



Patent Infringement Claims: Successful Attacks and Defenses

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Overview

- Status Today: In Practice, at Law
Defending Against Patent Claims
- *Prosecuting Patent Claims*



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“Practical” Importance of Patents

- Huge Damage Awards - \$\$\$
 - Alcatel-Lucent v. Microsoft (\$1.5B trial verdict)
 - Eolas v. Microsoft (\$565M trial verdict)
 - Medtronic (Michelson patents)
\$1.3 billion settlement (\$ 500+ million verdict)
 - *BlackBerry* \$ 612 million settlement)
 - HP/EMC (\$325 million)
- Result – Congressional Interest



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“Practical” Patent Litigation Atmosphere

- Growing “Individual” Patentees/Patent Enforcement Companies
 - Acacia
 - Katz
 - Forgent



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“Practical” Patent Litigation Atmosphere

- Rocket Docket Districts
 - E.D. Texas (but, changing)
 - W.D. Wisconsin
 - E.D. Virginia

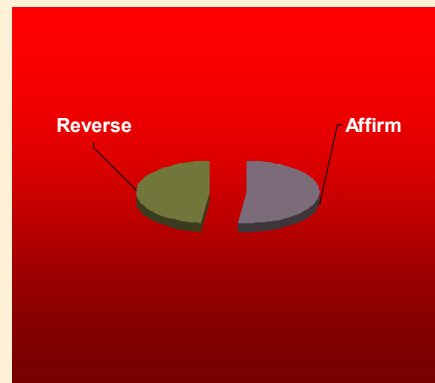
- Traditional Districts
 - N.D. California
 - Dist of Delaware



Patent Claims – Unclear Limits

- CAFC Reversal Rate
Nearly 50 %....

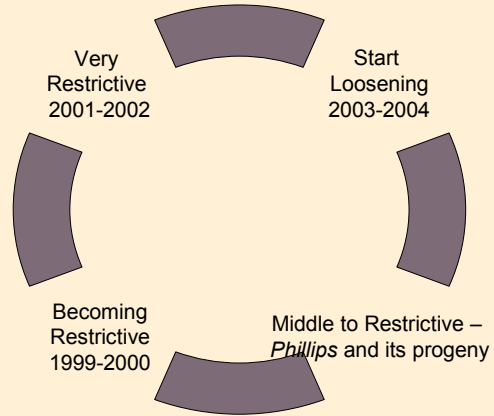
After the Parties Have
Spent Millions (at trial or
Summary Judgment)





The Swinging Pendulum of the Court

- Same framework, but CAFC pendulum since 2000



Basic IP Litigation Perspective

- Do **NOT** litigate to make a point, teach a lesson or on principle
- Do litigate when it fits within the company's business strategy and business objectives



Defending Against Patent Claims

- Evaluation of value of the suit
- Counterattack – here or in another country?
Own IP or Buy Another's
- Business and technical units – early and continual involvement: Business deal alternatives? Clues to finding prior art
- Joint Efforts with Competitors – the joint defense agreement



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In Advance of the Lawsuit

- Creating prior art and counterattack weapons
 - Getting the company excited about IP
 - Inventor's Help to attack opponent's vital interests
- Indemnification route with suppliers
 - *LG Electronics, Inc. v. Bizcom Elec., Inc.* (CAFC 2006)
 - Under SC Cert Review
- Injecting prior art to the PTO
- *MedImmune, Inc. v. Genentech, Inc.* (SC 2006) – Patent Licensee Validity Challenge



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In Advance of the Lawsuit

“Inducement” – 35 USC § 271(b)

- Expert Opinions to remove issue
- *DSU Medical Corp. v. JMS Co., Ltd.* (Dec. 2006)(en banc in part), more stringent test requires alleged inducer to have (a) **known** of the infringing activities, and (b) specifically intended to cause infringement.
- Mere intent to cause the underlying acts, without more, does not establish inducement



Gaining Needed Information When Accused Infringer Does Know System Details

- Different entities provide different pieces of the puzzle
- Each company keeps information as trade secret
- Investigating indemnification issues
 - Adding components
 - Different ways to operate the software, some of which infringe, while others do not
- Get opinions? Share opinions (joint group)?



Defense - Reexamination

- PTO post-KSR
- “KSR Guidelines” (Oct. 10, 2007)
- *Smith and Catan* (BPAI June-July 2007)
 - Combination of known elements creating predictable results
 - Skilled artisan has greater creativity than in the past
 - can even use common sense
 - Skilled artisan can use market demand or demands of the design community



Defense – Inter Partes Reexamination

- Dramatically increased usage in recent years
- *Preferred* method of attack *for certain strategies*
- Greater attention in view of Congressional efforts over “second window” – an alternative?



Practical Litigation Trends

- *Post Phillips* claim construction greater focus on **disclosed** invention – *On Demand*, *Nystrom*, *Aqua-Tex*
- Section 112 challenges following broad claim constructions (*Liebel Flarsheim*)
- Greater 103 challenges (SJ?)
- Doors Congress might open . . .



Litigation Issues – Extraterritoriality

- Software copies offshore
- Supreme Court *Microsoft v. AT&T*



Litigation Issues – Extraterritoriality

- Part of System Offshore
 - *NTP Inc. v Research In Motion Ltd.*
 - “Even though ... component[] in RIM's BlackBerry system may not be physically located in the United States, it is beyond dispute that the location of the beneficial use and function of the whole operable system assembly is the United States.”
 - Consider method vs. apparatus claims



Litigation Issues – Licenses of Components vs. Systems

- Licenses to system components enough for a license to the combination?
- Patent “Exhaustion”: Supreme Court *Quanta* Decision by Early Spring 2008 to review Federal Circuit rule that sale of a device does not exhaust the patentee’s rights in its method claims.



Practical Issues with Litigation – Changing Landscape on Injunctive Relief

- *eBay, Inc. v. MercExchange, LLC*, 126 S.Ct. 1837 (May 15, 2006)
 - Overrules long-standing presumptive right to injunction upon finding infringement
 - Restores 4-part “traditional equitable principles test”
 - (1) irreparable harm absent injunction
 - (2) “legal” remedy (money) inadequate
 - (3) public interest
 - (4) balance of hardships



Practical Issues with Litigation – Changing Landscape on Injunctive Relief

- *Finisar Corp. v. DirecTV Group.*, USDC ED Tex., 1:05-CV-264 (2006)
 - Patentee Denied Injunctive relief
 - Compulsory license at specific royalty rate
- *z4 Technologies, Inc. v. Microsoft Corp.*, USDC ED Tex., 6:06-CV-142 (2006)
 - Patentee Denied Injunctive relief
 - Post-verdict infringement severed; plaintiff ordered to file new complaint