
October 9, 2012 | The Tower Club | Dallas, Texas

Intellectual Property Group
Session 1: Global Patent Litigation and Procurement Trends
Global Patent Litigation and Procurement Trends

John Flaim | Dallas, TX
Global Patent Litigation
Global Patent Litigation Handbook

- Overview of patent enforcement
- 33 jurisdictions
- Patent infringement requirements
- Filing a patent infringement action
- Preliminary injunctions, provisional measures, pre-trial / interim relief
- Assessment of patent validity and patent invalidations
- Pre-trial
- Trial and evidence
- Damages and costs
- Availability of appeal
- Settlement and alternative dispute resolution
U.S. Patent Litigation is Different

- Extensive discovery
- Extensive reliance on witness testimony
- Claim construction Markman proceedings
- Jury decides fact issues
- Large damages awards based on a “reasonable royalty”
# Top 10 Largest Damages Awards in U.S. District Court Actions (in US$Million)

*Some were later vacated, remanded, or reduced, while some are still under appeal.

<table>
<thead>
<tr>
<th>Year</th>
<th>Plaintiff</th>
<th>Defendant</th>
<th>Technology</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Centocor Ortho Biotech</td>
<td>Abbott Laboratories</td>
<td>Arthritis drugs</td>
<td>$1,848</td>
</tr>
<tr>
<td>2007</td>
<td>Lucent Technologies</td>
<td>Microsoft</td>
<td>MP3 tech.</td>
<td>1,538</td>
</tr>
<tr>
<td>2010</td>
<td>Mirror Worlds LLC</td>
<td>Apple Inc.</td>
<td>Operating system</td>
<td>626</td>
</tr>
<tr>
<td>2003</td>
<td>Eolas Technologies</td>
<td>Microsoft</td>
<td>Internet browser</td>
<td>521</td>
</tr>
<tr>
<td>2011</td>
<td>Bruce N. Safran</td>
<td>Johnson &amp; Johnson</td>
<td>Drug-eluting stents</td>
<td>593</td>
</tr>
<tr>
<td>2008</td>
<td>Bruce N. Safran</td>
<td>Boston Scientific</td>
<td>Drug-eluting stents</td>
<td>432</td>
</tr>
<tr>
<td>2009</td>
<td>Uniloc USA</td>
<td>Microsoft</td>
<td>Software activation tech.</td>
<td>388</td>
</tr>
<tr>
<td>2008</td>
<td>Lucent Technologies</td>
<td>Microsoft</td>
<td>Data entry tech.</td>
<td>368</td>
</tr>
<tr>
<td>2006</td>
<td>Rambus</td>
<td>Hynix Semiconductor</td>
<td>Memory chips</td>
<td>307</td>
</tr>
<tr>
<td>2009</td>
<td>i4i Limited Partnership</td>
<td>Microsoft</td>
<td>Electronic document manipulation tech.</td>
<td>277</td>
</tr>
<tr>
<td>2008</td>
<td>Medtronic Vascular</td>
<td>Boston Scientific</td>
<td>Balloon-dilation catheters</td>
<td>250</td>
</tr>
</tbody>
</table>
Trends in U.S. Patent Litigation

- The rise of NPE suits and associated damages awards
- Significant increase on suits involving computer hardware/electronics, software, and internet/online services
- Internet patents were 7.5-9.5 times more likely to be embroiled in infringement litigation than non-Internet patents
Patent Cases Initiated: China and U.S.
Trends in Non-U.S. Patent Litigation

Recent proliferation of NPEs outside the U.S.
- In China and Russia, NPEs take advantage of utility model protection
- Customs agency in China has seized goods to be exported based on potential patent infringement
- More patent cases are being filed in China than in the U.S.
Overview: Cross-border Patent Litigation
Court Systems in Selected Developed and Emerging Markets

- Common law
- Civil law
- Some patent court specialization
- Judges/courts with technological expertise
- Jury
## Enforcement Options

<table>
<thead>
<tr>
<th>Country</th>
<th>Civil</th>
<th>Criminal</th>
<th>Administrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Brazil</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Mexico</td>
<td>-</td>
<td>-</td>
<td>✔</td>
</tr>
<tr>
<td>Russia</td>
<td>✔</td>
<td>✔</td>
<td>-</td>
</tr>
<tr>
<td>Australia</td>
<td>✔</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Japan</td>
<td>✔</td>
<td>✔</td>
<td>-</td>
</tr>
<tr>
<td>Taiwan</td>
<td>✔</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Canada</td>
<td>✔</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>U.S.</td>
<td>✔</td>
<td>-</td>
<td>✔</td>
</tr>
<tr>
<td>Germany</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>UK</td>
<td>✔</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
# Overview: Developed Patent Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Court technological expertise</th>
<th>Patent validity</th>
<th>Witnesses called</th>
<th>Presenting experts</th>
<th>Costs</th>
<th>Damages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>No</td>
<td>Determined by court, including in cross-claims</td>
<td>Yes</td>
<td>Generally submit written reports (part of affidavit), cross-examined and judge may ask questions</td>
<td>Moderately high</td>
<td>Potentially high but most cases settle</td>
</tr>
<tr>
<td>Japan</td>
<td>Significant</td>
<td>Invalidation action with Board of Patent Appeals of JPO or raised as defense in infringement proceedings</td>
<td>Yes, but inventors not usually called</td>
<td>Usually by submission of written statements</td>
<td>Moderately high</td>
<td>High Top award $68.86 million</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Rely on technical examination officers</td>
<td>Separate proceedings – validity may be decided by IP Court but no binding effect on TIPO. Claimant can file with both IP Court and TIPO</td>
<td>Yes</td>
<td>IP Court’s Technical Examination Officer or independent expert issues an independent technical report to the court</td>
<td>Moderately high</td>
<td>Very high Top award $700 million</td>
</tr>
<tr>
<td>Canada</td>
<td>No</td>
<td>Determined either as part of an infringement action or separately in an expungement proceeding.</td>
<td>Yes</td>
<td>Expert witness must submit written report before oral testimony</td>
<td>Very high</td>
<td>Potentially high</td>
</tr>
<tr>
<td>U.S.</td>
<td>No</td>
<td>File in court or separate infringement determination by the USPTO</td>
<td>Yes, and inventors usually testify</td>
<td>Submit written expert reports to outline scope of opinion, usually subject to deposition</td>
<td>Extremely high</td>
<td>Extremely high</td>
</tr>
</tbody>
</table>
### Overview: Select Developed and Emerging Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Court technological expertise</th>
<th>Patent validity</th>
<th>Witnesses called</th>
<th>Presenting experts</th>
<th>Costs</th>
<th>Damages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>No</td>
<td>May be raised in infringement proceedings but nullity action must be filed simultaneously</td>
<td>Yes, and inventors usually considered biased</td>
<td>Court may appoint technical expert, written testimony submitted to the court</td>
<td>Moderately high</td>
<td>Confidential awards</td>
</tr>
<tr>
<td>UK</td>
<td>Significant</td>
<td>May be a stand-alone invalidation action or in infringement proceeding</td>
<td>Yes</td>
<td>Experts submit written reports and statements but occasionally may be called</td>
<td>Moderately high</td>
<td>Potentially high</td>
</tr>
<tr>
<td>China</td>
<td>No</td>
<td>Petition with Patent Re-Examination Board or file administrative action</td>
<td>Generally no</td>
<td>Judicial appraisers engaged by parties submit written opinions</td>
<td>Relatively low</td>
<td>Typically conservative but top award nearly $50 million</td>
</tr>
<tr>
<td>Brazil</td>
<td>No</td>
<td>Filed in court, and may be defense to patent infringement</td>
<td>No trial, and depositions rare</td>
<td>Parties request court for expert evidence, judge appoints expert who provides opinion.</td>
<td>Relatively low</td>
<td>Patent owner chooses criterion for value of damages, compensatory not punitive</td>
</tr>
<tr>
<td>Mexico</td>
<td>No</td>
<td>Nullity claim filed with MPTO at the first instance.</td>
<td>No trial</td>
<td>Parties file independent written appraisals prepared by patent experts but MPTO relies on own technical experts</td>
<td>Relatively low</td>
<td>Minimum level of compensation 40% of public sale price of each patented product</td>
</tr>
<tr>
<td>Russia</td>
<td>No</td>
<td>Administrative proceeding before the Chamber for Patent Disputes of the Russian Patent Office</td>
<td>Yes</td>
<td>Mostly written reports, oral testimony of experts is rare, court-appointed expert has great weight</td>
<td>Relatively low</td>
<td>Variable, depending on several factors</td>
</tr>
</tbody>
</table>
Patent Filing Trends
Economic Growth Leads to Innovation

