



Lunes de Patentes

Patent Litigation Pre-Suit Considerations

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Wiley Rein

- One office in Washington, DC
- 250 Lawyers
- General Practice firm focusing on regulated markets, e.g., Telecommunications, International Trade, Government Contracting
- And Intellectual Property

Case Study: Identifying the Opportunity

- Through technical employees?
- Through sales employees?
- Assertion for money or injunction?

Confidentiality

- Attorney-Client Privilege
- Work Product Doctrine
- Waiver

Where to File?

District Court vs. ITC

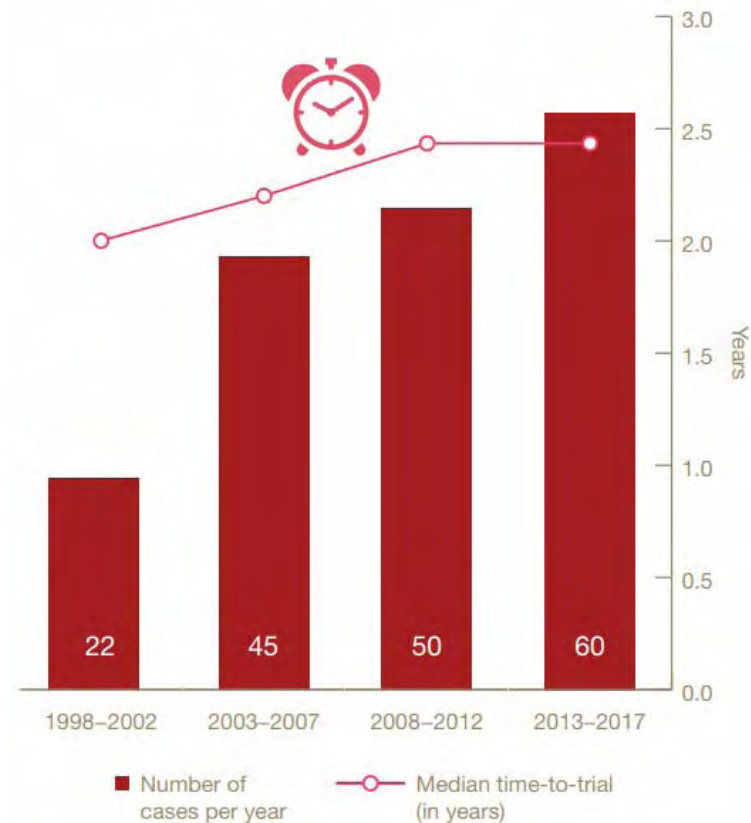
District Court

- Injunctive and monetary relief available
- No importation requirement
- No domestic industry requirement
- Likely to require jury trial

ITC

- Only injunctive relief
- Infringing article must be imported into U.S.
- Relatively fast-paced
- Requires domestic industry
- No jury

Median Time to Trial in District Court



Jurisdiction

- Subject Matter Jurisdiction
 - Assertion of patent infringement constitutes a “federal question,” conferring subject matter jurisdiction on federal courts
- Personal Jurisdiction
 - Federal district courts generally may obtain personal jurisdiction over a defendant when the defendant has sufficient minimum contacts with the jurisdiction such that the lawsuit does not offend the due process standard of “traditional notions of fair play and substantial justice”

