

Strategies for Worldwide Patent Litigation



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Global IP Litigation Strategy: Why Is It Important?

- Trend toward globalization of IP litigation
- The world is becoming increasingly interconnected
 - Global supply and distribution chains
 - Markets outside the U.S. taking on even greater importance
 - Proliferation of standards
- Litigation outside the U.S. may offer important strategic advantages

Considerations for a Global IP Litigation Strategy

■ Speed

- Important foreign jurisdictions may be considerably faster than the U.S.
- Might reach a judgment considerably faster outside the U.S.

Considerations for a Global IP Litigation Strategy

■ Cost

- Litigating abroad may be less expensive than a U.S. case, in some jurisdictions considerably so
- Depending on jurisdiction, might have little to no discovery
- Depending on jurisdiction, might have nothing resembling a U.S. style trial

Considerations for a Global IP Litigation Strategy

- Identifying key jurisdictions along the supply chain
 - What are your manufacturing/distribution chokepoints outside of the U.S.? What are your competitors?
 - Example of the Netherlands – logistics gateway to Europe

Considerations for a Global IP Litigation Strategy

■ Discovery

- Will you need it? What vehicles for obtaining discovery?
 - U.S. style discovery generally does not exist in major jurisdictions abroad
 - No depositions, no written discovery, no subpoenas, etc.

Considerations for a Global IP Litigation Strategy

■ Confidentiality

- Typical U.S. protective order might have
 - Multiple tiers
 - Prosecution bar
 - Product development bar
 - Heightened protection for source code
- Outside the U.S. – wide variance in approach by jurisdiction
 - Might be impossible to file confidentially
 - Might be impossible to prevent adverse party's in-house counsel and employees from having access to all court submissions

Considerations for a Global IP Litigation Strategy

- Availability of preliminary and permanent injunctive relief
 - No eBay
 - Immediacy of injunctive relief
 - Available ex parte?

Considerations for a Global IP Litigation Strategy

■ Preemptive action

- Can you take any steps to preempt ex parte, preliminary injunctive action?
 - Protective briefs

Considerations for a Global IP Litigation Strategy

■ Trials

- In some jurisdictions, “trials” are more like oral arguments in the U.S.
- In some jurisdictions, trials can be as long or longer than the U.S.

Considerations for a Global IP Litigation Strategy

- Non-judicial actions
 - Customs actions may be available in some forums

28 U.S.C. § 1782(a) – Assistance to Foreign and International Tribunals and to Litigants before such Tribunals

- ❑ Vehicle by which to subpoena documents or testimony for use in foreign proceedings
- ❑ Can be fast – can apply ex parte for issuance of a subpoena
- ❑ Can obtain discovery that might not be obtainable abroad
- ❑ Still rarely used – only about 50 applications filed in 2014 in all federal courts

Strategies for Worldwide Patent Litigation

■ Europe

- The situation now (for utility patents)
- The situation from 2016 or 2017 and the likely entry into force of the Agreement on the Unified Patent Court
 - For the first 7 to 14 years - transitional regime
 - [Introduced at the same time will be scope to designate a patent application prosecuted via the EPO as a “European Patent with unitary effect” but this is unlikely to have much short term impact on patent litigation]

European Patent Litigation - Now

■ Statistics

- Little transparency and unreliable and inconsistent stats
- No PACER system or equivalent
- Kremers et al 2013 – “Patent Litigation in Europe”
 - UK 2012 - c112 cases filed
 - DE 2011 - 740 cases filed in Dusseldorf & Mannheim alone
- UK in 2014
 - 20 final hearings about 28 patents
 - 12 patents infringed, 6 not, other 12 not in issue or conceded
 - 9 patents valid, 16 not, other 3 not in issue

European Patent Litigation - Now

■ Where do the parties have patents?

- Vast majority of EPO patents are validated in three or fewer countries – DE, FR, UK
- Approach varies by industry sector
 - Tech sector validates EPOs in many fewer sectors than pharma
 - Tech sector also prosecutes nationally in DE and/or the UK

European Patent Litigation - Now

■ Procedural differences

- DE
 - Infringement courts fast
 - Bifurcated system, with slower challenge to validity in BPG
 - Unable to challenge validity in BPG if EPO opposition ongoing
- UK
 - Courts fast, and address infringement and validity together
 - Will generally review validity even if EPO opposition ongoing
 - Locus to seek a declaration of non-infringement readily established
- FR
 - Courts slower than DE or FR, decisions less fully reasoned

European Patent Litigation – 2016(ish) on for 7 to 14 years

- Opposition at the EPO
- Litigation in national courts
 - National patents and utility models
 - Opted-out classical European patents
 - Non opted-out classical European patents if started there
 - Non opted-out classical European patents for countries that have not ratified the UPC
- Litigation in the Unified Patent Court
 - Non opted-out classical European patents for countries that have not ratified the UPC
 - Non opted-out classical European patents if started there
 - European patents with unitary effect

