



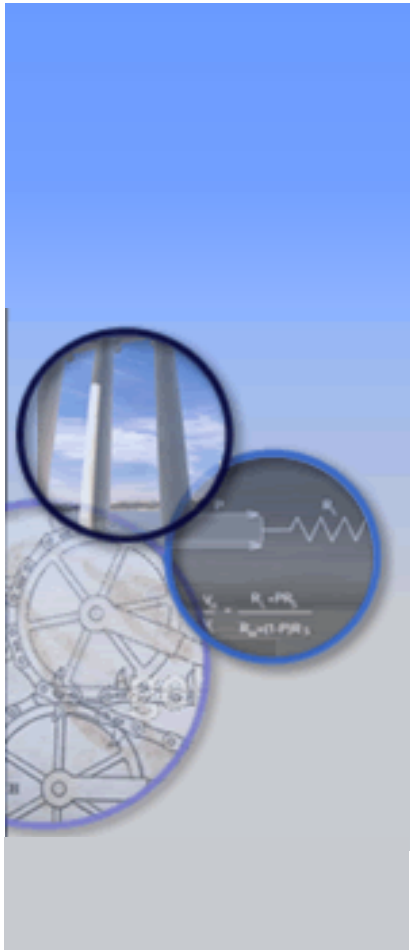
**FICPI - ABC MEETING  
TRADE MARKS  
20 JUNE 2016**





# Recent Developments in Intellectual Property Litigation in the U.S.

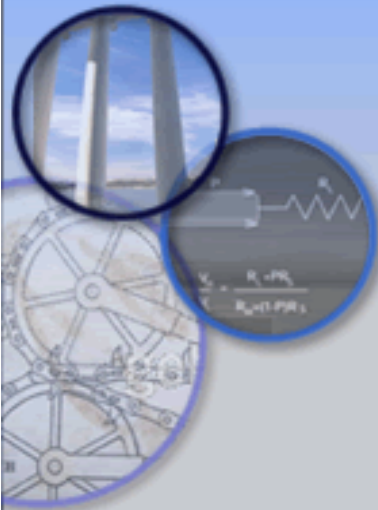
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# FORUMS FOR INTELLECTUAL PROPERTY LITIGATION IN THE U.S.



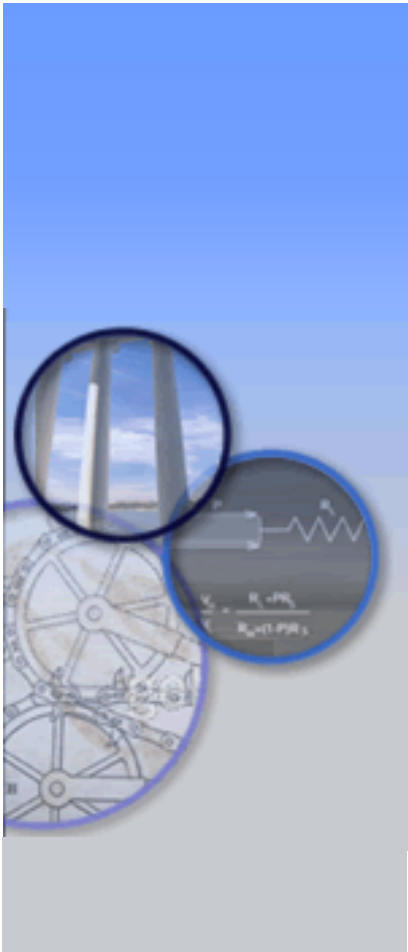
1. U.S. Federal District Court
2. International Trade Commission (ITC)
3. Patent Office (challenging validity only)



# STAGES OF LITIGATION



1. Pre-filing inquiry
2. Complaint and Request for Preliminary Injunction
3. Answer and Counterclaims and Rule 12(b) Motions
4. Scheduling
5. Discovery
6. Pre-trial
7. Trial (Right of Jury if there are money damages)
8. Appeal



# COMPLAINT



Parties alleging patent infringement will now need to adhere to the requirements set forward in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009). Under the *Twombly* and *Iqbal* standards, a Complaint must set forward "sufficient factual matter, accepted as true, to state a claim that is plausible on its face" and that "allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged."

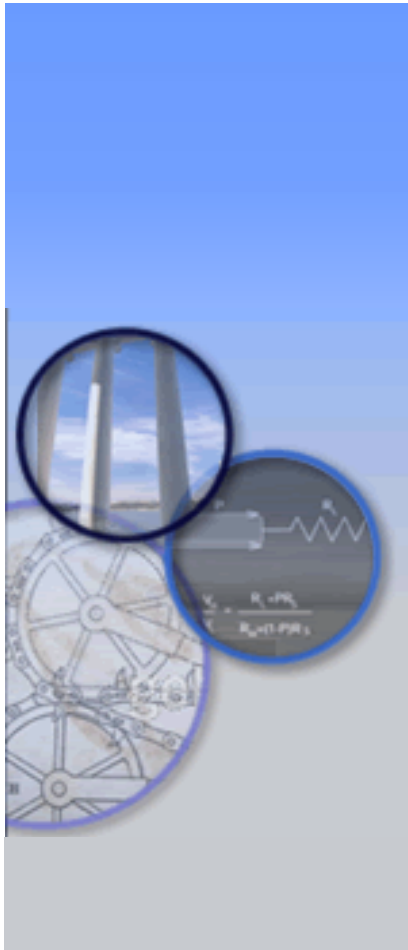
To comply with the standard, parties alleging infringement should:

- Identify specific claims that are alleged to be infringed. Previously, a plaintiff, under typical notice pleading, need only identify that the patent is infringed.
- Identify specific accused products that are allegedly infringed, rather than the classes of products that were permitted by Form 18.
- Some manner of infringement analysis explaining how the asserted claims are infringed by the accused products.

# RULE 26(f) CONFERENCE AND SCHEDULING CONFERENCE



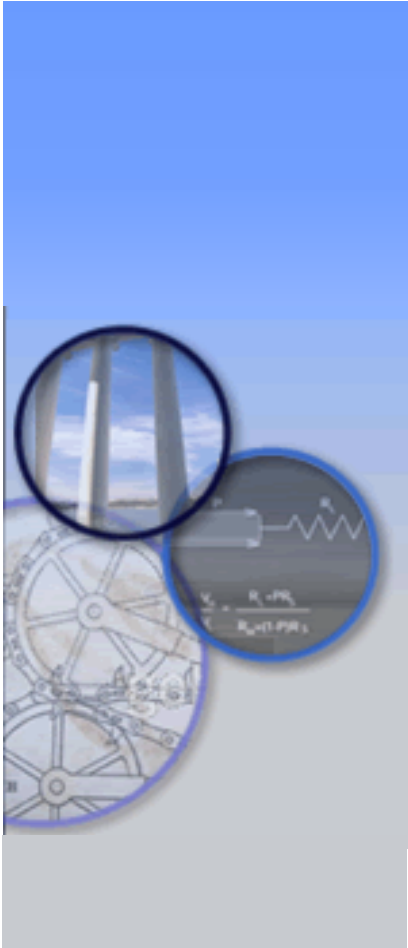
- Generally, the parties must talk at least 21 days before a scheduling conference to discuss, *inter alia*, claims and defenses and the possibility for settlement; Initial Disclosures under Rule 26(a)(1); any issues about preserving discoverable information; and develop a proposed discovery plan.
- The Court typically conducts a Scheduling Conference and issues the Scheduling Order after receiving the parties' Rule 26(f) Report.