Personal Jurisdiction

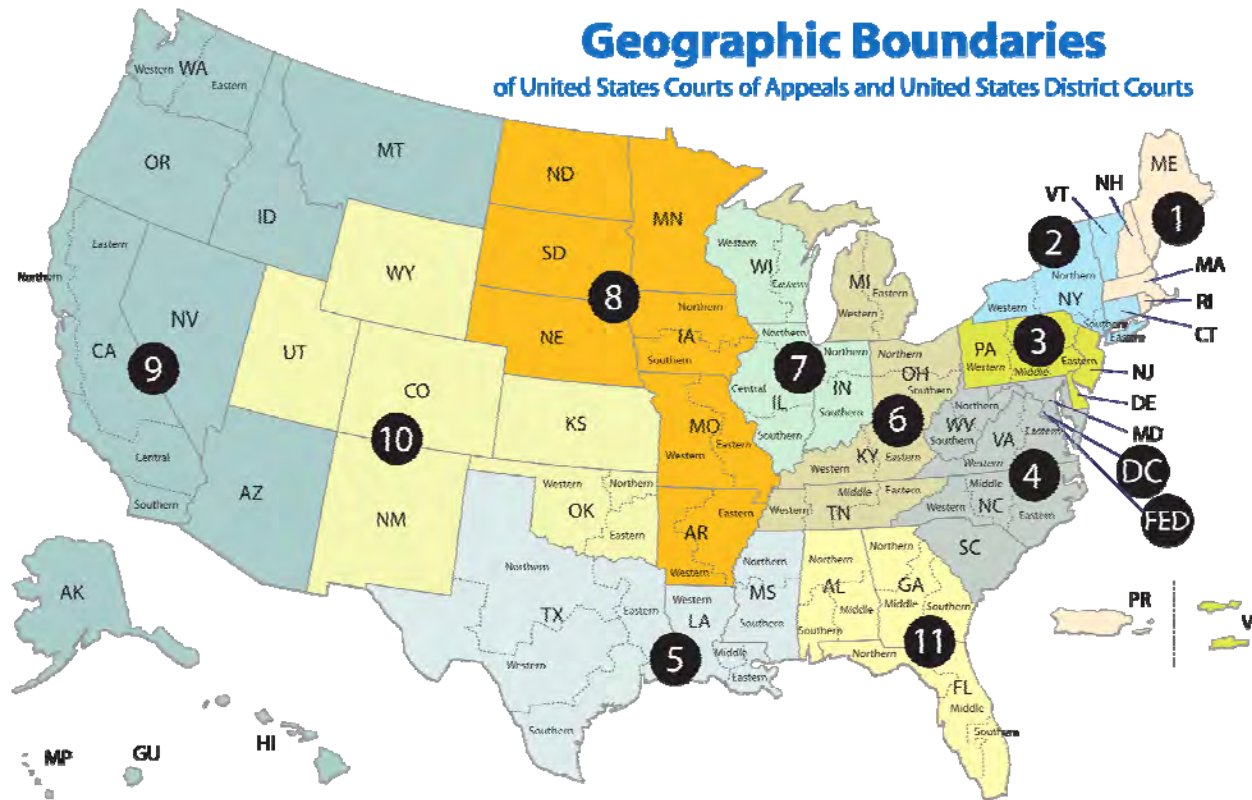
■ General Jurisdiction

- Available when the alleged infringer has continuous and systematic business contacts with the jurisdiction

■ Specific Jurisdiction

- Available when:
 - The defendant purposefully directed its activities at residents of the forum;
 - The claim arises out of or relates to the defendant's activities with the forum; and
 - Assertion of personal jurisdiction is reasonable and fair