Why are countries that were until recently associated with cheap hands now becoming leaders in innovation? The most obvious reason is that the local companies are dreaming bigger dreams… Emerging-market champions have not only proved highly competitive in their own backyards, they are also going global themselves.”

(Source: “The world turned upside down” – A special report on innovation in emerging markets, The Economist, April 15, 2010)
Evolution to a Developed Patent System

- Patent enforcement ensues
- Significant domestic industry develops
- Product Innovation and launches
- R&D investments made
- Incremental improvements made
- Manufacturing of existing technologies
In 2011, PCT filings in China (33.4%), Republic of Korea (8%) and Japan (22%) continued to register high growth rates while other major markets (Russia, India and Brazil) recorded double-digit growth.
PCT Filings: By Country and Fields of Technology

**PCT Filings 2011**

- United States, 27%
- Japan, 21%
- China, 9%
- Germany, 10%
- Korea, 6%
- Other Countries, 27%

**PCT Filings 2011: Fields of Technology (Top 6)**

- Digital Technology: 65.10%
- Electronic Machinery: 6.90%
- Medical Technology: 6.60%
- Computer Technology: 6.50%
- Pharmaceuticals: 4.22%
- Semiconductors: 3.57%
- Others: 7.10%
*In South Korea and China, national patent applications from 2010 to 2011 increased by 5% and 33%, respectively. Note: Patent statistics in China include figures for inventions, utility models and industrial designs.
*From 2010 to 2011, national patent filings continued to increase in Indonesia (8%), Brazil (13%), and Turkey (23%). Patent filings Russia declined in 2011.

Patent offices in India and Mexico have not released their 2011 reports as of Sept. 2012.
Overview: Global Patent Protection
Systems and Patent Terms

- All emerging markets mentioned are **First-to-File** systems
- **PCT option** is available BRICs & other emerging markets mentioned (but still not available in **Argentina** and **Taiwan**)
- Duration of patent: 20 yrs. from filing date
  - In **Russia**: Term of patent for a drug, pesticide or agrochemical, may be extended for a period not exceeding 5 years
# How Long from Filing to Grant of Patent?

<table>
<thead>
<tr>
<th>Approx. minimum of 2 yrs. or less</th>
<th>Will likely take 3 yrs. or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>Poland</td>
</tr>
<tr>
<td>1.5-3 yrs.</td>
<td>3-6 yrs.</td>
</tr>
<tr>
<td><strong>Russia</strong></td>
<td>Mexico</td>
</tr>
<tr>
<td>2 yrs.</td>
<td>4 yrs.</td>
</tr>
<tr>
<td>Korea</td>
<td>Thailand</td>
</tr>
<tr>
<td>2-3 yrs.</td>
<td>4-8 yrs.</td>
</tr>
<tr>
<td>China</td>
<td>Colombia</td>
</tr>
<tr>
<td>2-4 yrs.</td>
<td>5-6 yrs.</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>Brazil</td>
</tr>
<tr>
<td>2-5 yrs.</td>
<td>6-8 yrs.</td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
</tr>
<tr>
<td>2-4 yrs. (pharma: 4-8 yrs.)</td>
<td></td>
</tr>
<tr>
<td>Czech Rep.</td>
<td></td>
</tr>
</tbody>
</table>
Office Actions, Publication

- **Typical number of office actions**

<table>
<thead>
<tr>
<th>Number of Office Actions</th>
<th>Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 office action</td>
<td><strong>Taiwan</strong> (with possible acceleration), <strong>Poland</strong></td>
</tr>
<tr>
<td>1–2 office actions</td>
<td><strong>Korea, Argentina, Colombia</strong></td>
</tr>
<tr>
<td>1–3 office actions</td>
<td><strong>Brazil</strong> (1 formal + 1 or 2 substantive)</td>
</tr>
<tr>
<td>2-3 office actions or more</td>
<td><strong>Russia</strong> (2-3), <strong>India</strong> (2-3), <strong>Thailand</strong> (2-3), <strong>Mexico</strong> (2-6), <strong>China</strong> (2-3)</td>
</tr>
</tbody>
</table>

- **Publication of application**
  - Required across all mentioned emerging markets
  - Typically 18 months from application filing date or priority date (but numerous exceptions)
Divisional Applications & Patents of Addition

Divisional applications:

☑ Brazil, Russia, India, China, Korea, Taiwan, Thailand, Argentina, Colombia, Mexico, Hungary, Poland
☒ Not available in Czech Republic

“Patents of addition” (US: “continuations-in-part”):

☑ Russia, India, Hungary, Poland – new material gets new date
☒ Not available in Brazil, China, Korea, Taiwan, Thailand, Argentina, Colombia, Mexico, Czech Republic
Duty of Candor

✗ N/A in Brazil, Russia, India, China, Korea, Taiwan, Argentina, Colombia, Mexico, Hungary, Poland, Czech Republic

✗ India: N/A but applicant must inform Patent Office of all similar “foreign patents”

✗ China: Duty to disclose prior art at the time of requesting for substantive examination, but no legal consequences for violation

✓ Required in Thailand
Best Mode

✗ N/A in Brazil, Russia, Korea, Taiwan, Argentina, Mexico, Hungary, Poland, Czech Republic

✓ Colombia, Thailand, India: Specification for patent must disclose best method of performing the invention known to the applicant

– China: Applicant must sufficiently describe details about “preferred embodiments” or “optimized embodiment” but no oath required
Opposition Proceedings Available?