# SCOPE OF DISCOVERY



New Rule 26(b) states: “Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and **proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties’ relative access to relevant information, the parties’ resources, the importance of the discovery in resolving the issues,** and whether the burden or expense of the proposed discovery outweighs its likely benefit. Information within this scope of discovery need not be admissible in evidence to be discoverable.

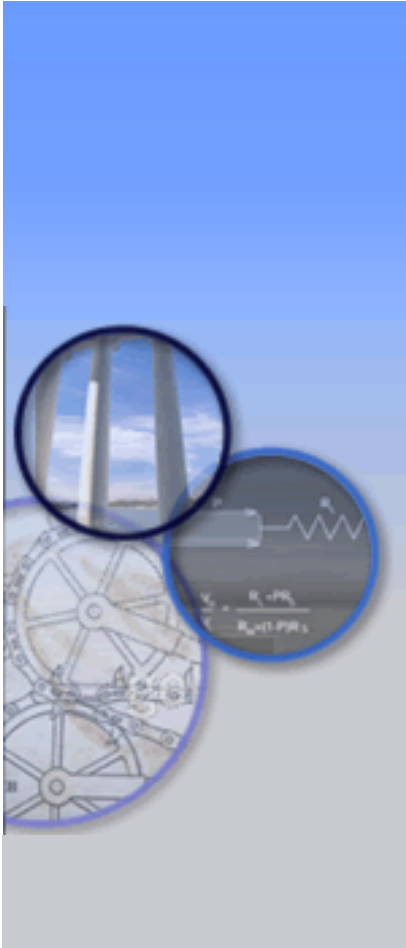




# EXCEPTIONS TO DISCOVERY: ATTORNEY-CLIENT PRIVILEGE



- Communications between a client and Attorney that are made with the expectation of confidentiality and which relate to legal advice. Generally, the Attorney-client privilege is determined on a case-by-case basis, and the central inquiry is “whether the communication is one that was made by a client to an attorney for the purpose of obtaining legal advice or services.”
- For foreign attorneys or patent agents working under the authority of an American attorney on a matter, touching base with the United States would likely be considered privileged. However, the privilege afforded to foreign attorneys and patent agents conducting normal business without the authority of an American attorney in the foreign country is a different matter, and will usually be controlled by the laws of the foreign country.





# EXCEPTIONS TO DISCOVERY: WORK PRODUCT DOCTRINE



The Supreme Court created the work product exception or immunity in a court case. It was codified in Rule 26 of the Federal Rules of Civil Procedure, which states, in pertinent part:

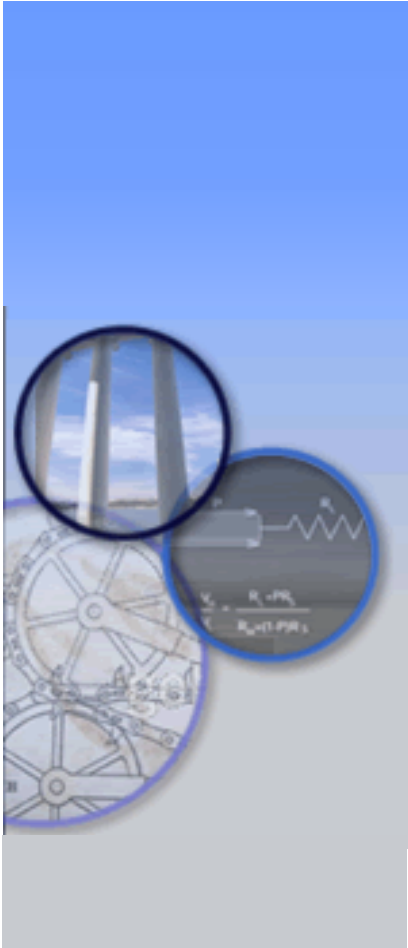
[A] party may obtain documents and tangible things...prepared in anticipation of litigation or for trial by or for another party or by or for that other party's representative (including the other party's attorney, consultant...or agent) only upon a showing that the party seeking discovery has substantial need of the materials...and that the party is unable without due hardship to obtain the substantial equivalent of the materials by other means.

Intangible things, such as attorney's mental impressions, still protected by work product doctrine.

# MARKMAN HEARING/CLAIM CONSTRUCTION



- Claim construction is considered a question of law which judges, and not juries, should determine.
- To properly construe patent claims, judges are required to focus primarily on the intrinsic evidence, words of the claim and the patent specification as well as the prosecution history; although extrinsic evidence may be considered, it is considered less reliable.
- Generally claim terms should be construed consistently with their ordinary and customary meanings, as determined by those of ordinary skill in the art.
- It is improper to read a limitation from the specification into the claims.
- Patentee can be lexicographer of a term; must be clear from the specification.
- Even when the specification describes only a single embodiment, the claims of the patent will not be read restrictively unless the patentee has demonstrated a clear intention to limit the claim scope.
- Claim terms must be interpreted consistently; same term in different claims have same meaning.
- When different words or phrases are used in separate claims, a difference in meaning may be presumed.

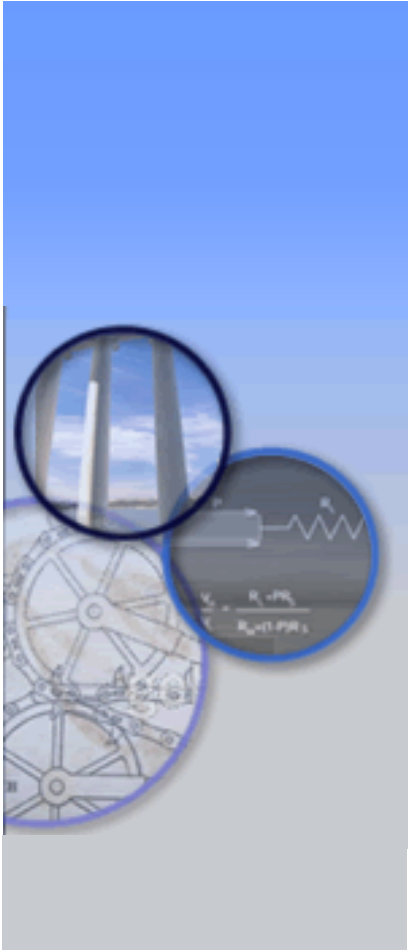


# CLAIM CONSTRUCTION BEFORE THE USPTO



On April 25, 2016, the Supreme Court heard oral argument in *Cuozzo Speed Technologies, LLC v. Lee*, 793 F.3d 1268, *cert. granted*, 136 S. Ct. 890 and is expected to decide:

- (1) Whether the Federal Circuit erred in holding that, in Inter Partes Reviews, the Patent Trial and Appeal Board (“Board”) may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning; and
- (2) whether the Federal Circuit erred in holding that, even if the Board exceeded its statutory authority in instituting an IPR proceeding, the decision is not judicially reviewable.

