



Winning a Game of Inches:  
*Gaining Momentum Through IP*

## How To Fight When You Can't Fight Back



©2010 Foley & Lardner LLP

10.0002



Winning a Game of Inches:  
*Gaining Momentum Through IP*

2

### Panelists:

- **Valerie Boccadoro**, Director, Intellectual Property Counsel, Toys "R" Us, Inc.
- **Michelle Flores**, IP Litigation Practice
- **Vicki Margolis**, Vice President and Chief Counsel-IP and Global Marketing, Kimberly Clark Corp.
- **Michael Moore**, Vice President and Associate General Counsel, MGM Studios, Inc.
- **William Robinson**, IP Litigation Practice
- **Michael Springs**, Assistant General Counsel, Bank of America

©2010 Foley & Lardner LLP

10.0002



## Winning a Game of Inches: *Gaining Momentum Through IP*

3

### Current Landscape

- Pleading Standards
  - *Twombly* and *Iqbal*
- NPE Litigation
  - Still going
- False Marking
  - *Pequignot and Stauffer*
- Cybersquatting/Gray Market Issues
  - Challenges in doing business online

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

4

### Pleading Standards

- Two recent Supreme Court Cases, *Bell Atlantic v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. \_\_\_, 129 S. Ct. 1937 (May 18, 2009) have established heightened pleading requirements.
  - *Twombly*: Need factual allegations to support a right to relief beyond the speculative level.
    - Facts must push the claims “across the line from conceivable to plausible.”
  - *Iqbal*: Need sufficient facts to state a claim that is “plausible on its face.”
    - Plausible if facts provide “reasonable inference . . . Defendant . . . liable for misconduct.”
    - “Threadbare recitals of the elements . . . supported by mere conclusory statements, do not suffice.”

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

5

### NPE Litigation

- Goal is to achieve early settlements rather than to engage in protracted litigation
- Settlements likely premised upon applying royalty percentage to infringing gross revenues
  - Focus on extracting settlements at about the cost of litigation

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

6

### NPE Litigation - Strategies

- Request immediate extension of time to answer
- Motion to dismiss/motion for more definite statement
  - Pleading standards established by recent Supreme Court cases (*Twombly* and *Iqbal*) applicable to patent infringement complaints
- Motion for sever claims (misjoinder): Fed. R. Civ. P. 20 and 21
  - Possible reasons for a court ruling that there is misjoinder include:
    - the parties do not have the same rights to a judgment
    - the parties have conflicting interests
    - the situations in each cause of action are different or contradictory
    - the defendants are not involved (even slightly) in the same transaction
- Motion to transfer venue: 28 U.S.C. § 1404
  - Little contact with filing forum or little discovery from plaintiff
  - Information at defendant place of business

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

7

### NPE Litigation - Strategies

- Request for Reexamination of the Patent
  - Collateral attack on patent validity based on printed publication prior art
- Participate in Joint Defense Group
  - Joint Defense Agreement
    - Be wary of common privilege issues that pose potential risks for defendants
- Consider filing Declaratory Judgment action

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

8

### False Marking (Background)

- Patent Statute 35 U.S.C. § 292
  - (a) ...Whoever marks upon, or affixes to, or uses in advertising in connection with **any unpatented article**, the word “patent” or any word or number importing that the same is patented **for the purpose of deceiving** the public; ... Shall be fined **not more than \$500 for every such offense**
  - (b) **Any person may sue for the penalty**, in which event one-half shall go to the person suing and the other to the United States. (emphasis added)
- Purpose
  - Helps to avoid innocent infringement
  - Encourages patentees to give notice to the public that the article is patented.
  - Aids the public in identifying whether an article is patented. *Nike Inc. v. Wal-Mart Stores, Inc.*, 138 F.3d 1437, 1443 (Fed. Cir. 1998)

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

9

### False Marking (Elements)

- The plaintiff or relator must prove by a preponderance of the evidence that the defendant:
  - Marked an unpatented article with a patent number;
  - With the intent to deceive
    - *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1300 (Fed. Cir. 2009)
    - *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352 (Fed. Cir. 2005)

©2010 Foley & Lardner LLP

10/0000



## Winning a Game of Inches: *Gaining Momentum Through IP*

10

### False Marking (Best Practices)

- Best Practices to Avoid *Qui Tam* Actions
  - Establish a formal patent marking program and procedure
  - Ensure the patents to be marked cover the products
  - Only mark with patents that cover the product
  - Create a system to track patents as they expire and/or are abandoned
  - Consider obtaining opinion of counsel

©2010 Foley & Lardner LLP

10/0000



## Winning a Game of Inches: *Gaining Momentum Through IP*

11

### Cybersquatting

- Diversion of online traffic using goodwill associated with trademarks
- Website content may include:
  - Direct competitor's goods/services
  - Links to third party websites selling competing goods or services
  - Unaffiliated third party website offering related services to same class of consumers
  - Adult content
  - "Gripe sites" criticizing brand owners – often protected by First Amendment

©2010 Foley & Lardner LLP

11.0002



## Winning a Game of Inches: *Gaining Momentum Through IP*

12

### Uniform Domain Name Dispute Resolution Policy (UDRP)

- UDRP Proceedings: Required Elements, UDRP Para. 4(a)
  - Domain name is identical or confusingly similar to trademark in which Complainant has rights;
  - Respondent has no rights or legitimate interest in domain name; and
  - Domain was registered and is being used in bad faith.
- Pro: faster and more cost efficient compared to litigation
- Con: panel can only order transfer of specific domain names at issue

©2010 Foley & Lardner LLP

11.0002



## Winning a Game of Inches: *Gaining Momentum Through IP*

13

### Gray Market Issues

- Definition: Gray goods are genuine goods that the manufacturer sells abroad but are then imported into the U.S. without the manufacturer's permission. The goods are often sold in discount outlets, on the Internet, or by unauthorized wholesalers, sometimes at prices below the manufacturer's prices in the U.S.

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

14

### Gray Market Issues

- Gray market costs the information technology industry more than \$40 billion in sales;
  - gray goods often include: pharmaceuticals, auto parts, medical devices, toys, cigarettes, apparel, cosmetics and personal care products
- Gray market forces manufacturers to compete with their own lower-priced products in the marketplace
- In April, 2010, the Supreme Court granted certiorari in the case of *Omega SA v. Costco Wholesale Corp*

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

15

### Gray Market Issues

- Trademark Remedies
  - The material difference can be subtle
    - subtle differences that consumers are most easily confused
  - The material difference need not be physical
    - Differences in warranty protection, quality control or service commitments can suffice
    - Altered or defaced serial numbers
    - Instruction manuals in not in English

©2010 Foley & Lardner LLP

10/09/10



## Winning a Game of Inches: *Gaining Momentum Through IP*

16

### Gray Market Issues

- Patent Remedies
  - *FUJIFILM CORP. v. BENUN*, 605 F.3d 1366 (Fed. Cir. 2010)
    - patentee can sue an importer for patent infringement if the importation is unauthorized
    - the first sale of the patented item must have occurred outside the U.S. to avoid patent exhaustion

©2010 Foley & Lardner LLP

10/09/10





Winning a Game of Inches:  
*Gaining Momentum Through IP*

QUESTIONS ?

**FOLEY**  
FOLEY & LARDNER LLP

©2019 Foley & Lardner LLP

10.0002