- **Brazil** (documents & information to aid examination)
- **Russia** (reexamination)
- **India** (pre-grant anytime before publication / post-grant before expiry of 1-yr. period from publication of grant of patent)
- **Korea** (provision of information on patent application)
- Also in **Thailand, Argentina, Colombia, Czech Republic**

- **China** – but patent invalidation is available after grant of patent
- **Taiwan** – but can submit relevant prior art for consideration
- Also in **Mexico, Hungary**
Thank you.

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Session 2:
Spotlight on Europe
Spotlight on Europe:
Patent litigation and enforcement in Europe

Stephen Jones | London
Litigating Patents in Europe

Proposals for a unitary patent and unified patents court
Basics

- Grant of patents being administered by the EPO
- Single designation for 25 EU member states (not ES, IT)
- Other designations still possible (ES, IT, non-EU states, extension states)
- Should cut overall costs of obtaining patents in Europe, depending on coverage required
- First “unitary patents” may be granted by 2014
- New unified Court system to deal with litigation on unitary patents and existing EP patents for EU countries
- Subject to opt outs and transitional periods
Court Arrangements

- “Unified” patents court
- Local and regional divisions
- Central Division:
  - London: “branch” for chemistry/life sciences
  - Munich: “branch” for mechanical engineering
  - Paris: “HQ” and for everything else
- Infringement actions start in local/regional divisions
- Revocation/declarations of non-infringement in Central
- Counterclaims may be transferred to Central: “bifurcation”
Issues and Concerns

- “Articles 6-8”: the jurisdiction of the CJEU
- “Bifurcation”: a charter for “patent trolls”?
- Language issues
- Subject matter split in Central Division: practicalities
- Transfer of infringement to Central (EU/non-EU parties)
- Expense; Renewal fees; consequences for SMEs
- UK local division or part of a regional division?
- Selection/appointment of judges/technical judges
- Residual jurisdiction of UK courts e.g. PCC?
Jurisdictions in Europe – Overview

- Common Law/Civil Law
- Discovery/No Discovery
- Specialist/Non-Specialist Courts
- "Bifurcation": Yes/No
- Written/Oral Procedure
- Cross-Examination/No Cross-Examination
- Court Experts/Party Experts
- Proceedings: “Fast”/”Slow”
- Costs: “High”/”Low”
- Damages: “High”/”Low”
Thank you.

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Session 3:
Spotlight on the United States
U.S. Patent Law and Practice:
The America Invents Act and ITC Section 337 Proceedings

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North America Intellectual Property Group
The Increasing Popularity of ITC Intellectual Property Investigations

- The number of ITC Section 337 complaints filed has increased dramatically in the past few years.
- In prior years, the Commission has had more than 80 active cases on its docket – and that number is increasing.
Litigation Forums

- Federal District Court
- Court of Claims (against U.S. government)
- Court of International Trade (against Customs)

NOT MUTUALLY EXCLUSIVE; CAN HAVE “PARALLEL LITIGATIONS”
ITC Basics
Section 337 – Tariff Act of 1930

- Congress granted USITC jurisdiction over unfair practices in import trade
- Specifically authorized to block importation into U.S. (or sale within U.S. after importation) of articles that:
  - “infringe a valid and enforceable U.S. patent”
  - “are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable U.S. patent”
- Ability to exclude imported articles requires showing of a “domestic industry”
- Applies to Patents, Trademarks, Trade Secrets, Copyrights and Unfair Competition based claims
Participants

- **Complainant** - patent owner or exclusive licensee who represents the domestic industry, but need not be a U.S. entity
- **Respondent(s)** - U.S. or non-U.S. companies alleged by Complainant to be involved in importing infringing products into the U.S.
- **ITC Staff Attorney** - a U.S. government attorney who represents the interests of the U.S. public
- **Administrative Law Judge ("ALJ")** - the ALJ oversees discovery, conducts a hearing, and then writes a proposed opinion known as an "Initial Determination"
- **USITC** - a group of up to six Commissioners appointed by the President, who issue a "Final Determination" that may adopt all or part of the ALJ’s Initial Determination
ITC Advantages

- Single forum for adjudicating infringement claims against all domestic and foreign infringers with respect to imported products
- No challenges to jurisdiction or venue permitted
- Compressed procedural schedule; investigations usually completed in roughly 15 months
- Nationwide enforcement by U.S. Customs
- USITC has nationwide jurisdiction for all purposes
- No jury in 337 Investigations
- Looser application of Rules of Evidence
ITC Disadvantages

- No money damages
- No jury
- Compressed time frame and expenses
- Showing of domestic industry required by Section 337
- ITC orders are subject to disapproval by President
- Public interest considered
Compressed Schedule

- Discovery & Motion Practice - begins immediately upon commencement
- Hearing Before ALJ - normally within 8 months after commencement
- ALJ’s Initial Determination - 3-4 months after hearing
- ITC’s Final Determination - within 15 months of commencement (or 18 months in extraordinary complicated cases)
- Presidential Review - 60 day review period

"FAST TIME SCHEDULE WORKS TO ADVANTAGE OF COMPLAINANT"
Final Determination

- May be appealed to and reviewed by the Federal Circuit, like District Court cases
- Injunctive relief, prescribed by USITC, not stayed pending appeal to Federal Circuit
- No res judicata effect on patent findings, but highly persuasive to District Court judges
- In rare cases, may be set aside by President for policy reasons
Injunctive Remedies

- *General Exclusion Order* - prohibits entry into U.S. of any infringing product, regardless of whether importer was a party to USITC action
  - rare in patent cases, more common in trademark cases
- *Limited Exclusion Order* - prohibits entry into U.S. of infringing products associated with specifically named respondents or their agents
- *Cease & Desist Order* - enjoin offending activities, e.g. selling, distributing, marketing, by U.S. entities within U.S.
Enforcement and Violation

- ITC has independent authority to enforce cease and desist orders
  - can impose monetary fines of up to US$100,000 per violation
  - each day of entries of product considered another violation
- Exclusion orders are enforced by U.S. Customs
  - ITC can impose fine equal to twice the commercial value of imported property
- U.S. Customs can also impose civil and criminal penalties under its own regulations

District Court or other actions are in addition to relief granted by the ITC pursuant to Section 337

PRACTICALLY SPEAKING, USITC ORDERS NOT OFTEN VIOLATED
Conditions that Favor an ITC Case

- Corporate citizenship not important
- Confirm determination to see it through. About 50% of cases settle, which means that about 50% do not
- Confirm that the benefit of bringing and winning are really worth the tangible and other costs of litigating the case
- Early and subsequent periodic assessments are a smart idea
Changes at the ITC in Intellectual Property Cases:

– New opportunities and new challenges
ITC – Impact of the AIA

- Many of the recent changes to the patent law, and several of the important court decisions, do not apply to ITC proceedings under Section 337
  - ITC practice still allows (in fact, encourages) joinder of multiple respondents
  - AIA provisions regarding the stay of court proceedings during PTO patent reviews do not apply to the ITC
- However, changes to substantive patent law – including the new standards on patentability and induced infringement – do apply in ITC proceedings
Changes at the ITC – Trade Secret Theft

– A recent Federal Circuit decision expanded the scope of Section 337 to cover theft of trade secrets. *TianRui Group Co. Ltd. v. ITC*, 661 F.3d 1322 (Fed. Cir. 2011)

– The Commission issued an order excluding products manufactured in China using a process that was protected as a trade secret under U.S. law, but misappropriated abroad
  
  • specifically, respondent TianRui made certain railway wheels using a confidential process that it learned when it hired employees from one of complainant’s licensees

– TianRui argued that U.S. law could not apply to a theft of a trade secret in China
ITC – Trade Secret Theft

- The Federal Circuit upheld the ITC’s finding that the TianRui’s imports violated Section 337: “[T]he Commission has authority to investigate and grant relief based in part on extraterritorial conduct insofar as it is necessary to protect domestic industries from injuries arising out of unfair competition in the [U.S.] marketplace.”

