LOMBARD & GELIEBTER
INTELLECTUAL PROPERTY LAW

A Practical Guide to Patent Litigation

What If You Suspect Infringement?

1) Speak to a Lawyer Immediately
2) Define Your Company's Goals and Expectations
3) Analyze the Infringement
4) Analyze the Patent's Validity
5) Analyze the Patent's Enforceability
6) Prepare Your Company for the Expense and Burden of Litigation
7) Regardless of Strategy, Notify the Infringer of Infringement
8) Understand the Mechanics of Litigation

Speak to a Lawyer Immediately

Failing to speak to a lawyer immediately to implement a proper strategy can have devastating consequences

1) **Your company may lose sales and market share**
2) **The reputation of your product may become damaged**
3) **Your patent may expire before you bring claims**
4) **Your damages and type of relief may be reduced**
5) **Infringer will gain valuable time to prepare defense**

Define Your Goals and Expectations

	Litigation	*Licensing*
Pros	• Damages for lost profits, lost market share and price erosion • Injunction to stop further harm • Possibility of treble damages • Leverage for better license terms • Deterrence of other infringers	• Creates revenue stream • Less costly than litigation • Less burden on business • Insulates weak patents
Cons	• May be expensive and protracted • May disrupt and burden business • May expose weak patents • Untrained judges and juries	• No guarantee of license or favorable terms absent threat • No deterring other infringers

Analyze the Infringement

Determining infringement is a two-step process

1) **Construing the patent's claims**
2) **Comparing claims to the accused device**

Markman v. Westview Instr., Inc., 52 F.3d 967, 976 (Fed. Cir. 1995)

Analyze the Infringement

Evidence Considered In Construing Claims

1) **Intrinsic Evidence**
   a) Claim language
   b) Specification (only if claim language is ambiguous)
   c) Prosecution history (only if claim language and specification are ambiguous)
2) **Extrinsic Evidence**
   a) E.g., Expert or inventor testimony, dictionaries, treatises
   b) Used only if intrinsic evidence leaves claims ambiguous

Phillips v. AWH Corp., 415 F.3d 1303, 1313 (Fed. Cir. 2005)

Analyze the Infringement

Comparison must show accused device infringes

1) **Literally; or**
2) **Under the doctrine of equivalents**

Analyze the Infringement

Literal Infringement

1) **Shown where accused device or process contains every element or limitation of a claim**

2) **Shown even if accused device or process has:**
   - **additional elements not stated in the claim**
   - **improvements on a claimed element**

Carl ZeissStiftung v. Renishaw PLC, 945 F.2d 1173, 1178-79 (Fed. Cir. 1991)

ANALYZE THE INFRINGEMENT

The Doctrine of Equivalents

1) **Must show that each element of the asserted claim, or its equivalent, is found in the accused device or process**

2) **Must show that any differences between claimed element and changed element (*i.e.*, the equivalent) are "insubstantial", in that:**

   - **persons of ordinary skill in the art would have known of the interchangeability of the changed element; or**
   - **changed element performs substantially same function in substantially same way to achieve substantially same result as claim limitation**

Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17 (1996)

Analyze the Infringement

More Than One Party May Be Responsible

1) Directly: Anyone making, using, or selling accused device or process

2) Indirectly: Anyone actively encouraging another to make, use, or sell accused device or process

3) Contributing: Anyone knowingly selling or supplying an item for which the only use is in connection with the accused device or process

35 U.S.C. 271

Analyze the Patent's Validity

1) **Issued patents are presumed valid**
2) **However, patents may be rendered invalid if:**
   a) **Patent was anticipated by prior art**
   b) **Patent was obvious in light of prior art**
   c) **Specification fails to enable others to practice invention**
   d) **Specification fails to provide adequate written description**
   e) **Specification fails to disclose a best mode**
   f) **Specification lacks definiteness**

35 U.S.C. § 282; 35 U.S.C. §102

Analyze the Patent's Validity

Anticipation

- **A patent claim is invalid if there is a single prior art reference that describes the claim**
- **All of the elements of the claim must be present in that *single* prior art reference**

Rockwell Int'l Corp. v. United States, 147 F.3d 1358, 1362 (Fed. Cir. 1998)

Analyze the Patent's Validity

Examples of Invalidating Prior Art

1) Printed publications in any country by someone other than applicant before the filing date of patented invention

2) Printed publications in any country by anyone (including the applicant) more than 1 year before filing date of application

