LITIGATORS CORNER:

Experts' Reports and Testimony

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In June, 1999, I wrote a column about the increasing use of experts in patent litigation (*Experts: A Benefit or Mutually Assured Destruction?*). As I pointed out in that column, patent cases are a natural for both liability and damages experts, because of the intricacies of technology, the analysis required for lost profits damages or price erosion, and the hypothetical negotiation used in determining reasonable royalties. The use of experts got a real boost because of the Federal Circuit's decision in *Markman v. Westview Instruments, Inc.*, 52 F.2d 967 (Fed. Cir. 1995), aff'd, 116 S.Ct. 1384 (1996). An unfortunate consequence of that decision is an increased use of experts. Instead of using discovery to explore the knowledge of inventors and engineers, experts are employed, and they get their "facts" from the lawyers. Buckets of cash get used up along the way, too.

One might think that experts must really know their stuff and are sworn to tell the truth. Consequently, they should agree with one another, because they know what they are talking about, right? Unfortunately, that isn't the case. There are several reasons why experts don't agree very often. First, experts don't have the same experience, which may lead them in different ways to different conclusions. Second, some so-called experts aren't really experts. Third, experts don't always get the complete picture, of either the facts or the law, from the parties that they represent. Fourth, some experts simply do not prepare adequately, and use a rehash of earlier opinions from prior suits. Experts, like the rest of us, are human.

You can find an expert to say anything you want. So can the other side. Rarely can we say, as did Judge Newman in *Perkin-Elmer Corp. v. Westinghouse Elec. Corp.*, 82 F.2d 1528 (Fed. Cir. 1987), that "the testimony of opposing technical experts was refreshingly harmonious, ..." Instead, the situation is usually more like *Hodosh v. Block Drug Company, Inc.*, 786 F.2d 1136 (Fed. Cir. 1986), which described the conflict between experts as "ex parte affidavits and declarations of partisan experts [being] lobbed at each other from opposing trenches."

In this column, I'll touch on some of the requirements for an expert's report and testimony. Next month, I will talk about deposing experts.

Two decisions by the Supreme Court dominate the subject of experts. They are *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 125 L. Ed. 2d 469, 113 S. Ct. 2786 (1993) and *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 119 S. Ct. 1167, 143 L.Ed.2d 238 (1999). *Daubert* says that scientific testimony has to be admissible under Rule 702, and that it must be reliable and helpful to the finder of fact. The "general acceptance" test was jettisoned by *Daubert*. Reliability can be determined in a number of ways. *Kumho* extended the requirements to all expert testimony, scientific or not.

All experts must provide reports, right? Wrong. Rule 26(a)(2)(A) and (B) governs expert reports. But a surprising number of parties do not comply with the basics of this rule. Here it is:

> Except as otherwise stipulated or directed by the court, this disclosure shall, with respect to a witness who is 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, be accompanied by a written report prepared and signed by the witness. The report shall contain a complete statement of all opinions to be expressed and the basis and reasons therefor; the data or other information considered by the witness in forming the opinions; any exhibits to be used as a summary of or support for the opinions; the qualifications of the witness, including a list of all publications authored by the witness within the preceding ten years; the compensation to be paid for the study and testimony; and a listing of any other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years.

One of the questions that may arise is: who has to give a report under Rule 26? Some litigants use employees as experts, arguing that they need not provide written reports because Rule 26(a)(2)(B) excludes them from the reporting requirement. But you'd better be careful about trying to take advantage of this aspect of the rule. In one of our cases the opposing party designated two of its employees as experts, but did not provide written reports. The judge commented that "no expert would testify in my courtroom without providing a written report." And there are other decisions taking the same point of view. Here is one:

> U.S. Can argues that McGowan's duties at U.S. Can do not "regularly involve giving expert testimony" and that he was not "retained or specially employed to provide expert testimony in the case." Thus, U.S. Can contends that it need not provide the information otherwise required for expert witnesses. The court disagrees on this point . . . Courts in the Southern District of New York and the District of Minnesota have rejected the precise arguments being advanced by U.S. Can. See *Minnesota Mining & Mfg. Co. v. Signtech USA, Ltd.* ("3M") 177 F.R.D. 459, 461 (D. Minn. 1998); and *Day v. Consolidated Rail Corp.*, 1996 WL 257654 at *2 (S.D.N.Y. 1996). Rather than reinvent the wheel, the court quotes from the persuasive opinion in *Day* regarding the interpretation advanced by the defendant in that case:

The reading proposed by defendant would create a distinction seemingly at odds with the evident purpose of promoting full pre-trial disclosure of expert information. The logic of defendant's position would be to create a category of expert trial witness for whom no written disclosure is required – a result plainly not contemplated by the drafters of the current version of the rules and not justified by any articulated policy. The implausibility of defendant's position on this point is underscored by the language of the relevant Advisory Committee notes for the current version of the rules and for its predecessor.