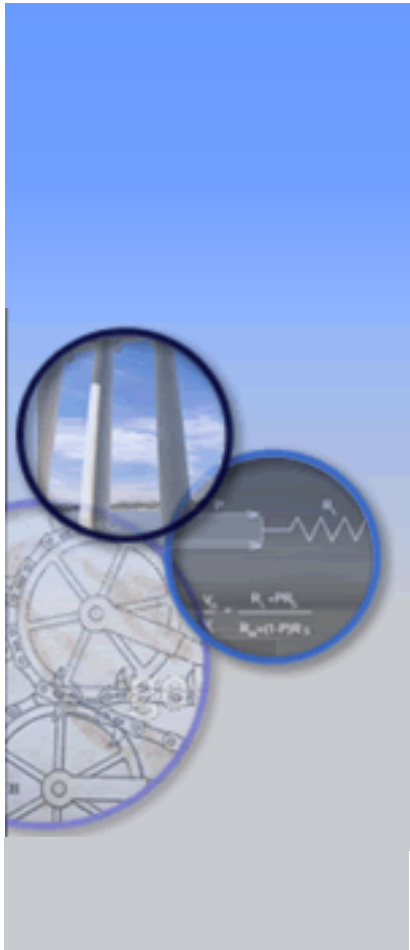


# DAMAGES



Damages are assessed when infringement is found:

- Compensatory relief (lost profits/reasonable royalties/price erosion)
- Injunctive relief (preliminary/permanent)
- Court costs
- Enhanced damages (Section 284)
- Attorneys' fees (Section 285)
- Patent infringement damages are proven by a preponderance of the evidence
- Notice of Patent, i.e., constructive through marking device/website or actual; a Licensee must mark



# VALUING ROYALTIES



In *VirnetX, Inc. v. Cisco Systems, Inc.*, 767 F.3d 1308 (Fed. Cir. 2014), the Federal Circuit reversed a \$368,160,000 jury award (of reasonable royalties) explaining that:

“it is generally required that royalties be based not on the entire product, but instead on the ‘smallest saleable patent-practicing unit’”.

Cases following *VirnetX*:

- *Smartflash LLC v. Apple Inc.*, 2015 U.S. Dist. LEXIS 139893 (E.D. Tex. Sept. 2, 2015)
- *Tviim, LLC v. McAfee, Inc.*, 2015 U.S. Dist. LEXIS 94189 (N.D. Cal. Jul. 19, 2015)

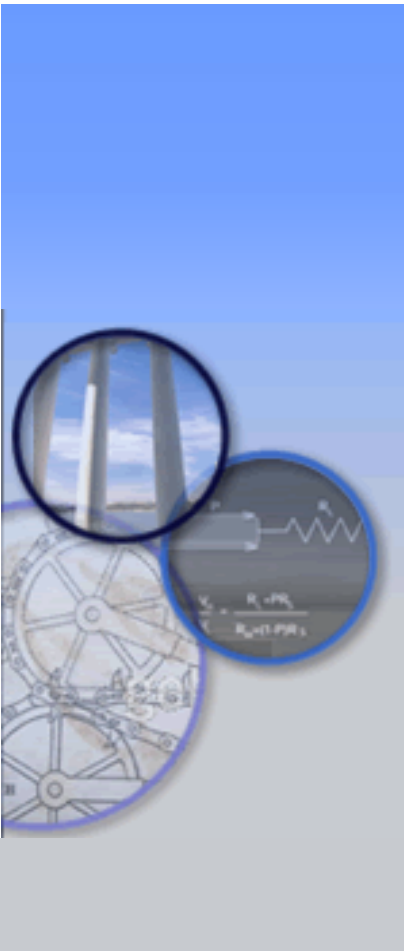
# WILLFUL INFRINGEMENT



In the recently issued decision in *Halo Elec. v. Pulse Elec.*, 2016 U.S. LEXIS 3776 (U.S. 2016) the U.S. Supreme Court rejected the *Seagate* “objectively reckless” standard for willfulness stating that:

Awards of enhanced damages under the Patent Act over the past 180 years establish that they are not to be meted out in a typical infringement case, but are instead designed as a “punitive” or “vindictive” sanction for egregious infringement behavior. The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or —indeed—characteristic of a pirate. ... District courts enjoy discretion in deciding whether to award enhanced damages, and in what amount. But through nearly two centuries of discretionary awards and review by appellate tribunals, “the channel of discretion ha[s] narrowed,” ... so that such damages are generally reserved for egregious cases of culpable behavior.

While the Supreme Court did not require an accused infringer to obtain an opinion of counsel, to avoid a finding of willfulness, the Court did state that an opinion could be helpful, but made clear that arguments developed at trial would not insulate an infringer from a finding of willfulness. The Court was not clear, but it appears that an accused infringer should take action upon learning of the asserted patent(s).



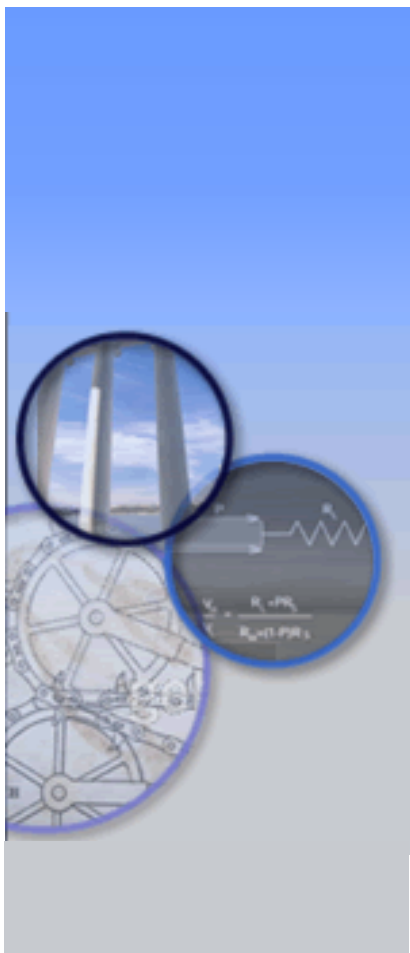


# EXCEPTIONAL CASE



In *Octane Fitness v. Icon Health and Fitness*, 134 S. Ct. 1749 (U.S. 2014), the Supreme Court clarified the standard for declaring a case exceptional.

Section 285 of the Patent Act authorizes a district court to award attorney's fees in patent litigation in "exceptional cases" – that is, cases which stand out from the others with respect to the substantive strength of a party's litigating position or the unreasonable manner in which the case was litigated. District courts should determine whether a case is exceptional "in the case-by-case exercise of their discretion, considering the totality of the circumstances." The Federal Circuit's *Brooks Furniture Mfg. v. Dutilier* framework, pursuant to which a case is "exceptional" only if the district court finds either litigation-related misconduct of an independently sanctionable magnitude or determines that the litigation was both "brought in subjective bad faith" and "objectively baseless," superimposes an inflexible framework onto statutory text that is inherently flexible.