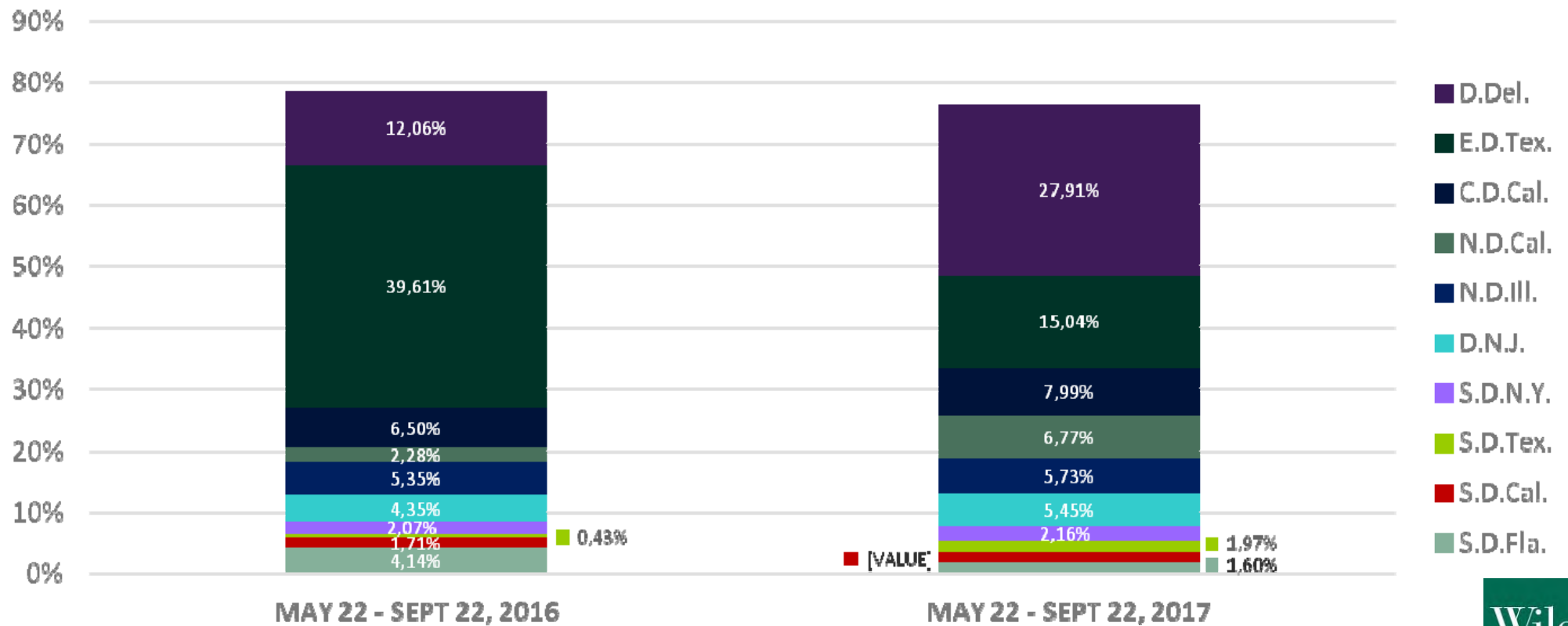
The 94 Federal Judicial Districts and 13 Courts of Appeals



Venue

- Venue is appropriate where the defendant:
 - Resides; or
 - Has committed acts of infringement and has a regular and established place of business
- *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S.Ct. 1514 (2017)
 - Established that venue is proper where defendant is incorporated
 - Significantly reduced number of cases filed in Eastern District of Texas

TC Heartland's Impact



District Court Rankings 2008-2017

Overall rank	District	Case Count	Rank	Overall success rate	Rank	Median damages award	Rank	Median time-to-trial (in years)	Rank
1	Delaware	241	1	41%	5	\$15,332,276	3	2.1	6
2	Texas Eastern	184	2	54%	2	\$11,932,921	4	2.2	8
3	New Jersey	81	4	48%	4	\$11,048,463	5	2.7	12
4	Virginia Eastern	36	10	22%	13	\$26,366,936	2	1.0	1
5	Florida Middle	37	9	49%	3	\$369,863	14	1.9	3
6	Wisconsin Western	29	13	31%	8	\$9,996,534	8	1.4	2
7	California Southern	34	11	32%	7	\$1,676,460	12	1.9	4
8	Texas Southern	30	12	17%	14	\$108,123,900	1	2.1	7
9	Florida Southern	27	14	37%	6	\$3,149,243	11	2.0	5
10	Texas Northern	20	15	55%	1	\$8,117,824	9	2.5	11
11	California Northern	163	3	28%	10	\$4,591,222	10	2.7	13
12	California Central	80	5	28%	11	\$809,244	13	2.3	9
13	Massachusetts	43	8	30%	9	\$10,210,071	7	3.5	14
14	Illinois Northern	76	6	16%	15	\$10,563,047	6	4.0	15
15	New York Southern	69	7	25%	12	\$327,666	15	2.4	10
	All identified decisions	1,634		37%		\$5,647,065		2.4	

The rankings for these courts are based on their relative ranking for each of the four statistical measures, equally weighted.