3) U.S. patents issued to someone other than the applicant from an application filed before filing date of application

4) Inventions that were in public use or on sale in U.S. more than one year before filing date of application

5) Inventions by someone other than applicant in U.S. before applicant's invention, which were not abandoned, suppressed or concealed

35 U.S.C. § 102

Analyze the Patent's Validity

Obviousness

> **"A patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains."**

35 U.S.C. § 103

Analyze the Patent's Validity

Factors Considered in Obviousness Inquiry

1) **Scope and content of prior art**
2) **Differences between prior art and claims at issue**
3) **Level of ordinary skill in pertinent art**
4) **Objective indicia or secondary considerations tending to show non-obviousness**

Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966)

Analyze the Patent's Validity

Objective Indicia and Secondary Considerations

1) **Commercial success**
2) **Long-felt unresolved need addressed by invention**
3) **Failure of others to solve the problem**
4) **Unexpected and advantageous results**
5) **Industry tribute and acquiescence**
6) **Copying by others**

Ruiz v. A.B. Chance Co., 234 F.3d 654, 667 (Fed. Cir. 2000)

ANALYZE THE PATENT'S ENFORCEABILITY

1) **A patent may be held unenforceable due to inequitable conduct committed by the applicants or their attorneys**
2) **Inequitable conduct refers to making material omissions or misrepresentations to the PTO with an intent to deceive**
3) **Most common claims involve failure to disclose prior art**
   - **Allegations can also concern failure to identify the correct inventors, failure to disclose pending litigation, or anything material to the examination of the application**

Kolmes v. World Fibers Corp., 107 F.3d 1534, 1541 (Fed. Cir. 1997); *Critikon Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1256 (Fed. Cir. 1997)

ANALYZE THE PATENT'S ENFORCEABILITY

A finding of inequitable conduct involves a two-step analysis

1) **The court determines whether:**
   a) **The misrepresentation or omission was material;**
   b) **The applicants or attorneys knew of its materiality, and**
   c) **The applicants or attorneys intended to mislead the PTO**
2) **The court then balances materiality versus intent**
   a) **The more material the omission or misrepresentation, the lower the level of intent required**

Akron Polymer Container Corp. v. Exxel Container, Inc., 148 F.3d 1380, 1383 (Fed. Cir. 1998); *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1256 (Fed. Cir. 1997)

ANALYZE THE PATENT'S ENFORCEABILITY

1) **Information is material if it:**
   a) **Establishes, by itself or in combination with other info, a prima facie case of unpatentability of a claim; or**
   b) **Is "inconsistent" with positions taken on issues of patentability**
2) **Intent need not be proved by direct evidence**
   a) **May be inferred where a patent applicant knew, or should have known, that withheld information would be material to the PTO's consideration of the patent application**
   b) **May be inferred from the surrounding circumstances**

37 C.F.R. § 1.56(b); *Semiconductor Energy Lab. Co. v. Samsung Elec. Co.*, 204 F.3d 1368, 1374 (Fed. Cir. 2000); *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1256 (Fed. Cir. 1997)

Preparing for Litigation Expenses and Burdens

1) A typical patent litigation lasts about two years and costs about $3 million[1]

2) An appeal may add $2 million and one more year[1]

3) Different individuals or departments may be distracted from their duties assisting in discovery, strategy or trial prep

4) High ranking officials may be noticed for deposition

5) Despite confidentiality orders, company secrets may be exposed during discovery

[1]Richard D. Margiano, *Cost and Duration of Patent Litigation*, Managing Intellectual Property (Feb. 2, 2009) (available at http://www.managingip.com/Article/2089405/Cost-and-duration-of-patent-litigation.html)

Notify the Infringer

- To protect your rights regardless of strategy, notice of infringement must be issued
- But, wording of notice differs drastically depending on whether you choose to license or litigate

NOTIFY THE INFRINGER

Proper Notice of Infringement for Initiating Licensing or Settlement Talks

Notice Should	Notice Should Not[1]
Identify the infringed patent	Be issued by outside counsel
Identify your ownership of the patent	Allege infringement as a matter of fact
Identify the infringing activity	Advise the accused to cease and desist
Say only that the accused "may infringe"[1]	Threaten litigation
Advise them to investigate the matter	Provide a deadline for response
Say that you are willing to license	