European Patent Litigation – 2016(ish) on

- Litigation in the Unified Patent Court
 - Central division
 - Nullity suits and declarations of non-infringement
 - Unless infringement action subsequently started
 - Infringement suits
 - In respect of countries in UPC territory with no local or regional court (LU, MT?)
 - At option of patentee where defendant not resident in EU
 - At option of defendant where alleged infringement occurs in three regional divisions and the action is brought in a regional division
 - Nullity counterclaims if local or regional court so orders

European Patent Litigation – 2016(ish) on

■ Litigation in the Unified Patent Court

- Local divisions

- DE(4?), AT?, BE, DK?, FI, FR, IE, IT, NL, PT?, UK

- Regional divisions

- EE+SE+LI+LT, BG+CY+GR+HU+RO+SL, CZ+SK

- Local or regional divisions

- Take precedence over central decision once they are seized of an infringement action
 - Can, but need not, bifurcate; rules encourage central division to determine validity first if bifurcation

European Patent Litigation – 2016(ish) on

- Litigation in the Unified Patent Court
 - Offers scope to challenge validity centrally
 - Attitude where pending EPO opposition unknown
 - Offers scope to seek declaration of non-infringement centrally
 - Rules provide for locus to be established absent a threat
 - But each can be frustrated by patentee if infringement proceedings can be brought in a local or a regional division
 - Local or regional divisions will dominate

European Patent Litigation – 2016(ish) on for 7 to 14 years

■ Overview

- Forum shopping between
 - UPC and national courts
 - Between different national courts
 - Between different UPC local and regional divisions
 - and, but to a limited extent only, UPC central division
- If you think it is too complicated now ...
 - it is only going to get more so ...
 - at least in the short to medium term

Strategic Considerations

- Assessing the When, Where, Why and How of multi-jurisdictional patent litigation
- Always keep the ultimate objective in mind as the litigation strategy is implemented
 - Seeking FTO?
 - Asserting infringement?
 - Part of a larger commercial dispute?
- Keep your client fully informed as the litigation is expensive, public and important

Strategic Considerations

- Remedies
 - Understand what is available
 - Realistic enforceability
 - Injunctive relief (equitable considerations?)
- Timing
 - Where can you get an early win?
 - How long to trial?
 - Control/monitor patent prosecution to control forum choice and counterclaims

Strategic Considerations

- Assessment of the judicial system
 - Judges
 - Lawyers
 - Corruption/transparency of the judicial process
 - Adequate attorney-client privilege protection
 - Availability and scope of discovery
 - Witnesses subject to cross examination?
- Questions of patent law unique to that jurisdiction that may need to be addressed?

Strategic Considerations

- Likelihood of success on the merits
- Commercial significance of the jurisdiction
- How does a particular jurisdiction fit in with the greater global strategy or relationship between the litigants?
- Parties
 - Is a party in its “home” jurisdiction (e.g., FR)?
 - Do you need to enforce/defend with a licensor or licensee?

Strategic Considerations

- Cost
 - Human resources
 - Distraction to the business
 - Financial
- Does enforcement/revocation strategy raise competition issues?
- Have related patents been found invalid or infringed?
- Availability and desirability of alternatives to litigating in court

Strategic Considerations

- Exposure to a counterclaim or a separate and unrelated claim (e.g., Sony/LG)
- Litigating simultaneously in multiple jurisdictions
 - Diversifies risk
 - Increases pressure, risk, complexity and cost on opponent
 - Both parties can improve its respective case each time it is litigated

Discovery

- How to use discovery across jurisdictions
 - 28 U.S.C. § 1782
 - Address in U.S. protective order/UK confidentiality club
 - Implied undertaking
 - Consider an agreement between the parties to share discovery across jurisdictions
- Attorney-Client Privilege waiver
- Most lawyers in civil law countries are not accustom to receiving lots of discovery

Discovery

- Are key documents, transcripts or expert reports publicly available?
 - Previous use in court proceedings elsewhere
 - USPTO (interference or IPR) or other patent office
- Likely scope and burden of discovery
 - US > CA > UK
 - AU similar to UK but discretionary with judge
 - Understand e-discovery obligations
- Consistent document production across jurisdictions

Critical Components

- Hire best-in-class counsel in each jurisdiction
- Frequent and open communication between global counsel
- Consistent positions across all jurisdictions on underlying facts and technology
- Experts
 - Retain early and often
 - Understand the unique rules around experts which exist in many jurisdictions
 - Language capabilities if needed (e.g., ES and RU)

Critical Components

- Capitalize on first-mover advantages
 - Hiring preferred counsel and barrister team
 - Experts
- Don't be afraid to drop arguments in one jurisdiction if it may cause harm in another more important jurisdiction
- Let local lawyers run a local case