When to File?

Is Immediate Injunctive Relief Necessary?

- Immediate injunctive relief in the form of a preliminary injunction may be sought in litigation
- Should be pursued expeditiously, as delay may prevent successfully obtaining the injunction

Preliminary Injunction

- To obtain a preliminary injunction, a patentee must demonstrate:
 - A reasonable likelihood of success on the merits;
 - Irreparable harm in the absence of the injunction;
 - The hardship to the patent owner in the absence of an injunction outweighs the hardship to the alleged infringer from granting the injunction; and
 - The public interest would be served by the injunction

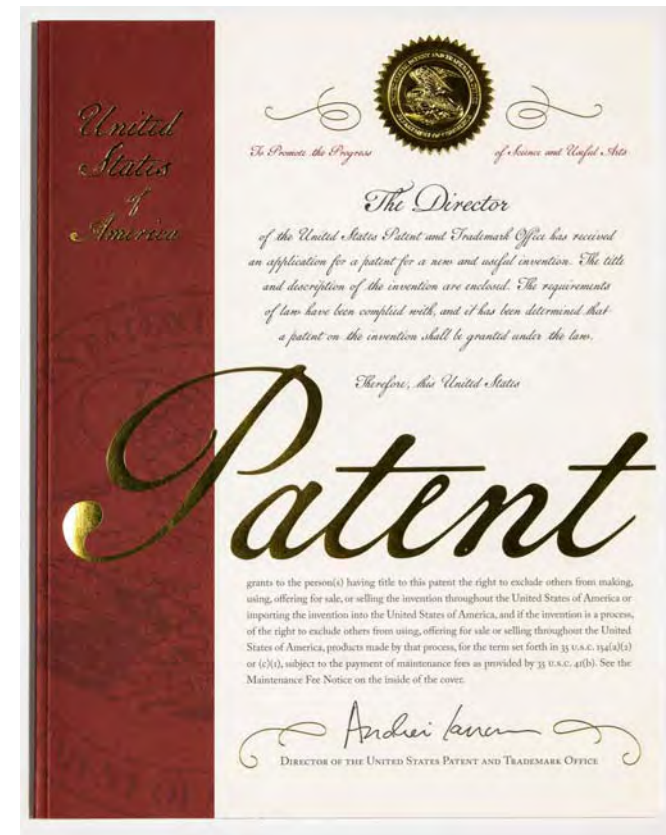
Consider Damages Window

- Past damages awards are limited to the six years preceding the filing of a complaint by 35 U.S.C. § 286
 - Thus, if sales of the allegedly infringing article have decreased significantly, suit should be filed promptly

Substantive Review of Patents to be Asserted

Identify Patent(s) to be Asserted

- Upon identifying allegedly infringing device, review patent portfolio to identify patents with relevant claims



Confirm Ownership of Patents to be Asserted

- Confirm possession of all necessary assignments
 - Inventor to company
 - Any potential assignments between subsidiaries
 - Any potential assignments from outside entities
- Confirm assignments properly assign relevant interest

Prosecution History

- Prosecution history is the written record of the back-and-forth with the Patent Office during the application process
- Often spans hundreds or thousands of pages, but the most important documents are usually:
 - Office Actions
 - Responses to Office Actions
 - Information Disclosure Statements

Prosecution History

- Review prosecution history of patents to determine whether prosecution history estoppel may apply
- Prosecution history estoppel can limit the scope of the claims of a patent based on arguments made during prosecution
 - Emphasizing one part of the claim as the inventive aspect
 - Narrowing amendment in response to rejection