Practice Comment

Section 337 applies to more than patent infringement, and can be an effective tool directed to other unfair trade practices, so long as the basic requirements of the statute are met.
Changes at the ITC – Domestic Industry

- The Federal Circuit may have opened the door to the filing of Section 337 proceedings by non-practicing entities. *John Mezzalingua Assocs., Inc. v. ITC*, 660 F.3d 1322 (Fed. Cir. 2011)

- Complainant (also called “PPC, Inc.”) based its domestic industry on the expenses it incurred filing lawsuits to enforce its patents

- Argued that this activity involved “licensing activity,” which can be a basis for showing a domestic industry

- The ITC dismissed the proceeding because PPC, Inc. had not linked its litigation expenses to any specific licensing activity

- The Federal Circuit agreed:

  - “[T]he Commission reasonably concluded that expenses associated with ordinary patent litigation should not automatically be considered a ‘substantial investment in . . . licensing,’ even if the lawsuit happens to culminate in a license.”
ITC – Domestic Industry

However, the Federal Circuit suggested that the case would have had a different result if PPC, Inc. had presented evidence showing that its litigation expense had some connection to licensing activity.

- by affirming the ITC’s approach, the Federal Circuit has indicated that evidence linking litigation expense to licensing activity may be enough to satisfy the domestic industry requirement
- other ITC decisions support this view *(Pioneer v. Garmin (GPS)) (setting out factors the Commission will consider in its analysis)*

Practice Comment

*NPEs are aware of the Federal Circuit’s decision, and will continue to push to expand ITC practice*
Enforcement Issues
Summary of ITC Changes

- Recent changes in patent law and practice make the ITC an even more attractive forum for complainants
  - ability to join many alleged infringers
  - no stays if respondent seeks pto review of the patent
  - quick (compared to district courts) and effective remedy
  - increased potential for more creative cases after *Tianrui*
  - expansion of the domestic industry requirement
Enforcement Issues Following an ITC Investigation

- Downstream products
- Advisory opinions
- Other forms of enforcement
  - Follow on infringement litigation
    - ITC Enforcement Proceedings
    - District Court
    - Court of Federal Claims
    - Court of International Trade
  - Continued pressure through other U.S. Government resources
  - Criminal Enforcement through the U.S. Attorney’s Office
  - Qui Tam actions
  - Litigation in country of export
Challenging the Effectiveness of Customs Enforcement

- Fuji Photo v. USITC
  - Customs enforcement ineffective because of other priorities
  - Customs prior rulings indicate a lack of enforcement capability
  - Fuji is suffering present and future injury

**Federal Circuit Response to Fuji:**

- Fuji’s argument *cannot* be addressed by “a judicial directive that would, in effect, require the Commission to alter its practices based on our unsupported suspicion that the Customs Service is incapable of performing the duties Congress has assigned to it.”
- Fuji’s argument is moot because the order has been clarified for Customs
Downstream Products

The Commission balances the complainant’s interest in ensuring complete protection against infringement, against the potential of a disruption in legitimate trade

– Example:

  • *Certain Electrical Connectors and Products Containing the Same*, the Commission issued a limited exclusion order, preventing the importation of infringing electrical connectors. The order also excluded the importation of motherboards that incorporated the respondent’s electrical connectors. The Commission found that the electrical connectors sold for $1, while the motherboards sold for approximately $80-90
Civil Penalties

- For violations of cease and desist orders, the Commission may issue a maximum penalty of $100,000 per day, or twice the domestic value of the goods, whichever value is higher.

- Exclusion orders, however, are *in rem* orders, enforced by Customs. In *Certain Lens-Fitted Film Packages*, the Commission reaffirmed that civil penalties will not be imposed for violations of an *in rem* exclusion order.
Checklist of Practice Points – ITC

- Is there a basis to challenge the complaint at the outset of the case?
  - Does the complaint relate to imports into the U.S.?
  - Should respondents challenge the domestic industry allegations at the outset?
  - Are the asserted patent claims directed to patentable subject matter?
  - Do allegations of indirect infringement meet the *Global Tech* standard?

- Although the ITC will not stay its proceedings during a PTO patent review, would a review of the patent under new AIA procedures be part of an effective strategy?

- Do the recent rulings on ITC practice provide new enforcement opportunities?
  - Is the ITC a potential forum for bringing an infringement case given the new domestic industry decisions?
  - Are competitors engaged in “unfair acts and practices” – like theft of trade secrets – for which Section 337 provides a remedy?
The Future of ITC IP Proceedings?

– The Commission expects that its Section 337 caseload will increase and is devoting a greater percentage of its resources to these cases

– **Question 1:** Will the Commission continue to be receptive to NPE complaints based on “licensing”?

– **Question 2:** Will the ITC end up like other “rocket dockets” – so popular that its increased caseload results in slower proceedings?

– Stay tuned . . .
Thank you.

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U.S. Patent Litigation Trends
Joinder, Procedural Strategies, and Discovery Limitations

Jay Utley | Dallas, Texas
Federal Court Litigation Trends
Patent Actions Set Record High

- The number of filings increased 22% in 2011 over 2010
- Highest number of annual filings ever recorded
- Since 1991, the number of patent actions filed has increased 6.4% annually
Patent Filings Per District Court*

NPE Actions Set Record High

Patent Lawsuits Involving NPEs Over Time

NPE Suits Since 1985

- 560 NPEs
- 5,500 lawsuits
- 8,000 defendants

Non-Practicing Entity
What NPEs Do

I'm a patent troll, but you can call me a non-practicing entity.

For a huge fee, I will use my patents to thwart the companies that are trying to thwart you with their own patents.

Together we can strangle innovation and plunge civilization into the dark ages!

