

# Pre-Litigation Strategies



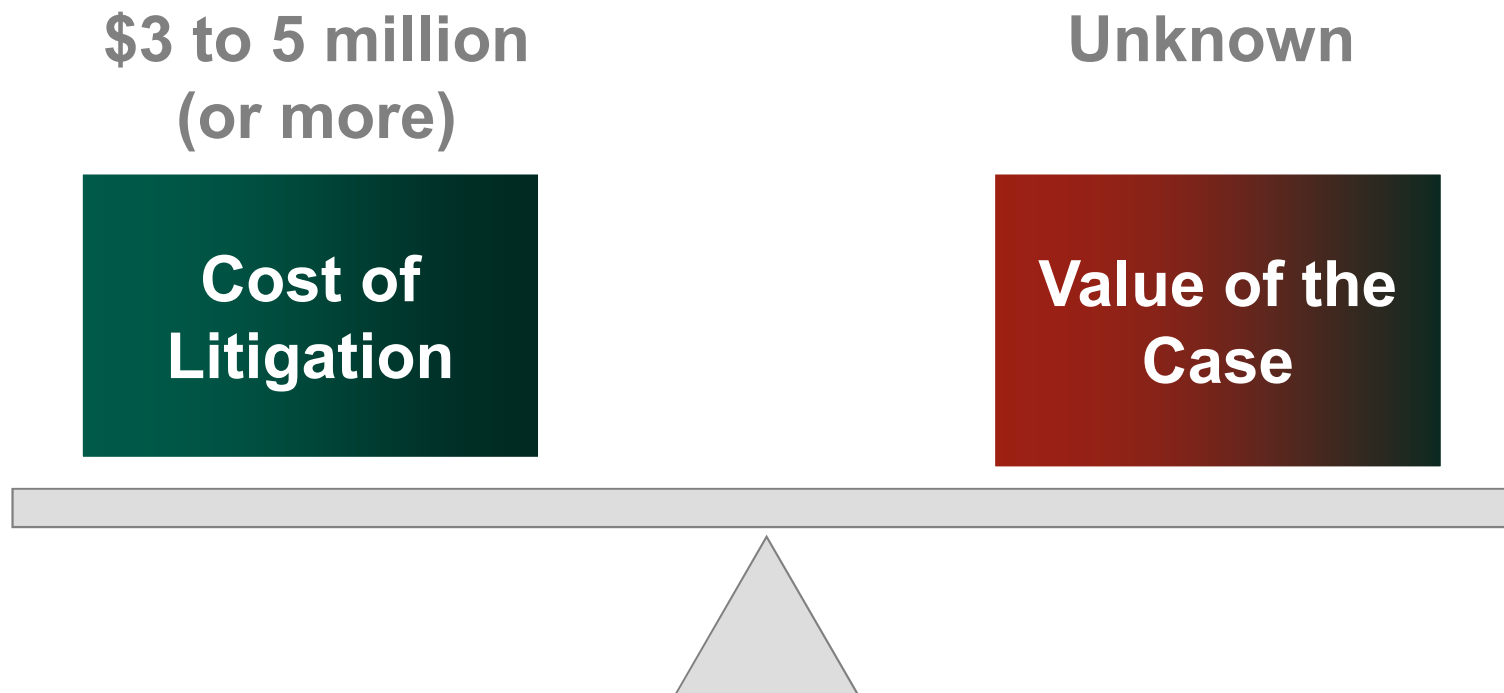
# Pre-litigation Strategies

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- Risk evaluation
- Prefiling investigation
- Timing and costs of typical lawsuit
- Where to file suit
- Alternative Dispute Resolution

# Weighing Benefits Before Starting Litigation

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# Key Factors for Global Patent Litigation

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## 1. Probability of success

- Pro-patent? (success rate data available from survey)
- Ability to enforce judgment
- Attitude toward foreign litigants
- Jury uncertainty in the U.S. (success rate data available)