Prosecution History

- Review prosecution history for potential inequitable conduct
- Inequitable conduct renders the patent, and potentially its entire family, unenforceable
- Requires showing that somebody with a duty of candor to the Patent Office knew of a prior art reference material to the patentability determination and intentionally withheld that reference from the Patent Office
- May also be found due to material misstatements or false representations made during prosecution

Prosecution History

- Review files of inventor(s) and anybody else related to the prosecution of the patents to determine whether any relevant prior art was not cited to the USPTO
- If such art is identified, consider whether it is necessary to cure the lack of disclosure through available proceedings

Inventorship

- Review inventor(s) listed on face of patent and conduct internal review of documentation (*e.g.*, lab notebooks, invention disclosure forms, etc.) and interview employees to confirm *every* inventor is properly listed
- This is a critically important issue in the U.S. and improper inventorship could result in invalidating the patent



Infringement

- Collect all publicly-available evidence of infringement
 - Product samples
 - Manuals/instructions
 - Websites and other advertisements
- If necessary, retain a non-testifying expert to conduct a pre-suit analysis of the accused product
 - Privilege and work product doctrines would protect the analyses of a non-testifying expert

Infringement



- Consider availability of liability under theories of contributory or induced infringement
- These theories enable to you assert infringement against a manufacturer or distributor when the ultimate infringing acts are committed by end users

Infringement

- Consider whether non-US actions of alleged infringer can be captured under 35 U.S.C. § 271(f) or (g)
 - § 271(f) enables enforcement against kits or specialized components that, themselves may not infringe
 - § 271(g) enables enforcement against products imported into the U.S. that were made by a process patented in the U.S.

Infringement

- Using publicly-available information, draft an infringement claim chart, mapping each limitation of each claim against the allegedly infringing product/method/system

1. A fuzzy structure that fetches a ball, comprising:	Shady Mills Puppy Farm operates a dog kennel website through which it sells shaggy dogs that fetch balls. The fuzzy structure depicted below is one of these Shady Mills dogs. 
(a) a tail;	Toward the back of the fuzzy structure depicted above is a tail. 
(b) at least one wet nose; and	Below the eyes, above the mouth, is what appears to be one wet nose. 
(c) a plurality of legs.	A plurality (four, in this case) of legs protrude below the body. 

Who to sue?

- After assessing the alleged infringement, identify the appropriate entities to bring suit against:
 - Product manufacturers
 - Product distributors
 - Parents, subsidiaries, and affiliates
 - Predecessors, successors, and assigns
 - Corporate officers of the defendant(s)
 - End users

Marking

- Pursuant to 35 U.S.C. § 287, a patentee selling patented goods in the U.S. must “mark” its goods with the patents allegedly covering those goods
- Not doing so prevents the patentee from collecting damages for infringement of those patents prior to the defendant receiving actual notice of the patentee’s claim of infringement

Marking



Marking

- The marking requirement does not apply to method claims
- A predecessor-in-interest's failure to mark its products may prevent a successor from receiving damages prior to actual notice
- Improperly marking an item not covered by a patent could give rise to a False Marking action against the patentee under 35 U.S.C. § 292

Damages

- Damages for patent infringement can be based on a patent owner's lost profits, but must be no less than a reasonable royalty
 - To recover lost profits damages, the patent owner must establish a reasonable probability that, but for the infringement, it would have made the infringer's sales
 - Reasonable royalty damages seek to identify the value of what was taken by the accused infringer's unauthorized use of the patent technology
- Consider whether the potential damages award can include any provisional rights under 35 U.S.C. § 154(d)