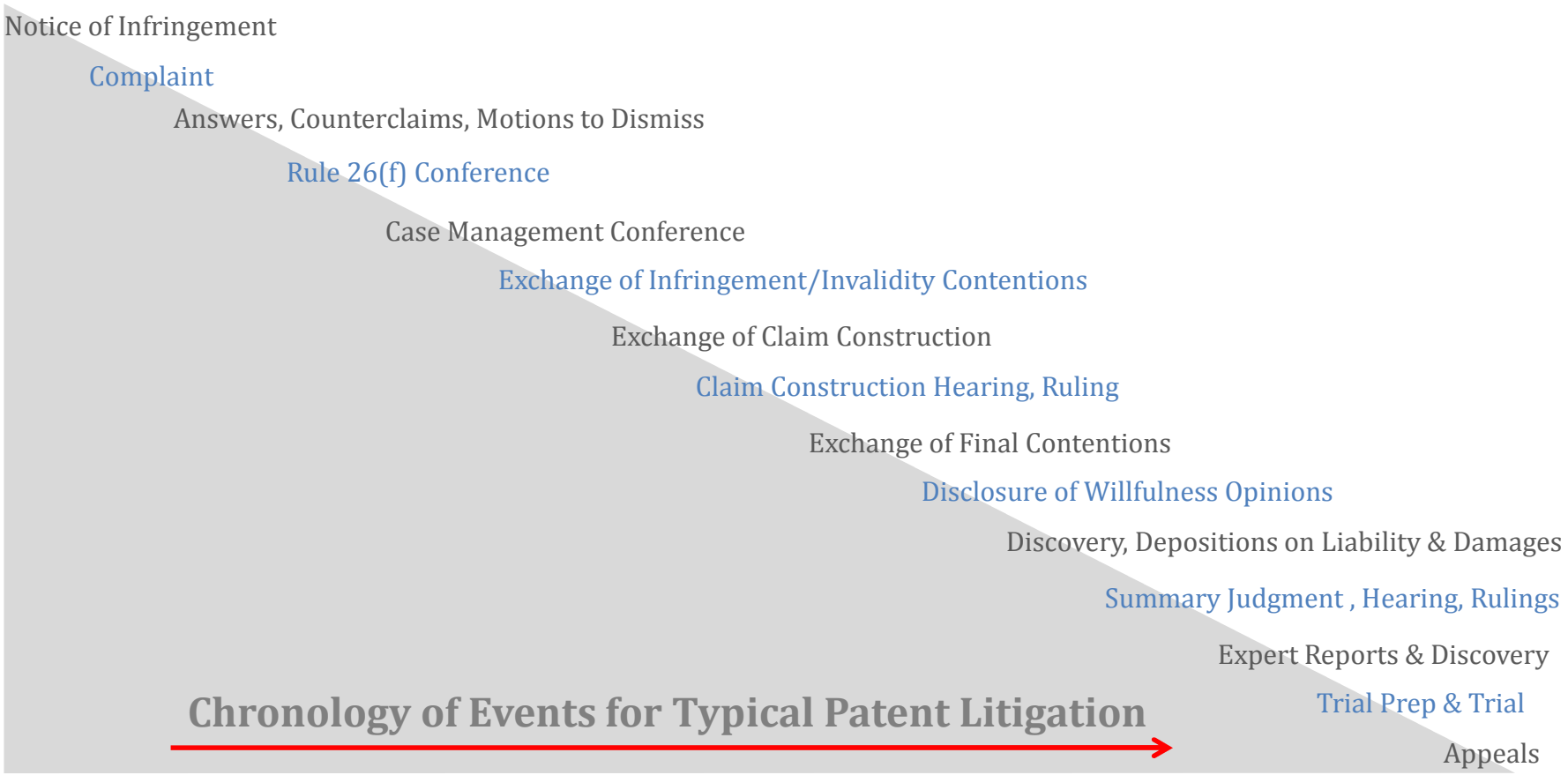
[1] Such activity by a patent owner may put the accused infringer in reasonable apprehension of litigation sufficient to justify it filing a declaratory judgment action in an unfavorable forum and at a time in which the owner is unprepared. *See SRI Int'l v. Advanced Tech. Lab.*, 127 F.3d 1462, 1470 (Fed. Cir. 1997).