That would even the playing field.
Defining “NPE”

- Any entity that earns or plans to earn the majority of its revenue from the licensing or enforcement of its intellectual property
- Does not practice or commercialize patented inventions
- Acquires and holds patents solely for litigation and licensing
- Sometimes referred to as a “troll” or "patent holding company"
# Top 10 Most Active NPEs

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<td>ArrivalStar</td>
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<td>101</td>
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Business Impact

- NPEs are often in a position to negotiate settlements that are disproportionate with their technical contribution
  - discovery costs significant to defendants
  - damages sought not based on lost profits or price erosion but, instead, on a “reasonable royalty” basis
  - settlements often based on avoidance of legal costs to defend
Pre-AIA Joinder

- Pre-AIA, plaintiffs could sue many, unrelated defendants in one patent-infringement lawsuit
- Rule 20 says defendants may be joined in one action if:
  1) the claims asserted against them arise out of the same transaction or occurrence; and
  2) there is a common question of law or fact
- Minority view: joinder is proper under Rule 20 as long as there is a common question of law or fact
AIA Joinder Provisions
35 U.S.C. § 299

– Defendants may be joined only if:

1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and

2) questions of fact common to all defendants or counterclaim defendants will arise in the action
Legislative History of 35 U.S.C. § 299

“Section 299 legislatively abrogates the construction of Rule 20(a) adopted in [the minority of jurisdictions, including the Eastern District of Texas]—effectively conforming these courts' jurisprudence to that followed by a majority of jurisdictions.”
In re EMC
In re EMC, Misc. No. 100 (Fed. Cir. May 4, 2012)

- Joinder is not appropriate under Fed. R. Civ. P. 20 when different products or processes are involved
- Pertinent factual considerations include:
  1) whether alleged acts of infringement occurred during same time period
  2) the existence of some relationship among the defendants
  3) the use of identically sourced components, licensing or technology agreements between the defendants
  4) overlap of the products’ or processes’ development and manufacture
  5) whether the case involves a claim for lost profits
- Only applies to pre-AIA filed cases
Warnings From *In re EMC*

- Consolidation under Fed. R. Civ. 42 for discovery and trial
  - Venue must be proper
  - Common question of law or fact
    - No “same transaction or occurrence” requirement
- MDL procedures for common pretrial issues
  - Claim construction
  - Patent invalidity
On Remand . . .

- District court severed the cases into five separate actions
- The court then consolidated the cases for pretrial purposes
  - considerable discretion to consolidate cases
  - judicial economy
  - fundamental fairness
Post-AIA Trends
Post-AIA Trends

- Serially filed cases
- Consolidation of serially filed cases for pretrial purposes using either:
  • Federal Rule of Civil Procedure 42
  • MDL procedures
- Transfer under § 1404(a) is increasingly unlikely, and even if a case is transferred, MDL procedures can then be used to consolidate cases for pretrial proceedings
Post-AIA, several serially filed cases have been consolidated for pretrial purposes:

Pretrial Consolidation – Fed. R. Civ. P. 42


- *Oasis Research, LLC v. Carbonite, Inc.*, 4:10-CV-00435 (E.D. Tex. Aug. 15, 2012) (Mazzant, J.) (consolidating five severed cases as to all issues, except venue, for pretrial purposes)

- *Norman IP Holdings, LLC v. Lexmark Int’l, Inc.*, 6:11-CV-00495 (E.D. Tex. Aug. 10, 2012) (consolidating eighteen severed cases as to all issues, except venue, for pretrial purposes)
New Joinder Rule’s Effect On Motions To Transfer

- “The Court may deny motions to transfer based on judicial economy alone.”
Pretrial Consolidation – MDL Procedures

_In re Bear Creek Techs., Inc. (MDL 2344)_

– “[T]he America Invents Act, 35 U.S.C. § 299 . . . does not affect our authority to transfer this litigation for coordinated or consolidated pretrial proceedings pursuant to 28 U.S.C. § 1407.”
Pretrial Consolidation – MDL Procedures

- In the year since the AIA’s enactment, MDL treatment has been sought more than 3 times as often as the year before
- More than 1/3 have been sought by defendants
- More than 3/4 resulted in consolidation and transfer
Implications and Strategies
Multi-Defendant Litigation Is Still a Reality

- AIA was thought to end the practice of suing multiple, unrelated defendants in one lawsuit
- But, in reality, not much has changed
Pros and Cons of Multi-Defendant Litigation

- Pros:
  - Can be cost effective
  - May lead to early settlement

- Cons:
  - Due process concerns
  - Difficulty in presenting individualized claim-construction arguments
  - Limited amount of time for discovery
  - Jury confusion
New Tools for Early Case Management

Raylon LLC v. Complus Data

- Tools used to streamline the hearing:
  - Sought parties’ input on best way to proceed
  - Proceeded with case-dispositive claim element first—both its construction and how the construction related to summary judgment
  - On the spot, accepted defendants’ claim construction and granted MSJ of non-infringement
  - Heard arguments on Rule 11 motion for sanctions
New Tools for Early Case Management

*Parallel Networks v. Abercrombie & Fitch*

- Departure from standard docket control order and Patent Rules
- “Plaintiff’s strategy presents Defendants with a Hobson’s choice: spend more than the settlement range on discovery, or settle for what amounts to cost of defense, regardless of whether a Defendant believes it has a legitimate defense.”
- Tools adopted to streamline litigation:
  - Early and tailored *Markman* hearing on three case-dispositive terms
  - Early summary judgment hearings on the three claim terms
  - Stay of all discovery *not* necessary for the narrow *Markman* hearing and MSJs
Early Case Management Considerations

- Threat of Rule 11 sanctions
- Special “initial status” conferences
- Early and focused *Markman* hearings
- Early mediation
- Early summary judgment hearings
- Early and focused discovery
New Tools for Minimizing Discovery Costs

Federal Circuit Advisory Council’s
“Model Order Regarding E-Discovery in Patent Cases”

– Delayed and separate discovery for e-mail
– Five custodians
– Five search terms
New Tools for Minimizing Discovery Costs

Federal Circuit Advisory Council’s
“Model Order Regarding E-Discovery in Patent Cases”


New Tools for Minimizing Discovery Costs

Federal Circuit Advisory Council’s “Model Order Regarding E-Discovery in Patent Cases”

- Eastern District of Texas adopts a modified version
  - Delayed and separate discovery for e-mail
  - Eight custodians
  - Ten search terms
New Tools for Minimizing Discovery Costs

Federal Circuit Advisory Council’s “Model Order Regarding E-Discovery in Patent Cases”

- Northern District of California orders parties to adopt a modified version of the Federal Circuit’s Model Order
  - Delayed and separate discovery for e-mail
  - Five custodians
  - Five search terms
Thank you.

