsequently withdrawn); Jack B. Weinstein, “Rule 702 of the Federal Rule of Evidence is Sound: It Should Not Be Amended,” 138 F.R.D. 631 (1991); Kenneth J. Chesebro, “Galileo’s Retort; Peter Huber’s Junk Scholarship,” 42 *Am. U.L. Rev.* 1637 (1993).

¹¹ 463 U.S. 880(1983).

¹² Id. at 900.01.

¹³ See e.g. Charles T. McCormick, *Handbook of Law of Evidence* §170 at 363-64 (1954).

¹⁴ *Daubert*, 509 U.S. at 589.

¹⁵ Id. at S95, n. 12.

¹⁶ *Daubert v. Merrell Dow Pharmaceuticals*, 43 F. 3d 1311, 1317 (9th Cir. 1995).

¹⁷ *Daubert*, 509 U.S. at 595.

¹⁸ *General Electric v. Joiner*, 522 U.S. 138,146(1997).

¹⁹ See e.g. *Thomas v. Newton Int’l Enters*, 42 F. 3d 1266 (9th Cir, 1994) (longshore employee); *Iacobelli Constr. Inc. v. Community of Monroe*, 32F.3d 19 (2d Cir. 1994) (construction consultant); *Carmichael v. Samping Tire, Inc.*, 131 F.3d 1433(11th Cir. 1997) (tire damage expert).

²⁰ See e.g. *United States v. Kayne*, 90 F. 3d 7(1st Cir. 1996 (coin evaluation expert); *Habeker v. Clark Equipment Co.*, 64 F. 3d 844 (3rd Cir. 1995) (accident reconstruction expert); *Macel v. Placid Oil Co.*, 11 F. 3d 563 (5th Cir. 1994) (economy expert); *Berry v. City of Detroit*, 25 F. 3d 1342 (6th Cir. 1994) (retired police expert); *Joy v. Bell Helicopter Textron, Inc.*, 999 F. 2d 549 (D.C. Cir. § 1993) (economy expert).

²¹ *Kumho Tire Company, Ltd., et al. v. Carmichael, Etc. et al.*, 526 US. 137(1999).

²² Fed. R. Evid. 702 advisory committee’s note.

²³ Daniel J. Capra, “Proposed Amendments to the Federal Rules of Evidence” N.Y.L.J., Sept. 11, 1998 at 3.

²⁴ Fed. R. Evid. 702 advisory committee’s note.

²⁵ See note 2 supra.

²⁶ Fed. R. Evid. 701 advisory committee’s note.

²⁷ Id., see also Fed. R. Civ. P. Rule 26.

²⁸ Fed. R. Civ. P. Rule 26 (a) (2) (A) and (B).

²⁹ Fed. R. Evid. 701 advisory committee’s note.

³⁰ Fed. R. Evid. 701 proposed amend.

³¹ Fed. R. Evid. advisory committee’s note.

³² Fed. R. Evid. 701 advisory committee’s note citing, *State v. Brown*, 836 S.W. 530, 549 (1992).

³³ Fed. R. Evid. 702 proposed amend.

³⁴ See *Joiner*, 522 U.S. at 146.

³⁵ *Kumho Tire*, 526 U.S. at 149, see also Fed. R. Evid. 702 advisory committee’s note (“The rule as amended provides that all types of expert testimony present questions of admissibility for the trial court deciding whether evidence is reliable and helpful.”).

³⁶ Fed. R. Evid. 702 advisory committee’s note.

³⁷ Id.

³⁸ Fed. R. Evid. 702 proposed amend.

³⁹ E.g., *Navajo Nation v. Norris*, 189 F.R.D. 610 (E.D. Wash. 1999).

⁴⁰ See *Minnesota Mining & Manufacturing Co., Inc. v. Signtech USA, Ltd.*, 177 F.R.D. 459 (D. Minn. 1998); *Day v. Consolidated Rail Corp.*, 1996 WL 257654 (S.D.N.Y. 1996).

⁴¹ 79 F. Supp. 2d 252 (W.D.N.Y. 2000).

⁴² Id. at 256.

⁴³ *Allappattah Services, Inc. v. Exxon Corporation*, 61 F. Supp. 2d 1335 (S.D. Fla. 1999).

⁴⁴ *Blue Dane Simmental Corporation v. American Simmental Association*, 178 F.3d 1035, 1040(8th Cir. 1999).

⁴⁵ *American Tourmaline Fields v. International Paper Company*, 1999 WL 242690 (ND. Tex. 1999).

⁴⁶ *Nilssen v. Motorola*, 1998 WL 851493 (N.D. Ill. 1998).

⁴⁷ *Allappattah*, supra, 61 F. Supp. 2d at 1342, n.13.

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