NOTIFY THE INFRINGER

1) If goal is to sue, notice of infringement is necessary in most cases to start the clock running on damages
2) Notice is also a good way to initiate any licensing discussions
3) Notice is sufficient to start the damages clock when:
   - It is issued by the patent owner or its counsel
   - Informs the accused of the patent and the owner
   - Identifies the activities comprising infringement
   - Is accompanied by proposal to address infringement (i.e., by license/litigation)

35 U.S.C. § 287(a); Lans v. Digital Equip. Corp., 252 F.3d 1320, 1327-28 (Fed. Cir. 2001)

THE MECHANICS OF LITIGATION



WHAT IF YOU ARE *ACCUSED* OF INFRINGEMENT?

Many of the same steps involved in prosecuting a claim of infringement are involved in defending one, only a defensive perspective is substituted.

1) **Speak to a Lawyer Immediately**
2) **Define Your Goals and Expectations**
3) **Analyze the Infringement**
4) **Analyze the Patent's Validity**
5) **Analyze the Patent's Enforceability**
6) **Prepare Your Company for the Expense and Burden of Litigation**
7) **Respond to the Accuser**
8) **Understand the Mechanics of Litigation**

Speak to a Lawyer Immediately

Failing to speak to a lawyer immediately to implement a proper response can be costly.

1) **You may be liable for treble damages and attorneys' fees if you continue the accused activity without evaluating the charges**
   - **Though an attorney's opinion of non-infringement is no longer needed to defeat willful infringement, it is still persuasive[1]**
2) **You may face an injunction that disrupts your business**
3) **You may face unwanted, expensive and time-consuming litigation**

[1] *In re Seagate Tech. LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc)

SPEAK TO A LAWYER IMMEDIATELY

Determining the Amount of Time You Have to Respond

1) **The first thing you should do when speaking to a lawyer is to have her determine if the notice seeks a license or threatens litigation**
2) **Threat notices require more urgent action than invitations to license as threat letters sometimes impose deadlines by which to respond**
3) **If the letter is an invitation to license, you will have more time to formulate a strategy**
4) **Threat letters generally:**
   a) **identify the patent and its owner**
   b) **identify the infringing activity**
   c) **contain wording directly or indirectly threatening legal action**

Define Your Goals and Expectations

	Litigation	*Licensing*
Pros	• Chance to erase all doubts about your business activity or product • Chance to invalidate patent that might also threaten other activity or products	• Eliminates threat to your activity or product • Opens door to possible cross licensing
Cons	• May be liable for huge damages, including lost profits and treble • May be subject to injunction disrupting your business and sales • Expensive and protracted • May disrupt and burden business	• Unseen, added cost for your activity or product • Terms may be too expensive to consider

Analyze the Claims of Infringement

Summary of Important Initial Steps

1) **Determine scope of claims by reviewing patent and prosecution history**
2) **Have technical experts compare properly construed claims to accused device or process**
3) **Prepare claims charts detailing comparison**
   - **Will need for multiple purposes, *e.g.*, responding to patent holder, negotiating license, preparing defense, evidence at trial**
4) **Evaluate allegations concerning your role in infringement and identify any parties who might also be involved**
5) **Obtain opinion of outside counsel**
   - **Will need in order to defend against willful infringement charges**

Analyze the Patent's Validity

Summary of Important Initial Steps

1) **Identify all prior art that might render patent obvious/anticipated**
   a) Search for patent owner's own disclosures and sales
   b) Go to prosecution history for list of prior art
   c) Consult service to conduct prior art search
2) **Consult expert on whether prior art renders patent obvious/anticipated**
3) **Consult experts on the adequacy of specification under each of the 35 U.S.C. § 112 requirements**

ANALYZE THE PATENT'S ENFORCEABILITY

Summary of Important Initial Steps

1) Review the prosecution history to identify any positions taken by the applicants as to which misstatements or omissions may have been made
2) Identify all prior art not disclosed to PTO
3) Consult experts re materiality of undisclosed prior art
4) Identify inventors who were omitted from the application
5) Identify litigations that were omitted from the application

Respond to the Accuser

1) By now, you will have determined if the notice seeks a license or threatens litigation
2) By now, you will have evaluated the claims of infringement, including the validity and enforceability of the patent
3) By now, you will have obtained opinion of counsel regarding the allegations of infringement
4) Assuming a good faith basis for non-infringement, have outside counsel dispute the claims and explain her basis in a letter to the patent owner
5) Depending on the seriousness of the claims, also consider consulting:
   a) Outside counsel to prepare for defensive or offensive legal steps
   b) In-house licensing department to evaluate the viability of a license

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