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Session 4: Spotlight on Asia
Patent Litigation in China

Shih Yann Loo | Hong Kong
The Judges and Legal System

– The Communist Party
– The Judges
– Follow the Money
Close in on the Numbers

- IP cases increased annually >10%
- >50% of IP cases are withdrawn or settled before the judgment
- fast track: more than 70% cases are concluded within the 6 months for the 1st instance trial and within 3 months for the 2nd instance trial
- Beijing, Shanghai, Jiangsu, Zhejiang and Guangdong courts handle almost around 70% all IP cases in China
- In Shanghai, around 10% of IP cases are foreign party related (does not include foreigner subsidiary in China), in which 50% are concluded in favor of foreign party
Main Features – Forum Shopping & Jurisdiction

- Forum Shopping – Where to sue? **nexus**
  - Place of defendant or infringement
  - Place of infringement: where sample can be obtained
- Selecting a right court to bring a case
  - Judge’s experience/ procedural issues / length of trial / costs awarded (i.e. Beijing or Shanghai)
  - Judges in the small cites are extremely conservative to plaintiff when confronting the cutting-edge technology
Main Features – Jurisdiction Challenge

- Objection to jurisdiction: within the rights of defendant
- Very commonly used to delay proceeding, little or no evidence required
- Objection application & appeal can take up to one year or more
- Case will go back to original court after appeal
- Choice of court extremely important
Evidence – Infringement (product)

2. Notarized purchase of Sample
3. Notarized chain of custody evidence showing source of goods
4. Judicial appraisal report
5. Evidence collected in EPO
Main Features – Use of Experts

- Chinese judges not technically trained; therefore experts are often used in patent cases
- Technical expert vs. Judicial Appraisal
- Technical Appraisal Centres have different appraisal scopes; not all can conduct appraisal related to patent infringement or trade secrets
- By the parties – expert opinions or judicial appraisal reports as part of evidence (common)
- By the parties at trial: expert witness (not common)
Main Features – Use of Experts

- During the trial, the Court sometimes will appoint independent 3rd party judicial appraisal to determine issues of technical nature
- The Appraisal centres in BJ are most commonly used by parties in patent and trade secret litigations
Judicial Appraisal Centres

- Beijing Zhi Hui IP Judicial Appraisal Centre
- 北京紫图知识产权司法鉴定中心
  Beijing Zitu Intellectual Property Judicial Appraisal Centre
- 国科知识产权事司法鉴定中心
  Guo Ke IP Judicial Appraisal Centre
- BJ Guo Wai IP Judicial Appraisal Centre
- 公信扬知识产权鉴定所
  Gong Xin Yang Intellectual Property Judicial Appraisal Institute
- 上海市知识产权服务中心鉴定中心
  Judicial Appraisal Center of Shanghai Intellectual Property Service Center
Main Feature – Preliminary Injunction

- What does the judge evaluate?
  - high likelihood of success (almost impossible in patent and trade secret cases)
  - irreparable damage that cannot be compensated by damages award if preliminary injunction is not granted (very hard to meet)
  - public Interest (abstract)
Preliminary Injunction (from 2002-2005)

- From 2002-2005, the courts were very proactive in granting preliminary injunction
  - e.g. around 85% applications for preliminary injunction were granted by Shandong Court in 2005
  - over 50% applications were granted by preliminary injunction and evidence preservation order simultaneously

2002
2003
2004
2005
Preliminary Injunction – after 2005 (turning point)

- Lessons learned by the Court:
  1. Will be very cautious in patent case, and they are ACTUALLY only be available in trademark and copyright disputes
  2. Public interest concern a much more important consideration
Evidence Preservation Order (EPO)

- Ex parte order to seize evidence of defendant
- Why is it important?
  - No formal discovery in PRC litigation. Hard to get evidence from defendant
  - Get the right evidence, win the case!
- In what kind of cases would EPO be granted?
  - software infringement
  - trade secret dispute
  - patent infringement concerning process invention
  - Books & records for damages calculation
Evidence Preservation Order (EPO)

- What do judges consider in an EPO application?
  - has there been sufficient prima facie evidence to show infringement
  - how is the evidence critical to the disputed facts
  - not able to access or to collect evidence on its own
  - likely to be destroyed and will be hard to obtain afterwards
  - background, location of evidence
  - payment of bond required
Asset Preservation Order

- Freeze the asset of the defendant to ensure the future enforcement
- Info about the bank account and related financial clues of defendant
- A bond is required
- Assert preservation order is much easier to obtain compared to preliminary injunction
Typical Judicial Remedy

- Monetary Damage
- Permanent Injunction
- No public apology in patent case; however, public announcement might be possible
Main Features – Damages Calculation

- Basis of calculation of damages
- Plaintiff’s actual loss; or
- Defendant’s illegal profit (or 1-3 times reasonable royalties); or
- *Reasonable royalty (usually only in situation where there was license agreement between the parties before)*
- Statutory damages if none of the above can be ascertained ≤ RMB1,000,000 (after 2009)
- Costs: Litigation expenses (reasonable attorney fees, court fees, notary fees, sample cost etc.)
Damages Calculation

- SPC issued a new judicial interpretation in 2009 clarifying that a rule of apportionment shall be used when calculating infringer’s profits
- In practice, majority of cases (80%) are decided based on statutory damages
Evidence – Damages

1. Infringer’s profit e.g. stock/inventory of product, production record, sales record, sales contract, tax return
2. Tax information sometimes is accessible
3. Many of those can only be obtained by EPO
IP Related Civil Cases Accepted by the Court in 2009

- **Copyright**: 15,302 cases (50%)
- **Trademark**: 6,906 cases (23%)
- **Patent**: 4,422 cases (14%)
- **Others**: 3,996 cases (13%)
Thank you.

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Spotlight on Korean Patent Trends

Introduction and Recent Trends in Korean Patent Litigation from U.S. Perspective

James Pak | Washington, DC
Introduction and Recent Trends in Korean Patent Litigation from U.S. Perspective

1. Preliminary Update re Legal Market
2. Basic Judicial Structure
3. Preliminary Injunction and Infringement Actions
4. Invalidity Actions and Confirmation of Scope Actions
5. Damages
Preliminary Update re Legal Market
Legal Market Opening in Korea

- The Korean legal market has been closed to non-Korean law firms until very recently
  - Per the Foreign Legal Consultant Law (2009), non-Korean law firms from jurisdictions having FTAs with Korea (e.g., EU/U.S./ Singapore, etc.) may open offices in Korea now
- The opening will occur in three phases:
  - Phase 1 (present): may advise re the laws of the admitted foreign jurisdictions only
  - Phase 2 (after 2 years): may form alliances with Korean firms, but may not hire KR lawyers
  - Phase 3 (after 5 years): may hire KR lawyers and form partnership to render advise re KR laws
Basic Judicial Structure
Two-Track Patent Litigation Structure

a) District Court Civil Actions
   - District Courts handle:
     • Preliminary Injunction Action; and
     • Main Patent Infringement Action for Damages or Permanent Injunction
   - District Court decisions are reviewed de novo in law and fact by the High Court.
   - The High Court decisions are reviewed by the Supreme Court

b) Administrative Actions
   - Intellectual Property Tribunal ("IPT") of KIPO handles:
     • Invalidity Actions; and
     • “Confirmation of Scope” Actions
   - IPT decisions are reviewed by the Patent Court
   - The decision of the Patent Court is reviewed by the Supreme Court
Two-Track Patent Litigation System

Korean Court System: Patent Litigation

Supreme Court

Patent Court

High Court

KIPO

Intellectual Property Tribunal
- Invalidation Action
- Confirmation of Scope Action

Examiner
- Application

District Court

Infringement Actions
- Civil (Main Action or Preliminary Injunction Action)
- Criminal

Created and Provided by Kim & Chang
Notes re District Court Infringement Actions

- Specialized panels of judges for patent infringement cases; no jury trial
- Conducted through a series of oral hearings before a panel of three judges. Used to be brief-centric; but recently judges have started to rely more heavily on oral hearings (or conferences)
- Discovery is conducted entirely by and under the supervision of the court. Requests for production and inspection can be made
- Expert declarations may be used but the court designates independent experts at its discretion
- The court may dismiss the infringement action for “abuse of patent right” if it deems the patent to be invalid
Notes re Administrative Actions