> * * *

> In a case such as this, in which it appears that the witness in question . . although employed by the defendant, is being called solely or principally to offer expert testimony, there is little justification for construing the rules as excusing the report requirement. Since his duties do not normally involve giving expert testimony, he may be viewed as having been 'retained' or 'specially employed' for that purpose.

KW Plastics v. U.S. Can Co., 199 F.R.D. 687, 688-89 (M.D. Ala. 2000).

So you can get into trouble trying to use employee-experts. A better approach is to clarify at the outset what the requirement will be for employee-experts. Alternatively, you can choose to provide reports.

Providing a report doesn't mean the expert's testimony will be admissible, even if his report complies with Rule 26. *Daubert* tells us its admissibility is governed by Rule 702 of the Federal Rules of Evidence, which says:

> If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, 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.

Both Rule 26 and Rule 702 look at the basis for and reliability of the expert's report. Some expert witnesses try to rely on personal knowledge, claiming that the basis for their opinions is their own personal experience. But the Advisory Committee Notes to Rule 702 raise a red flag on that:

> If the witness is relying solely or primarily on experience, then the witness must explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how that experience is reliably applied to the facts. The trial court's gatekeeping function requires more than simply "taking the expert's word for it." See *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 43 F.3d 1311, 1319 (9th Cir. 1995) ("We've been presented with only the experts' qualifications, their conclusions and their assurances of reliability. Under *Daubert*, that's not enough.").

In another of our cases, an expert witness for the other party provided a report, not citing any documents, drawings, or other evidence to support his opinion about when various technical developments in the products at issue occurred over the last two decades. He said, "I was there. I saw it." He assured everyone his opinions were accurate because his memory was accurate. He did not identify documents showing the basis for his opinions; instead, he said it was "all in his memory." An expert in *Atmel Corp. v. Information Storage Devices Inc.*, 189 F.R.D. 410 (N.D. Ca. 1999), a trade secret case, tried something along the same lines. In his initial report, he relied only on his "near inability to recall having heard of" the trade secrets as a basis for saying that they were not generally known or published. He did not review articles or other publications, nor did he consult any colleagues knowledgeable about the subject. The court deemed his opinions unreliable:

> In these circumstances the unrefreshed personal recollection of one person, even if he was once knowledgeable, could not alone be the basis for an expert opinion as to the general knowledge of an entire community almost a decade ago. The court therefore excludes on direct examination Mr. Kearn's proposed testimony that Atmel's alleged trade secrets were not generally known, that they were unpublished, and that they were in fact trade secrets.

Of course, this kind of basis for an opinion cannot be tested. There is no way to independently verify that the expert has drawn a reasonable conclusion. There is no way to insure the testimony is reliable. The expert can simply make up the facts he needs, and say that he remembers them. The Supreme Court said in *General Electric Co. v. Joiner*, 522 U.S. 136, 146 (1997): "nothing in either *Daubert* or the Federal Rule of Evidence requires a district court to admit opinion evidence which is connected to existing data only by the *ipse dixit* of the expert."

JMJ Enterprises, Inc. v. Via Veneto Italian Ice, Inc., 1998 U.S. Dist. LEXIS 5098 at *10 (E.D. Pa. 1998), rejected an expert's opinion where the expert did not "point to the methods [he] applied" in reaching his conclusion, and "simply base[d] his conclusions on his 'thirty-one years of experience.'" Likewise, *Kemp v. Tyson Seafood Group*, 2000 U.S. Dist. LEXIS 10258 (D.Minn.2000), followed JMJ, granting a motion to exclude an expert's testimony for the same reason:

> The objective of *Daubert*, *Kumho*, and their progeny — at least in major part — was to eliminate the playground-like banter, between experts, who each proclaim, without benefit of a factual showing, that his opinions are correct, while those of the other expert are wrong. Such an exchange, unaided by a competent foundation, is of no assistance to a Jury. An expert who cannot substantiate and document his conclusions does not deserve to testify.

Some people like to play games with expert reports. We do not. Make the reports complete. Document the basis for the conclusions. Cite the documents reviewed and used by the expert. Then insist that your adversary does the same. IPT