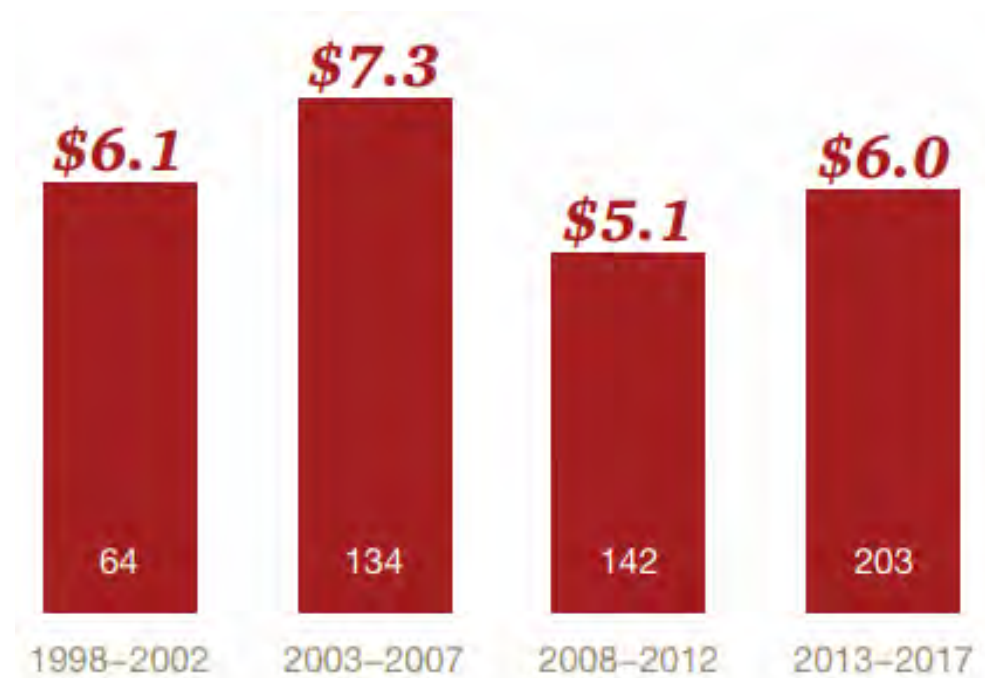
Georgia Pacific Factors

1. The royalties received by the patentee for the licensing of the patent in suit
2. The rates paid by the licensee for the use of other patents comparable to the patent in suit
3. The nature and scope of the license, in terms of exclusivity and territorial or customer restrictions
4. The licensor's established licensing policy
5. The commercial relationship between the licensor and licensee, such as, whether they are competitors in the same territory in the same line of business; or whether they are inventor and promoter
6. The effect of selling the patented specialty in promoting sales of other products of the licensee; that existing value of the invention to the licensor as a generator of sales of his non-patented items; and the extent of such derivative or convoyed sales
7. The duration of the patent and the term of the license

Georgia Pacific Factors

8. The established profitability of the product made under the patent, its commercial success, and its current popularity
9. The utility and advantages of the patent property over the old modes or devices
10. The nature of the patented invention, the character of the commercial embodiment of it as owned and produced by the licensor, and the benefits to those who have used the invention
11. The extent to which the infringer has made use of the invention and the value of that use
12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions
13. The portion of the realizable profit that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by the infringer
14. The opinion testimony of qualified experts
15. The outcome of a hypothetical negotiation at the time the infringement began

Median Damages Award



The number of identified decisions is indicated within the respective column.

Enhanced Damages and Attorneys' Fees

- If the infringement is determined to be willful, the court may assess enhanced damages, potentially trebling the award
- If the case is deemed “exceptional,” the court can require the losing party pay for the other party’s attorneys’ fees

Can the Infringer Satisfy a Money Judgment?