- Primarily brief-driven – typical to exchange two to four briefs between the parties
- May request a technical presentation hearing
- In response to the petition for invalidation, the patentee may amend the patent to:
  i. narrow the scope of the claims;
  ii. correct clerical errors; or
  iii. clarify ambiguous descriptions
- Raises concerns re timing of the IPT decisions in relation to the civil infringement actions
Preliminary Injunction and Infringement Actions
Preliminary Injunctions and Permanent Injunctions are Available

- A separate action must be filed for a Preliminary Injunction
  - Difficult to obtain, but very often pursued
    - Typically takes 6-12 months (v. 1-2 years for permanent injunction). Sometimes, it takes much longer
  - Requirements and Factors:
    - (i) High likelihood of infringement (*prima facie* showing); and (ii) Necessity of speedy protection
    - Respective irreparable or economic harms; and
    - Adequacy of damages to redress injury
  - The Court has broad discretion
  - Proceedings tend to be limited in scope, discovery, and evidence presented
  - Generally requires a bond
  - Generally not granted to NPEs
Infringement Actions – Trends

- Historically, not too many infringement lawsuits are filed by non-Korean companies
  - But becoming more common since 2001 amendments to the Patent Laws. Less anti-patentee.
  - Acts of infringement include:
    - manufacturing, using, assigning, leasing, importing or offering for assignment or leasing of patented product
    - using patented process
    - using, assigning, leasing, importing or offering for assignment or leasing of product manufactured by patented process
  - Evidentiary standard is “preponderance of evidence”
Infringement Actions – Trends

- Patentee must prove infringement by a preponderance of evidence
- However, Article 129 of the Patent Law provides a presumption in case of certain method patents:
  - It provides that in the case of a patent for the invention of a process of manufacturing a product not publicly known in Korea prior to the filing of the patent application, then an identical product is presumed to have been manufactured by the patented process
Infringement Actions – Trends

- Technical Assistants and Court Appointed Experts have important roles
  - KIPO dispatches Technical Assistances to the District Courts and High Courts to assist the Court’s understanding of the technology at issue
  - The Court appointed expert’s opinions can be crucial. Parties may submit their own expert opinion contradicting the Court appointed expert’s opinion, but it is rarely effective
In its infringement analysis, KR courts have many legal principles similar to the ones found in the U.S., with some important differences. Its jurisprudence is still evolving.

E.g., the liability for contributory infringement appears to be broader in KR than U.S.: in one S.Ct. case, it did not require proof of direct infringement for contributory infringement.

Doctrine of Equivalents

1) Same purpose and same effect obtained from replacement
2) Easy replacement (at the time of infringement)
3) Infringing product not known to public or not easily conceived from the prior art at the time of the filing of application
4) No special circumstances – e.g., intentional exclusion from claim during filing of procedure
Invalidity Actions and Confirmation of Scope Actions
Patent Invalidation

- Exclusive Jurisdiction of the IPT of KIPO
  - but the defendants can still raise it in the Civil Infringement Action under “abuse of patent right” defense
  - a trial panel is composed of 3 or 5 examiners, and its decision is rendered by the majority of the panel

- Grounds for invalidity
  - Lack of utility
  - Lack of novelty
  - Lack of Inventiveness
  - Indefinite specification / lack of clarity in a claim

- About 68-71% of the patents brought to the invalidation proceedings at the IPT were held invalid in 2009-10
“Inventiveness”

- The KIPO examiners compare an invention with the prior art as to its purpose, construction and effect
  
  - The following are deemed to lack a sufficient inventive step:
    
    - (a) a mere aggregation of known technology
    - (b) a mere replacement of known technology

- Historically, no prohibition against the use of the hindsight when the elements of a combination were found in the prior art

- In 2011, the Supreme Court articulated a TSM based inventiveness analysis in the seminal case of 3M Company v. LMS Corp.
  
  - Overturned the Patent Office’s combination of two references absent the TSM. (the patent office also ruled that certain recited numerical ranges of measurements not disclosed in the prior art did not provide any “critical effect”)

Damages
Damages

- The Korean Patent Statute provides three types of damages calculation:
  1) lost profits by the patentee or exclusive licensee
  2) profits gained by the infringer
  3) reasonable royalties
- Historically, the stringent requirement of the cause and effect between the act of infringement and damages limited damages to modest amounts
Largest Damages Award

- In March 2002, Kimberly-Clark was awarded approximately $77 million USD (911 KR won) from LG Chemical and SsangYong P&G
  - This amount was calculated based on its KR subsidiary’s lost profits and is the largest damages award ever in Korea
- However, this decision was overturned in 2008 when the Supreme Court ruled that LG Chemical and SsangYong did not infringe the asserted patent claim
- FYI: in *Apple v. Samsung* in Korea, the district court ruled in Aug. 2012 that Apple must pay $17,650 to Samsung and Samsung must pay $22,000 to Apple
Thank you.

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Session 5: Cross Border Strategy
Cross Border Patent Enforcement Strategies

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Post-Issuance Patent Challenges Around the World
### Post-Issuance Patent Challenges – Overview

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Post-Issuance Patent Challenges – New Proceedings in the United States

_inter partes_ Review, Post Grant Review, Covered Business Method Patents Proceedings

- Judgment within **1 year** after the “Decision on Petition”
- “Broadest reasonable” claim construction
- May request a rehearing and/or appeal to the Federal Circuit
- Limited discovery
- Estoppel
Post-Issuance Patent Challenges – New Proceedings in the United States

*Inter Partes* Review

- Replaces *inter partes* reexam
- Limited to § 102 and/or § 103 challenges
- Prior art must be *patents or printed publications*
- Standard for review is a “reasonable likelihood that the requester will prevail…”
- Bypasses the examiner and goes straight to PTAB
- Automatic stay provision discourages simultaneous court action
Post-Issuance Patent Challenges – New Proceedings in the United States

Post-Grant Review

- Can be requested by any party except the patent owner within **nine months** after the patent is granted
- Petition may be based on **any ground** directed to patentability
- A petition may not proceed if the petitioner has previously filed a lawsuit challenging the patent
- If a lawsuit challenging the patent is filed on or after the date the petition is filed, the lawsuit will be automatically stayed

**Practice Comment**

The option to file a petition for post-grant review, a lawsuit, or both (and have the lawsuit stayed while the petition is pending) will offer a new and clear strategic option for challenging a patent.
Post-Issuance Patent Challenges – New Proceedings in the United States

Covered Business Method Patent Proceedings

- Challenges patents claiming a method or corresponding apparatus for performing data processing or other financial products or services (does not include “technological inventions”)
- Must be sued or charged with infringement to bring a covered business method patent review (or “privy” must be sued or charged with infringement)
- May challenge patent on any grounds
- Admissible prior art broader than inter partes review
Post-Issuance Patent Challenges – Brazil