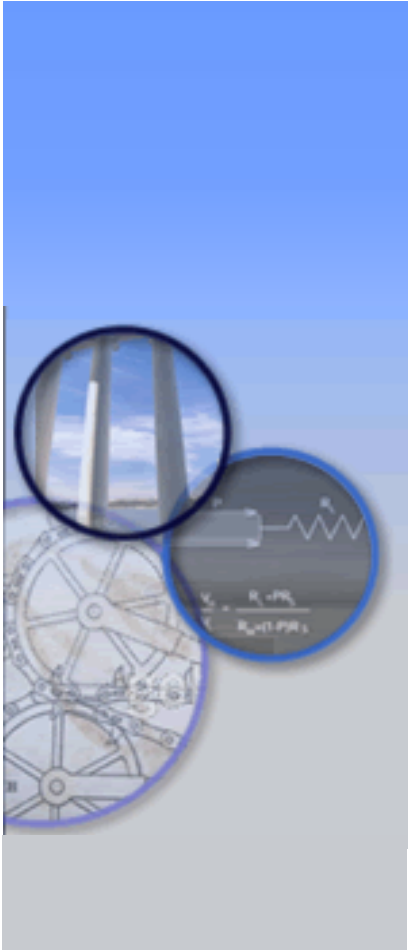


# PERMANENT INJUNCTION



Injunctions are not presumed upon a finding of infringement. To obtain an injunction under the Supreme Court's standard in *eBay, Inc v MercExchange LLC*, 547 US 388 (2006), a prevailing patent owner must show that:

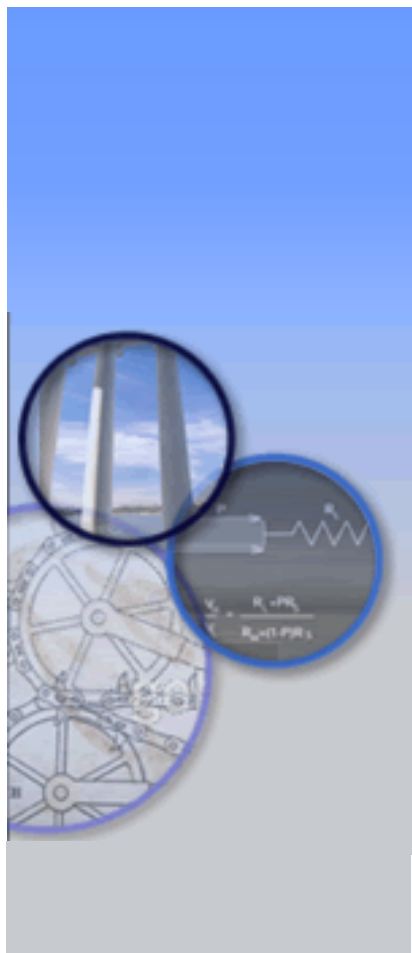
- the patent holder has suffered irreparable harm,
- remedies available at law, including monetary damages, are inadequate to make the patent owner whole,
- the balance of hardships favor the patent owner, and
- the public interest would not be harmed by issuing the injunction.



# UNPATENTABILITY



- In *Williamson v. Citrix Online*, 792 F.3d 1339 (Fed. Cir. 2015), the Federal Circuit overruled the characterization of the presumption (as a ‘strong’ one) that a limitation lacking the word ‘means’ is not subject to § 112 para 6, and held that in analyzing whether the limitation in question is means-plus-function, the essential inquiry is not merely the presence or absence of the word "means" but whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.
- If so doing, the Federal Circuit noted that the term “module” (as well as other generic terms such as “mechanism,” “element,” “device,”) are well-known nonce words, that do not convey structure, and can operate as a substitute for “means” in the context of § 112, para. 6, in that it “is simply a generic description for software or hardware that performs a specified function.”
- The Federal Circuit further noted that the fact that one of skill in the art could program a computer to perform the recited functions cannot create structure where none otherwise is disclosed, and held the patent invalid as indefinite.

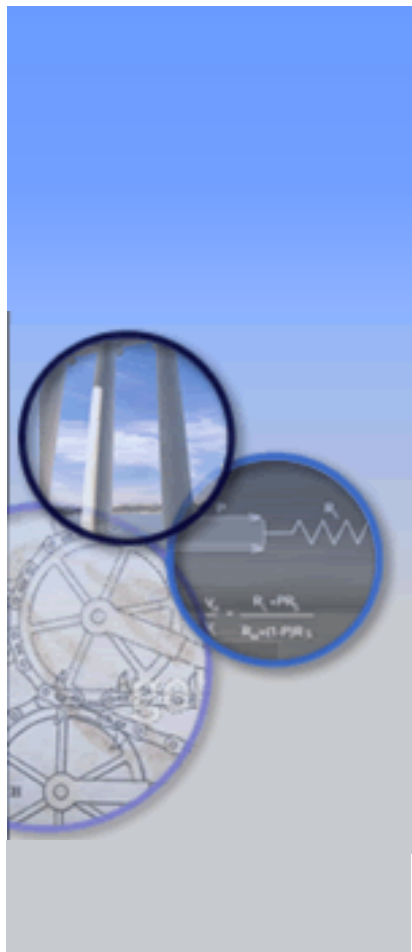


# UNPATENTABILITY



In *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (U.S. 2015), the Supreme Court rejected the “insolubly ambiguous” standard for indefiniteness, holding, with respect to the claim term “in spaced relationship with each other,” that:

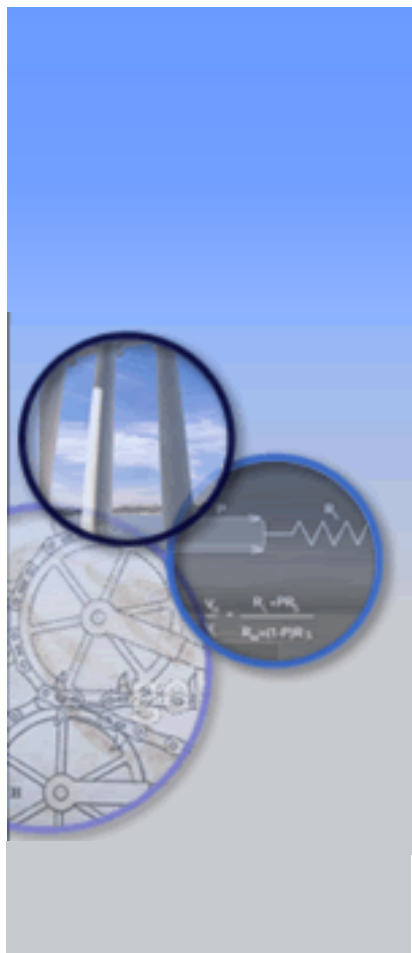
“a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty those skilled in the art about the scope of the invention.”



# UNPATENTABILITY



- In *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 789 F.3d 1335 (Fed. Cir. 2015), Sandoz argued that the claim term "molecular weight" was indefinite because there are three different measures of molecular weights, and each measure is calculated differently.
- Applying the *Nautilus* indefiniteness standard, the Federal Circuit reasoned that there was not reasonable certainty that molecular weight should be measured using peak molecular weight because neither the claims nor the specification contained an explicit definition of molecular weight, and the prosecution history contains inconsistent statements.



# TRADEMARKS



*B&B Hardware, Inc. v. Hargis Indus.*, 135 S. Ct. 1293 (U.S. 2015)

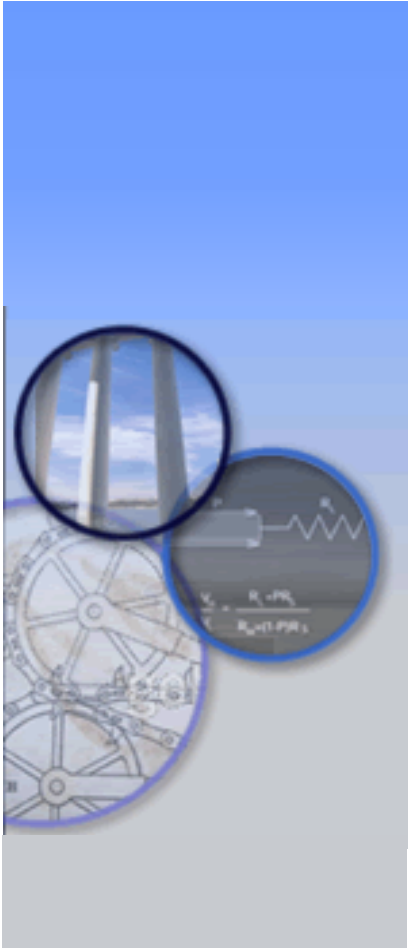
- First trademark related case heard by U.S. Supreme Court in over 10 years.
- Issue – Does a finding of a likelihood of confusion by the Trademark Trial and Appeal Board preclude re-litigation in federal court?
- When parties have had adequate opportunity to litigate an issue and an administrative agency properly resolves the issue, re-litigation is precluded unless Congress has indicated otherwise.
- Limitation – decision does not invoke issue preclusion where the likelihood-of-confusion analysis only compared two marks in the abstract, and not their marketplace usage.