- Determine the existence and location of the alleged infringer's assets
- If the alleged infringer is not a US-based entity, determine whether its home jurisdiction will recognize a US judgment
- Determine whether the alleged infringer has insurance that may cover some or all of a judgment

Review Agreements Related to the Potential Suit

- Review any agreements related to the patents to be asserted, including:
 - License agreements
 - Settlement agreements
 - Manufacturing or distribution agreements
- Review any agreements with the potential defendant, regardless of whether those agreements specifically deal with the patents

Review Agreements Related to the Potential Suit

- These agreements should be reviewed for, at least:
 - Royalty rates
 - Arbitration clauses
 - Forum selection clauses
 - Consent to personal jurisdiction
 - Express and implied licenses
 - Indemnification clauses

Validity

- 101
- 102
- 103
- 112
- Double-patenting
- Confirm payment of maintenance fees
- Inequitable conduct
- Consider risk of possible post-grant PTAB proceeding

Discovery Preparation

Document Collection

- Infringement cases typically require the collection and production of a substantial volume of documents
- Identify “key players” behind the patent(s)
- Issue litigation hold notice



Document Collection

- Types of documents to collect
 - Any documents necessary to show ownership of the patents
 - Financial performance of products embodying the claims
 - Documents reflecting objective indicia of nonobviousness
 - Prosecution history of the asserted patent(s)
 - Documents showing the conception and reduction to practice of the claimed invention

Fact Witnesses

- Identify people with knowledge concerning:
 - The claimed invention
 - The invention's background and the benefit it provides over prior technologies
 - The nature of the invention, including its conception and reduction to practice
 - The nature, extent, and duration of the patent owner's use of the invention
 - The marketplace for the patented product
 - Sales of products covered by the patent
 - Profits attributable to the patented invention
 - Licensing of relevant patents

Fact Witnesses

- Relevant witnesses can include current and former employees
- The named inventors are always important witnesses, as they will have significant technical and historical knowledge
- Persons with knowledge relevant to the case may need to be identified during the course of the litigation and may be subject to deposition

Expert Retention



- Identify testifying experts early
 - Technical experts are typically university professors with decades of experience in the relevant fields
 - Damages experts are typically economists that, in many cases, are professional experts
- Consider identifying an expert specifically for claim construction purposes

Key Case Milestones

Claim Construction

- The enforceable portion of a patent is its claims
 - Claims define the metes and bounds of the patent right
- The words of the claims may have special meanings based, for example, on the technology or their usage in the patent
- Early in the case, the parties identify the terms they believe need to be construed and provide their proposed definitions to the other side

Claim Construction



- If the parties disagree as to the proper construction of any term, the dispute must be presented to the judge

Claim Construction

- The dispute is resolved similar to motions practice, where the sides each provide briefs supporting their positions, and the judge may hold a hearing
- Expert testimony may be used to support claim construction positions
 - The core question of claim construction is how a “person of ordinary skill in the art” would understand the term, so having a technically skilled person supporting a proposed construction can be powerful

Claim Construction

- After the briefing and hearing, the judge will issue a Claim Construction Order, establishing the meanings of the disputed terms for the remainder of the case



Summary Judgment

- Just as in other civil litigation, parties in patent cases can move for summary judgment
- Typically occurs following discovery
- Asks the judge to resolve the case without a trial on the basis that there are no genuinely disputed issues
- Requires briefing, as well as a hearing before the judge
- Partial summary judgment can also be sought

Alternative Dispute Resolution

- The ITC and many District Courts have ADR programs available to litigants
 - ADR may be required in certain jurisdictions
- The most common form of ADR is mediation, where the parties select an individual to act as a neutral facilitator to help bring the parties to a resolution of their dispute
- When appropriate, judges may refer cases to magistrates at the court to act as a mediator

Trial Preparation

- Significant preparation of documents and logistics will be organized by the law firm, including:
 - Judges require various different preparations be undertaken prior to trial
 - In addition, the logistics of the when and where of the trial, the witnesses, and the lawyers will be sorted out



Trial Preparation



- Witness preparation
 - Having gone through the discovery process, it will likely be clear who will need to testify at trial
 - Those who will testify will be prepared regarding both how the trial process works, as well as the substantive issues about which they will testify

Thank You!