## 2. Market size

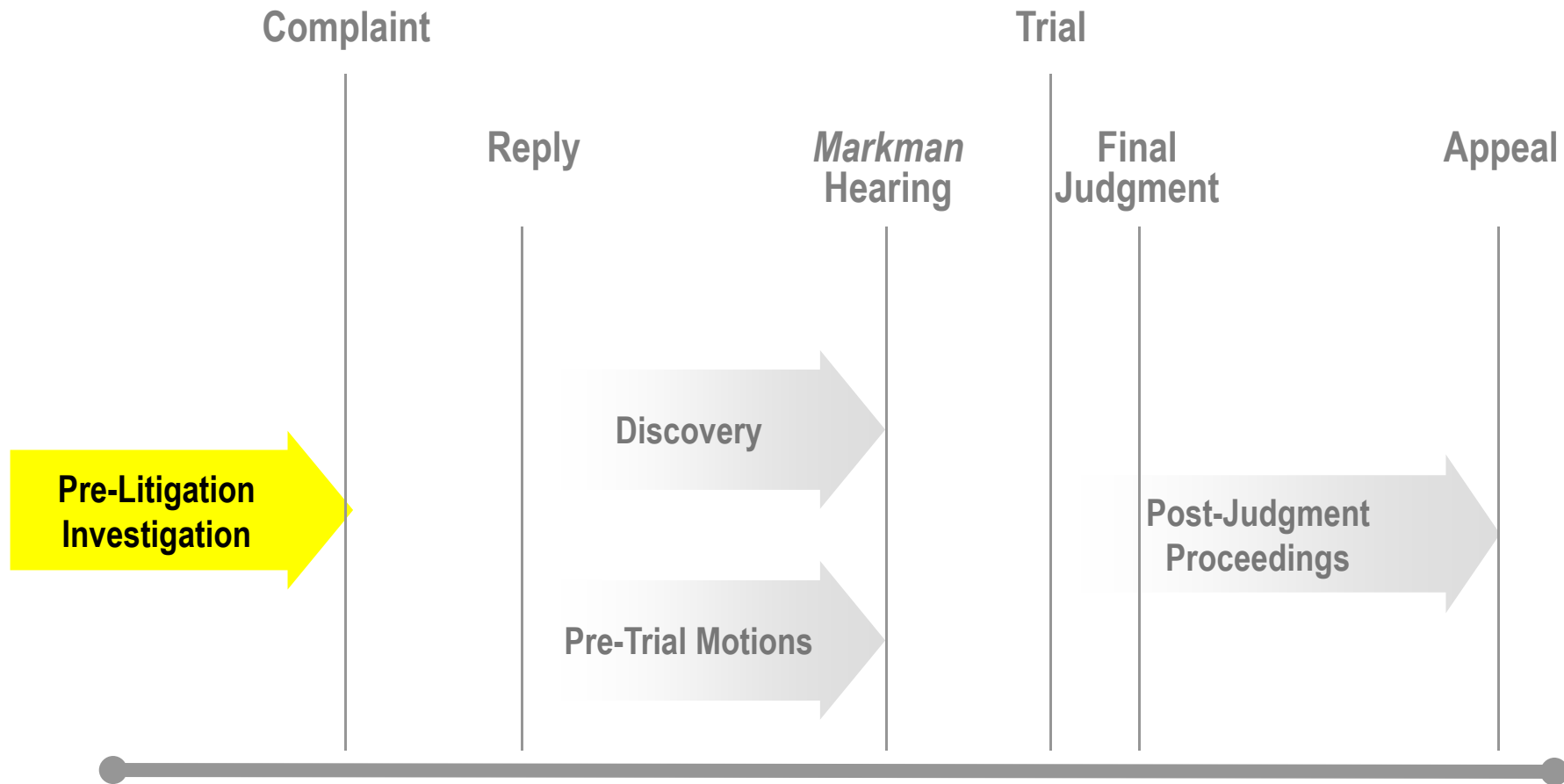
- Accused Infringer's share
- Patentee's share
- Available damage awards