# TRADEMARKS



## *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2016)

- On April 20, 2016, the USPTO filed a petition for a writ of certiorari seeking Supreme Court review of the Federal Circuit's decision in *In re Tam*, in connection with the mark "THE SLANTS", holding the disparagement provision of Section 2(a) of the Lanham Act, 15 USC §1052(a), to be facially unconstitutional as a violation of the Free Speech Clause of the First Amendment.
- The USPTO argues that its denial of a federal trademark registration is not a prohibition of speech, or a significant abridgement of trademark rights, because federal registration does not create trademark rights. Trademark rights are created simply through use, and a denial of registration is not an injunction against use of a mark. While a trademark owner may lose some benefits for want of a federal registration, most of the important enforcement provisions are still available to common law trademark owners. The Applicant Simon Tam was completely free to name his band THE SLANTS, and to stop others from infringing the name.





# AIA: U.S. POST-GRANT TRIALS



## Inter Partes **Review** (IPR)

(Available Sept. 16, 2012; All patents; Petitioner has not filed invalidity action; Petition filed within one year after service of infringement complaint)

*f* Arguments deemed redundant by the Board and thus not considered are not subject to estoppel. *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, 817 F.3d 1293 (Fed. Cir. 2016)

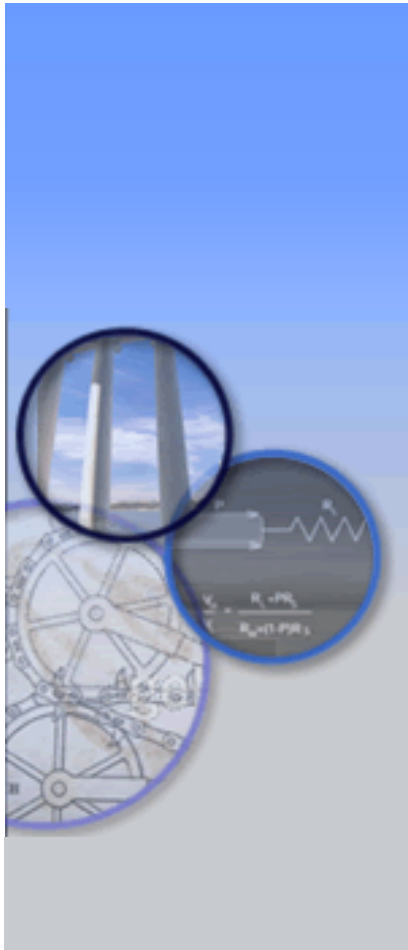
## **Post Grant Review** (PGR)

(Only FITF patents issued after March 16, 2013; Petitioner has not filed invalidity action; Petition filed within nine months of grant)

## **Transitional Covered Business Method Patent**

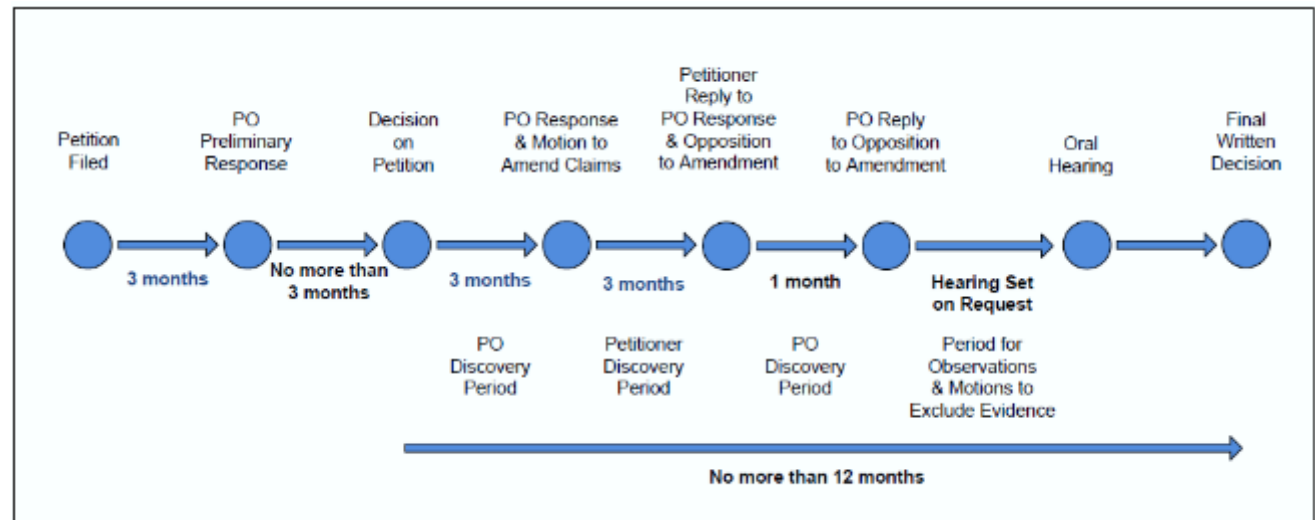
### **Post-Grant Review** (CBM)

(Available Sept. 16, 2012—2020; All “covered business method” patents; Petitioner must be sued or charged with infringement)



