

A Foley Best Practice



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QUESTIONS YOU WISH AN IP LITIGATOR HAD ASKED DURING THE IP DUE DILIGENCE PROCESS

To what extent can the Target substantiate that its own products practice the patented inventions?

- “Commercial success” may now be of increased importance in combating an obviousness challenge to the validity of the Target’s patents.
 - *KSR Int’l Co. v. Teleflex* (U.S. 2007)
- It’s easier to establish the “irreparable harm” required for obtaining injunctive relief where the Target is in head-to-head competition with its rivals.
 - *eBay Inc. v. MercExchange, L.L.C.* (U.S. 2006)
- One potential drawback: the Target’s failure to meet its resulting patent marking obligations can serve to preclude pre-suit damages.

Are certain certain circumstances present that would tend to increase the litigation value of the Target’s patents?

- Does the Target have pending continuation applications relating to any of its key patents?
- Has the Target maintained invention records that can establish pre-application invention dates useful for “swearing behind” certain prior art references?
- Have any of the Target’s key patents already survived a PTO re-examination?

Are other circumstances present that would tend to decrease the litigation value of the Target’s patents?

- Where the Target has been aware of a competitor’s infringing products for six or more years without taking action, a presumption of laches arises which can serve to preclude pre-suit damages.

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- Where the Target has participated in standards committee activities but failed to comply with applicable IP disclosure requirements, its patents that are essential to practicing the standard may be deemed unenforceable.
- Has there been too much transparency as to the valuation of individual patents during the acquisition process?

When did the Target first become aware of the existence of a prior art patent?

- Under the new “objective recklessness” standard, the Target’s procurement of opinions of counsel is no longer a sufficient shield to defeat willful infringement allegations.
 - *In re Seagate Tech., LLC* (Fed. Cir. 2007)
- But lack of knowledge as to the existence of a prior art patent remains a viable means of defeating both willfulness allegations and indirect infringement allegations.
- Examine the Target’s own prosecution histories for proof as to its knowledge of a prior art patent.
- Consider the implications of giving the Target notice of a prior art patent as part of the due diligence process itself.