## 3. Time to resolution

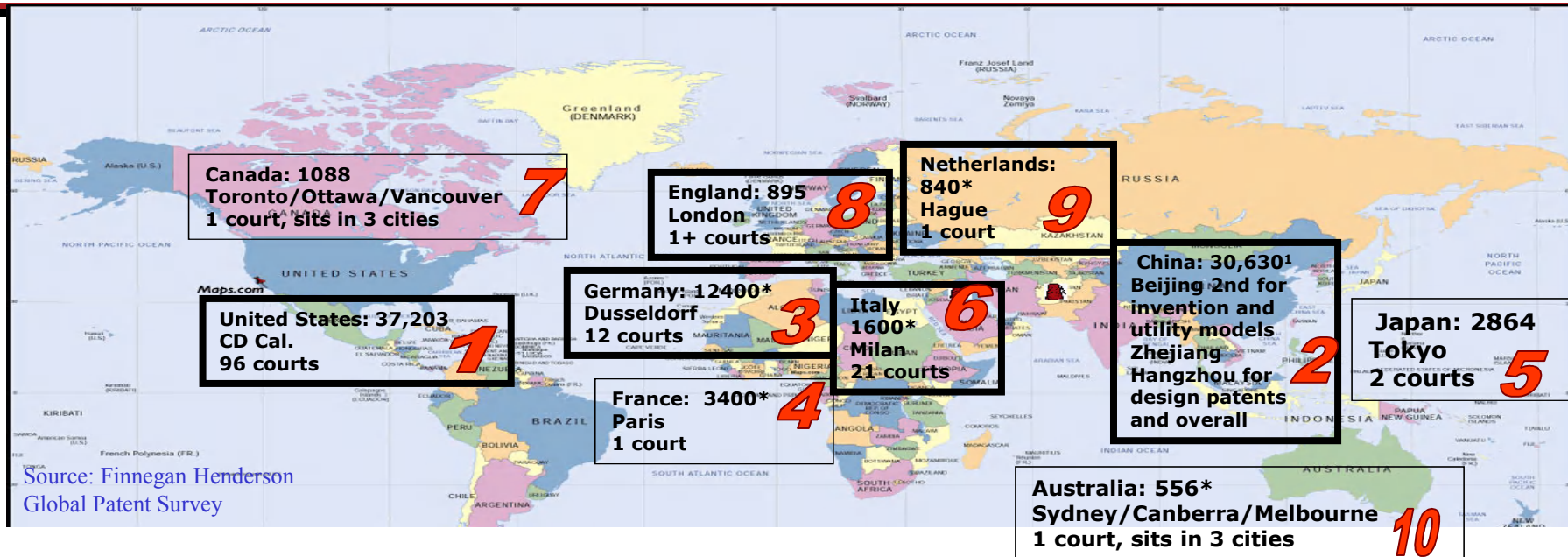
- Lifespan of product
- Time to market
- Lifespan of patents (patent issuance success rate and time to (issuance data available)

## 4. Cost to litigate

# Pre-Litigation Strategies



## Where To Win And Leverage Best Business Result 10 Most Litigious Countries With # Of Patent Litigation Filings (1997-2010); Most Active Court In Each Country\*



- <sup>1</sup> In China, more than 80% of the patent infringement cases were for utility and design patents.
- Estimate or partially estimated/partially hard. Numbers in some countries (e.g. Italy, Germany, China) represent invention patents, utility model, and/or design patent litigations filed. Note that in Germany's most active court, Dusseldorf each patent at issue is assigned a separate case number.

# Evaluating Litigation Risks/Rewards

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- Compensatory Damages
  - Lost Profits
  - Reasonable Royalties
  
- Punitive Damages
  - Willful Infringement
  - Attorney Fees in Exceptional Cases