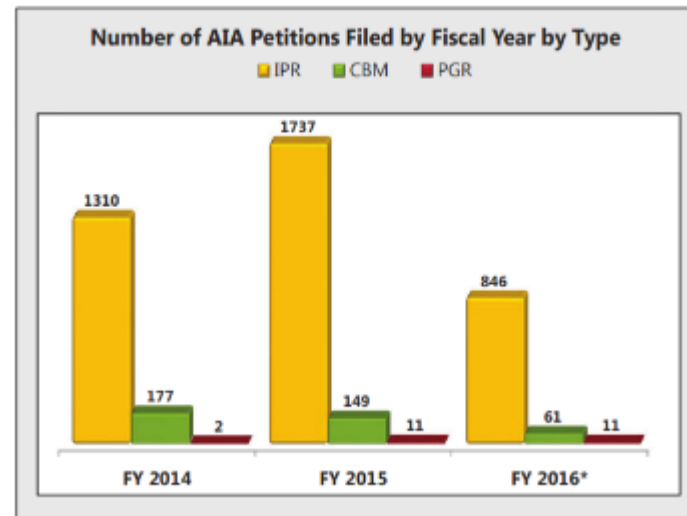
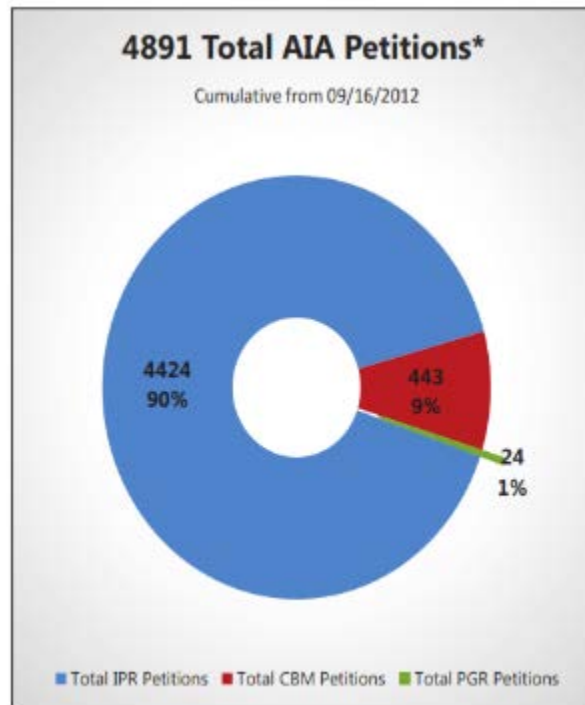
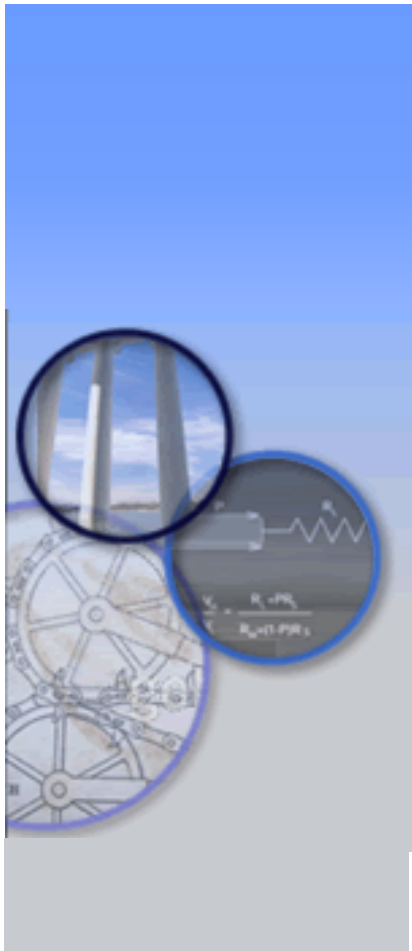


# AIA: TRIAL PROCEEDINGS



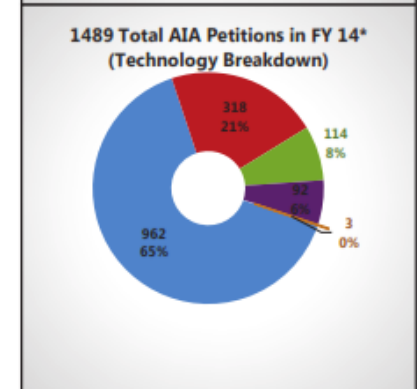
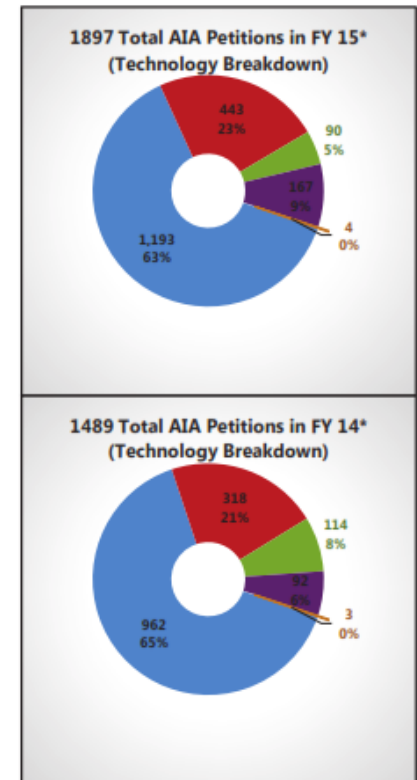
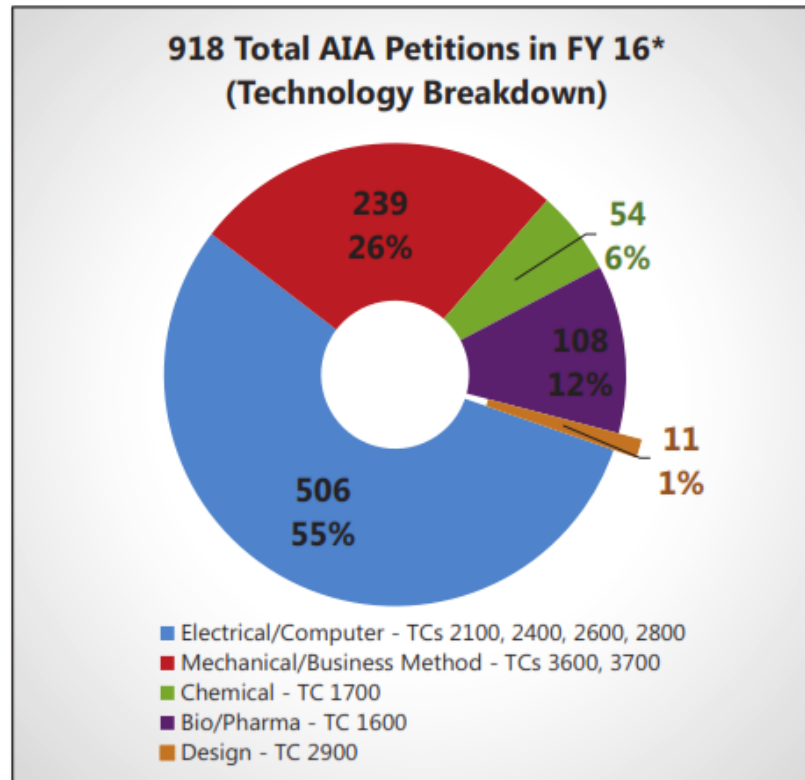
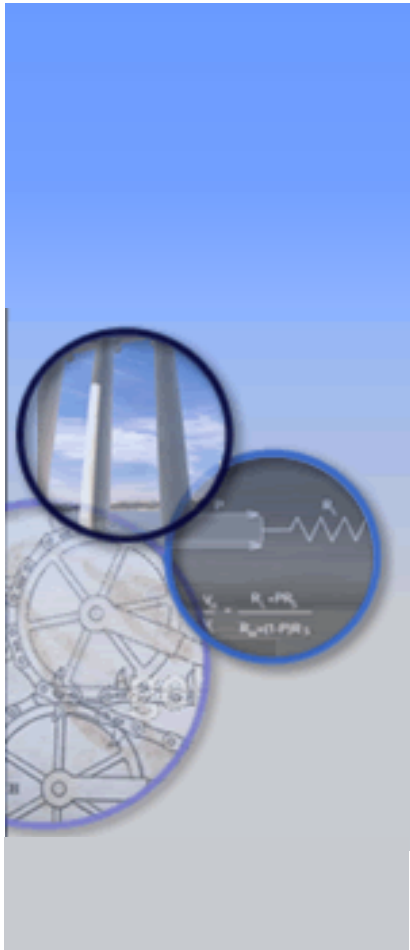
Source:USPTOTrial Practice Guide

