



**GLOBAL MARKETPLACE — EYE ON CHINA:
WORKSHOP SERIES**

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**Staying a Step Ahead: IP Licensing and
Litigation in the Global Market**

**7th Annual Asia-Pacific IP Forum
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2

Welcome

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Moderator:

- Catherine Sun, Shanghai Office Managing Partner, Asia Practice Chair, Foley & Lardner LLP

Panelists:

- William J. Calore, Director of Contracts, Engineering and Technology Unit, RTI International
- Hiro Seki, General Manager, Intellectual Property, Renesas Technology Corporation
- John J. Feldhaus, Partner, Foley & Lardner LLP



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3

Discussion Topics

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- How to obtain technology through licensing
- Forced licenses via litigation
- Forum shopping and motion to transfer
- When to settle
- Non-Practicing Entity (NPE): good or bad
- Joint Defense
- Declaratory judgment
- Counter actions in other countries
- Litigation costs-cross-border and cross cultural discovery



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4

Case Study

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On August 31st, Triangle Technologies brought a lawsuit against Rectangle Technology USA and Rectangle Technology Corp. Ltd. based in Dongguan, China, Circle Technology USA, and Circle Technology Corporation based in Tokyo for patent infringement;

Triangle develops Utopus cards, a smart GPS enabled and fingerprint activated chip to serve as multipurpose payment device that could be embedded in credit/debit cards, computers, watches, passports or personal IDs, with manufacturing subsidiary located in Shenzhen, China;

Rectangle is the market leader in China with recent US entrance;

Circle is the market leader in Japan with established US market but new to China;



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5

Case Study (Cont.)

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All three companies have had strong patent portfolios in their home jurisdiction and have had licensing and cross-licensing arrangement with different industry leaders;

Now Bill as the in house counsel for Triangle, Hiro as the in house counsel for Circle and John as the outside counsel for Rectangle, with the audience as your Board members, I would like to hear your perspectives of your side of the story.



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6



1. How to See the Situation:

Circle is potentially threatened by **Rectangle**'s business expansion in the US market.

Triangle expects royalty income from the litigation campaign, especially from **Circle** that has a bigger sales exposure than **Rectangle** in the States.

2. Circle's Objectives:

Main objective: Getting into the China market!

To **Rectangle**: Passive – Achieve broad free cross PLA

To **Triangle**: Active – Establish partnership



3. Key Factor against Circle:

For **Triangle**, **Circle** looks much juicier than **Rectangle**.

→ **Rectangle** has bigger chances to ally with **Triangle**.

4. Circle's Grand Strategy:

a) Communicate very well with **Triangle** to see if the premises are correct.

b) Attract **Triangle** well by proposing alliance with **Circle** that brings both companies better results than **Triangle** alone.

c) Keep good communication with **Rectangle** for a contingency scenario.





5. **Circle's Leverage & Tools – Under “a Carrot-Stick Policy”**
- For **Rectangle**: JDA to cope with Litigation
Free Cross PLA
Sales Channel Sharing (US and China)
- For **Triangle**: Sublicense rights/Agent Offer (regional/w-w)
Direct Investment
Joint Technology Development
Foundry Service Agreement
DJ/Counter Litigation/Claim
ITC/Japan/China/US(EDTX) ...
Re-Examination (USPTO or others)



6. Is an “NPE” **good or bad**?
“Inappropriate” assertion for nuisance-value money → BAD!
What kind of level is “Inappropriate”?:
Unreasonable claims, Undue royalty requirement, ...
“NPE”, as one-type of IP business conductor/operator, as far as its investment-and-return model is acceptable level, it is **difficult to draw a line between “good” and “bad”**. Especially, there is **no use** to argue/categorize them into “good” or “bad” one.
7. Some of other issues to consider:
Possibility of **KH misappropriation** → Litigation/Discovery strategy
Effectiveness of bringing **IP litigation in China**?





Thank You!