# The Worth of the Case

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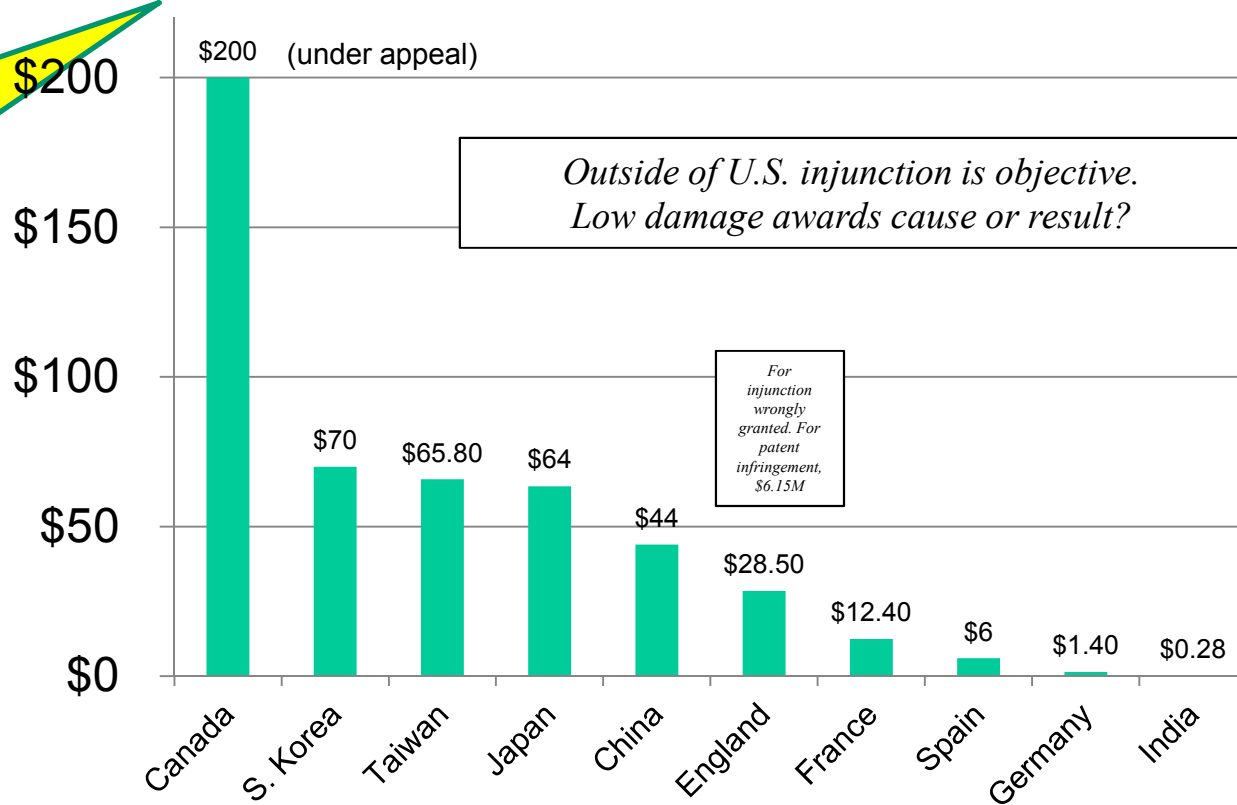
- Preliminary Injunction
  - Imminent Irreparable Harm
  - Public Interest Factor
- Permanent Injunction
  - After Full Trial on Merits



# Largest Damage Awards Outside the U.S.

**Largest damages award in the US**  
**\$1.8B**  
 (Centocor/Abbott 2009)  
**Largest settlement in US:**  
**\$1.75B**  
 Monsanto/DuPont  
 (March 2013)

Median damage award in U.S.: \$5.3M  
 (1995-2011), PwC 2011 Litigation Study.



USA: *Centocor Inc. v. Abbott Labs.*, (E.D. Tex. Nov. 5, 2009)(Judge Ward denied JMOL to overturn jury verdict); see PwC 2010 Patent Litigation Study for list of top US damage awards.

Canada: *Glaxo Wellcome v. Apotex* (\$200M\* – award under appeal)

South Korea: *Kimberly-Clark Corp. v. Ssang Yong Paper Co. Ltd.* (2004) (\$70M).

Taiwan: *Celanese Far East Limited Taiwan Branch (Hong Kong) v. China Petrochemical Development Corporation*, 95 Zhi 5 (Taipei D.C. 2007) Taiwan Taipei District Court (\$65.8M)(overruled in Aug. 2010).

Japan: Tokyo district court ("*Pachisuro*", 2002) (\$63.5M)

China: Zhejiang province, *CHINT v. Schneider Electric Low Voltage (Tianjin) Co.Ltd.* (2007) (\$44M)(utility model patent) (settled for \$24M before appeal heard)

France: (2007)(\$12.4M)

England: *Les Laboratoires Servier v Apotex* [2008] EWHC (Ch) 2347(\$28.5M)(award for damages incurred while an injunction was wrongly granted) For patent infringement damages., *Ultraframe v Eurocell* (2006)(\$6.15M) ; *Gerber Garment Technology Inc v. Lectra Systems Ltd.* (Ct. App.) (1996)(\$6M)

Spain: *Pfizer v Bexal*, \$6M

Germany: District court of Munich, "*Rasenwabe*" case, 2002 (\$1.4M)

India: Microsoft copyright case. In India, damages awards/decisions in other IP areas relevant to patent cases (2005)(\$280K\* - award under appeal)

## ***eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837 (2006)***

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- In patent matters, courts must determine whether to grant a permanent injunction based on the same four-factor test applied in other contexts
- A plaintiff must show that:
  - it is has suffered an irreparable injury,
  - remedies available at law cannot compensate it for that injury,
  - after balancing the hardships between the plaintiff and defendant, a remedy in equity is warranted, and
  - the public interest is not a disserved by the permanent injunction.
- “These familiar principles apply with equal force to disputes arising under the Patent Act.” *Id.* at 1839.