# TOTAL AIA PETITIONS BROKEN OUT BY TRIAL TYPE



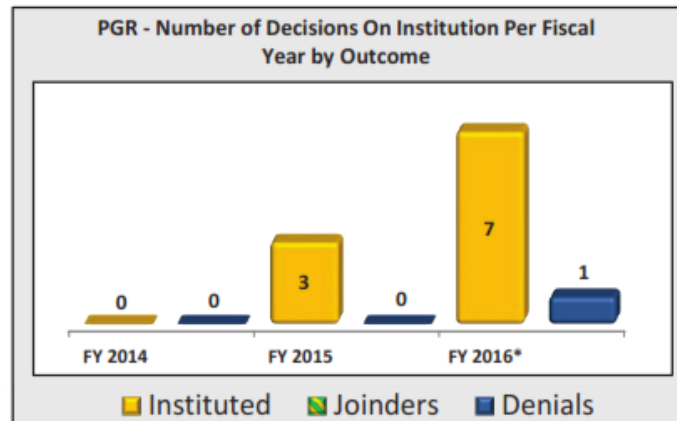
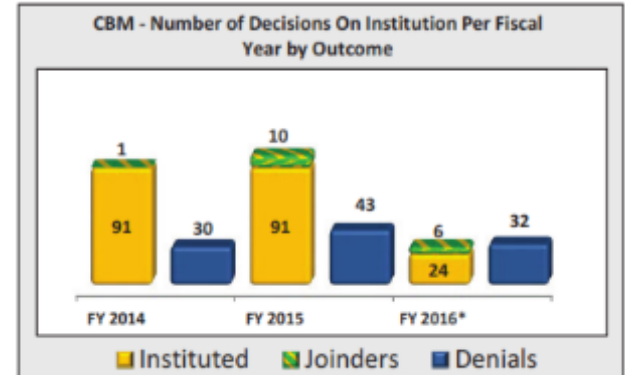
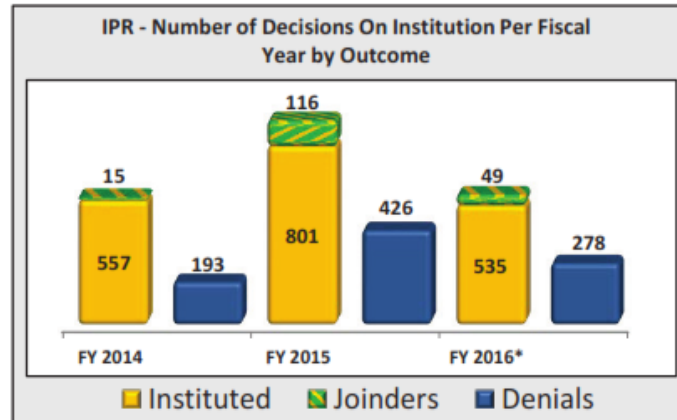
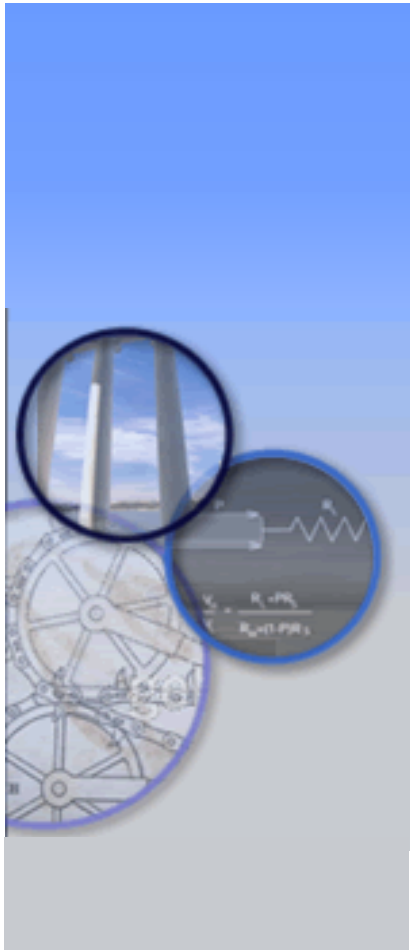
\*Current as of 04/30/2016

# AIA PETITIONS BY TECHNOLOGY



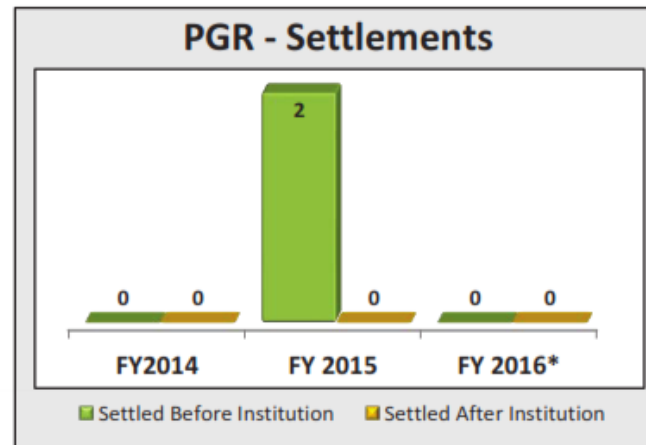
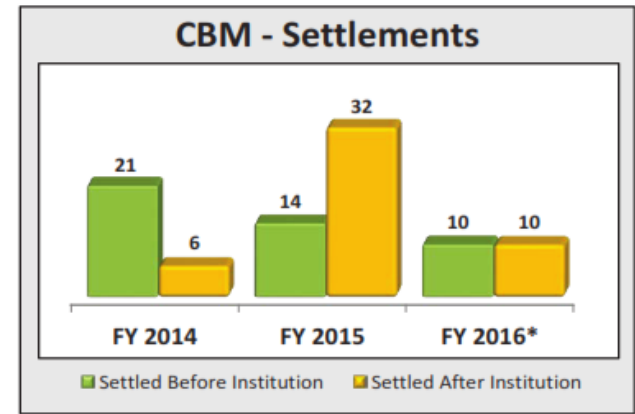
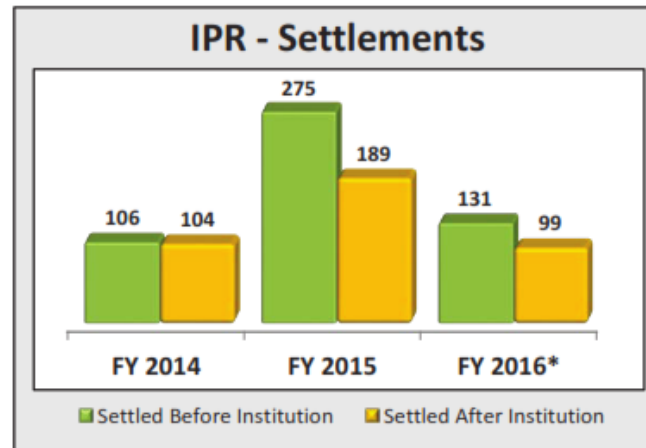
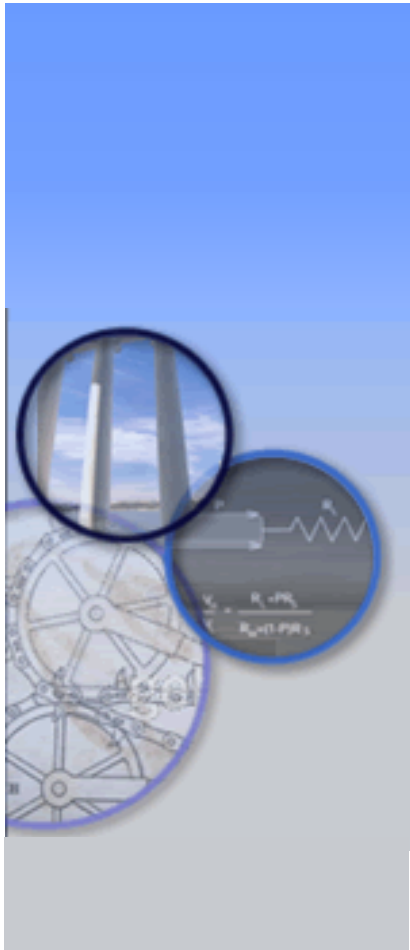
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# AIA TRIAL DECISIONS BY YEAR