- Administrative patent nullity actions before the Instituto Nacional de Propriedade Industrial (INPI)
  - INPI necessary party to the action
- Judicial challenges in parallel or independent of infringement suits
  - if parallel to an infringement suit, the INPI is not involved
  - if independent of an infringement suit, the INPI is joined in the suit
Post-Issuance Patent Challenges – China

- Courts cannot decide validity in infringement suits
- Validity decided separately by the Patent Reexamination Board (PRB)
- Any individual or entity can petition the PRB to declare a patent invalid post-issuance
- PRB’s decision can be challenged in an administrative lawsuit
  - PRB will be the defendant
  - Patentee joins as a third party
Post-Issuance Patent Challenges – Germany

- Within three months after grant:
  - administrative challenges before the German Patent and Trademark Office by any third party
- After the three-month period:
  - judicial challenges at the Federal Patent Court by any third party
  - infringement suits cannot rule on validity
    - if validity in question, infringement proceedings stayed
- Patentees can request correction of a patent
  - may correct formal mistakes or narrow the claim scope
Post-Issuance Patent Challenges – Korea

- Administrative challenges of validity at Intellectual Property Tribunal (IPT) (exclusive subject matter jurisdiction)
- IPT actions may be filed by the patentee, the alleged infringer, or any other interested party
- IPT actions may proceed in parallel with or independent of a district court case for patent infringement
- In response to the petition for invalidation, the patentee may:
  - amend the patent to narrow the scope of claim(s);
  - correct clerical errors; or
  - clarify ambiguous descriptions
- IPT also provides for “confirmation of scope” actions
Post-Issuance Patent Challenges – Taiwan

- Judicial challenges before the Intellectual Property Court as a defense to infringement
- Any third party can petition the Taiwan Intellectual Property Office (TIPO) to declare a patent invalid post-issuance. Actions before the TIPO can occur in parallel with those before the Intellectual Property Court
- Patentees can request correction of a patent
  - request can be used to correct informal errors or to narrow claims in response to a validity challenge
Post-Issuance Patent Challenges – United Kingdom

- Judicial challenges in parallel with infringement suits
- May not bring a proceeding solely on the basis of validity
- Infringement proceedings are usually brought before judicial courts
  - may also be brought before the Intellectual Property Office
- Patentees can request correction of a patent
  - corrections must not add to subject matter or increase the scope of claims
Scope of Discovery Around the World
Scope of Discovery Around the World

- Common law discovery/disclosure
  - discovery “rich” countries
  - scope varies around the world, with the United States being the most wide-ranging
- Civil law jurisdictions
  - discovery “poor” countries
  - no discovery as understood in the United States sense
  - parties are generally not obligated to disclose documents adverse to their case
Scope of Discovery Around the World

- Common law discovery/disclosure
  - United States: “reasonably calculated to lead to admissible evidence”
  - United Kingdom: more focused than the U.S.—generally limited to documents, less use of depositions and interrogatories
  - Ireland: similar to U.K.
Scope of Discovery Around the World

- Civil law jurisdictions
  - Korea: conducted by the court; requests for production and inspection may be made
  - China: very limited; evidence typically obtained through investigations
  - Civil law countries in Europe: generally no obligation to disclose adverse documents
  - Netherlands: only in limited circumstances can information be accessed outside of hearings; no letters of request allowed
  - Brazil: evidence is controlled by the judge responsible for the suit, which may or may not admit evidence requested by the parties; no right to discovery
  - Taiwan: parties responsible for submitting or identifying evidence to support their arguments; court’s discretion for anything else
## Scope of Discovery Around the World

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<th>United States</th>
<th>Brazil</th>
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Discovery Under 28 U.S.C. § 1782

- 28 U.S.C. § 1782:
  “The district court of the district in which a person resides or is found may order him to give his testimony or statement or to produce a document or other thing for use in a proceeding in a foreign or international tribunal, including criminal investigations conducted before formal accusation.”
Discovery Under 28 U.S.C. § 1782

- Threshold Requirements:
  1. The respondent must reside in the district where the request was made
  2. Discovery must be for use in a “foreign tribunal”
  3. Request must be made by a foreign tribunal or “any interested party”
Discovery Under 28 U.S.C. § 1782

- What constitutes a foreign tribunal?
  - The statute was amended in 1964 to replace “any judicial proceeding” with “a proceeding in a foreign or international tribunal”
  - Congress reasoned that the change would “provide the possibility of U.S. judicial assistance in connection with administrative and quasi-judicial proceedings abroad”
Discovery Under 28 U.S.C. § 1782

- What constitutes a foreign tribunal?
  - Are international arbitration proceedings included?
Discovery Under 28 U.S.C. § 1782

Who is an interested party?

- Litigants to the non-U.S. proceeding
- U.S. Supreme Court – “The text of section 1782(a) . . . plainly reaches beyond the universe of persons designated ‘litigant.’” Intel Corp., 542 U.S. at 256
- U.S. Supreme Court – “[A]ny interested person is intended to include . . . any other person whether he be designated by foreign law or international convention or *merely possess a reasonable interest in obtaining the assistance.*” Intel Corp., 542 U.S. at 256 (citing Smit, International Litigation under the United States Code, 65 Colom. L. Rev. 1015, 1027 (1965)) (emphasis added)
Discovery Under 28 U.S.C. § 1782

- Other factors considered:
  • If the foreign tribunal does not permit discovery of the information sought, should it be discoverable through the U.S. court?
    - Weighs in favor of discovery under § 1782 – In re Heraeus Kulzer, GmbH, 633 F.3d 591 (7th Cir. 2011)
  • If the foreign tribunal does permit discovery of the information sought, should it also be discoverable through the U.S. court?
    - Weighs against discovery under § 1782 if the respondent is also a party to the foreign proceeding – In re Heraeus Kulzer, GmbH, 633 F.3d 591 (7th Cir. 2011)
Discovery Under 28 U.S.C. § 1782

– Other factors considered:
  • Would the foreign tribunal admit the information discovered into evidence?
    – Jurisdictions receptive to § 1782 discovery:
      • Germany – *In re Heraeus Kulzer, GmbH*, 633 F.3d 591 (7th Cir. 2011)
## Scope of Discovery Around the World

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Discovery Under 28 U.S.C. § 1782

– Other factors considered:
  • The cost and burden of responding to the requests
    – U.S. courts have the discretion to limit the scope of the requests and/or shift the cost of production to the requesting party – *Intel Corp.*, 542 U.S. at 264-65; *Ahmad Hamad Algosaibi & Bros. Co. v. Standard Chartered Int’l (U.S.A) Ltd.*, 785 F. Supp. 2d 434 (S.D.N.Y. 2011) (permitting discovery but shifting 100% of cost to requesting party)
Discovery Under 28 U.S.C. § 1782

– Final notes

• Burden of Proof – The requesting party has the initial burden of showing itself entitled to the discovery, but once met, “the burden shifts to the opposing litigant to demonstrate that allowing the discovery sought would disserve the statutory objective.” *In re Heraeus Kulzer, GmbH*, 633 F.3d at 597

• Appeal – The district court’s determination to grant or deny the discovery requested is immediately appealable to the appropriate United States Court of Appeals
Thank you.

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