# The Worth of the Case

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- Patent owner may not want to have a reputation as a “soft” patentee
- . . . It may have a large patent portfolio to consider
- And it may want to send a strong message to the industry!

# There are significant risks, though

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- When you assert infringement, your own patent is put at risk. Defendant(s) can seek declaration of:
  - Invalidity
  - Noninfringement
  - unenforceability
- In U.S. Patent litigation, discovery is extremely broad and can become:
  - Expensive
  - Disruptive
  - Protracted

# Prefiling Investigation

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- Can target design around?
- Any concerns about Inequitable conduct/validity?
- Strengthen the patent
- Gathering evidence
- Retain experts

# Selecting the Team

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- Litigation counsel
  - Opinion counsel
  - Prosecution counsel
- Local counsel
- Jury expertise
- Degree of client's involvement
  - Assess work being done

# Where to File Suit?

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- Speed to trial
- Jury pool
- Avoid transfer
- Judges' track record
- Witness availability
- Avoid defendant's backyard

# Where to File Suit?

## Patent owner jury trial win rates

- Eastern District of Virginia
- Middle District of Florida
- Eastern District of Texas
- District of Delaware
- District of New Jersey

### Time to trial less than 18 months

- *Eastern District of Virginia*
- *Western District of Wisconsin*

### Time to trial 18-24 months

- *Middle District of Florida*
- *District of Delaware*
- *Southern District of Texas*



# U.S. District Court Forum-Shopping: 6 Data Metrics

- Best U.S. district courts in which to initiate patent litigation as patentee:

ED Tex  
ED Va  
MD FLA  
D DEL  
WD Wis

- Best U.S. district courts in which to initiate patent litigation as alleged infringer:

SD FLA  
D NJ  
ND Cal

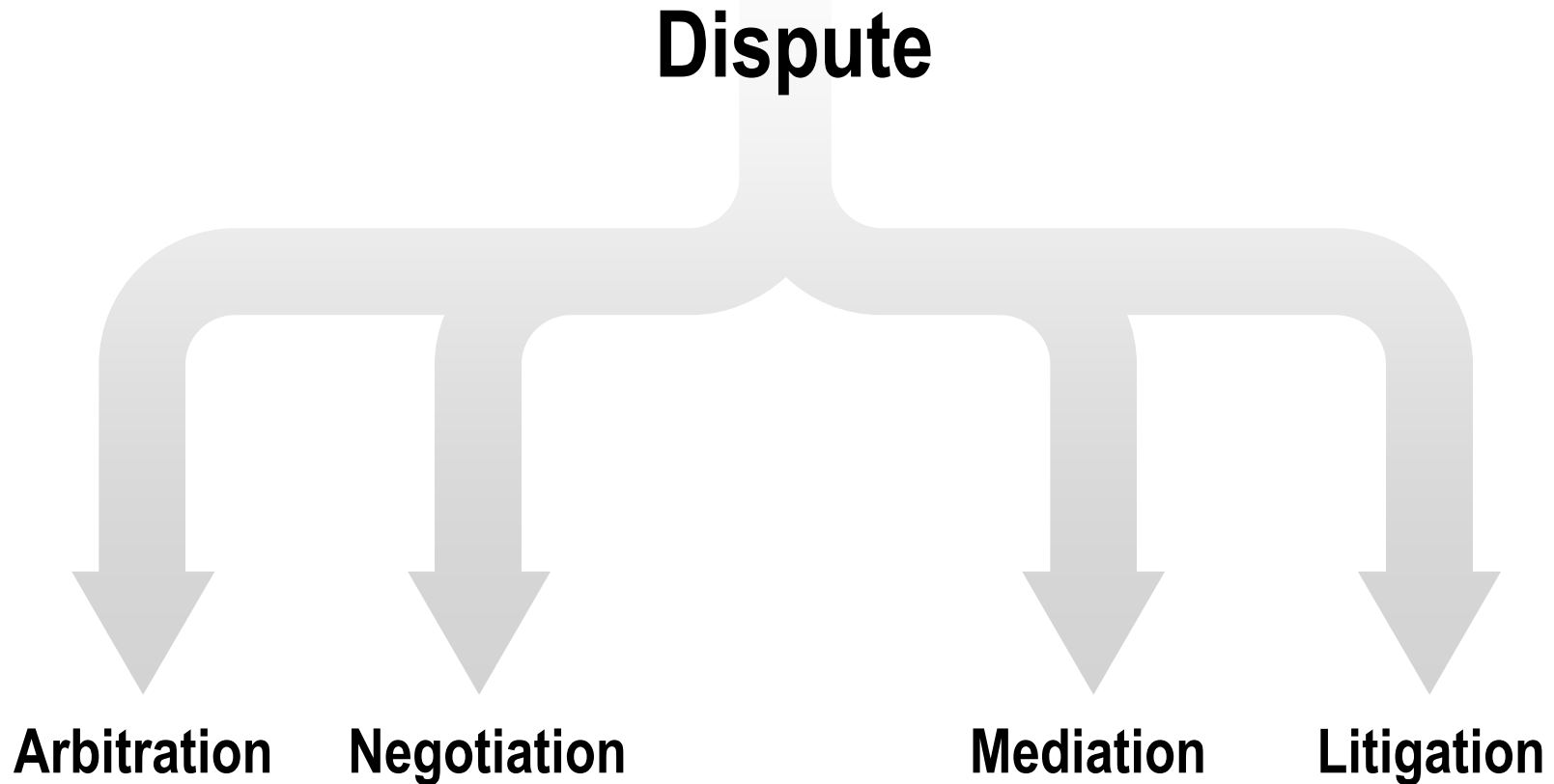
•Source of Number 1: PwC 2011 Litigation Report, Charts 8b and 8c (1995-2010);  
 •Source of Number 2: PwC 2012 Litigation Report, Chart 7d (1995-2011)  
 •Source of Number 3: PwC 2012 Litigation Report, Chart 8a (1995-2011);  
 •Source of Number 4: Legal Metric District Reports;  
 •Source of Number 5: LegalMetric Report: Stay Pending Reexam, June 1991-October 2011;  
 •Source of Number 6: Mark A. Lemley, "Where to File Your Patent Case," 38 ALPLA Q.J., Fall 2010, Table 4

# New Challenge Options Under AIA

	Preissuance Submissions	Ex Parte Reexam	Post-Grant Review	Inter Partes Review
<b>When?</b>	Limited time before allowance	After grant	No more than 9 months after grant (Sept. 16, 2013, but of a patent with an effective filing date of the claimed invention on or after March 16, 2013)	After 9 months from grant (Sept. 16, 2012, replaces inter partes reexam)
<b>Threshold Showing</b>	N/A	SNQP	"more likely than not that at least 1 of the claims challenged in the petition is unpatentable" or important novel/unsettled legal question	Reasonable likelihood of success
<b>Anonymity</b>	Yes	Yes	No	No
<b>Estoppel</b>	None	None	Issues raised or reasonably could have been raised <b>by the petitioner</b> : PTO, district court, and ITC	Issues raised or reasonably could have been <b>raised by the petitioner</b> : PTO, district court, and ITC
<b>Before Whom?</b>	Examiner	CRU	Patent Trial and Appeal Board	Patent Trial and Appeal Board
<b>Discovery/Evidence?</b>	N/A	Declaration	<b>Declaration and discovery</b>	<b>Declaration and discovery</b>
<b>Speed within PTO</b>	Case dependent	Possibly Many Years	1 to 1½ years	1 to 1½ years
<b>Appeal</b>	Only patentee can appeal to Board and then Federal Circuit	Only patentee can appeal to Board and then Federal Circuit	Both parties can appeal to Federal Circuit	Both parties can appeal to Federal Circuit
<b>Settle</b>		No	Yes	Yes

# Many Possible Dispute Resolution Options

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# Arbitration

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- Results confidential
- No collateral estoppel
- Location of arbitration
- Choice of law
- Cost of arbitrators

# Arbitration

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How to set up a successful arbitration:

- Limit issues
- Designate procedures

# Questions? Comments?

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**Thank you!**

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