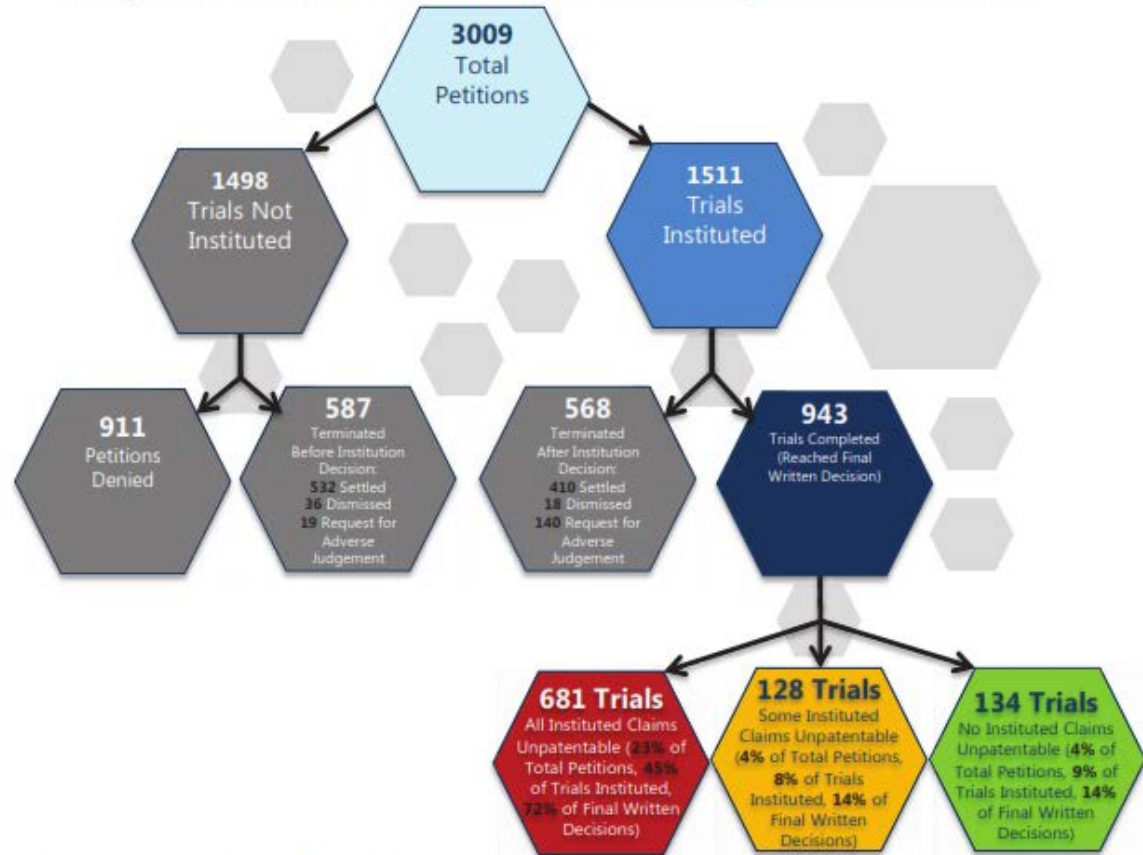
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# AIA TRIAL SETTLEMENTS BY YEAR



**\*Current as of 04/30/2016**

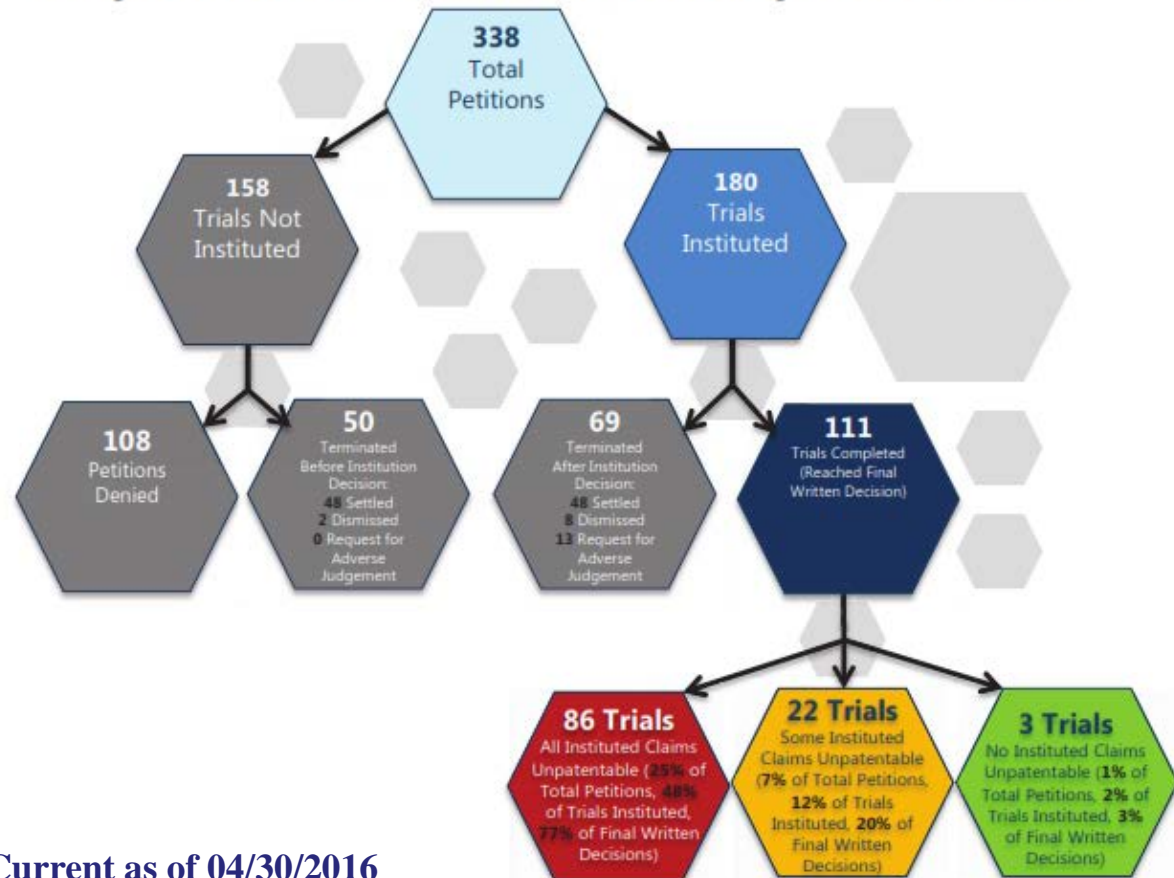
## Disposition of IPR Petitions Completed to Date\*



\*Current as of 04/30/2016



## Disposition of CBM Petitions Completed to Date\*



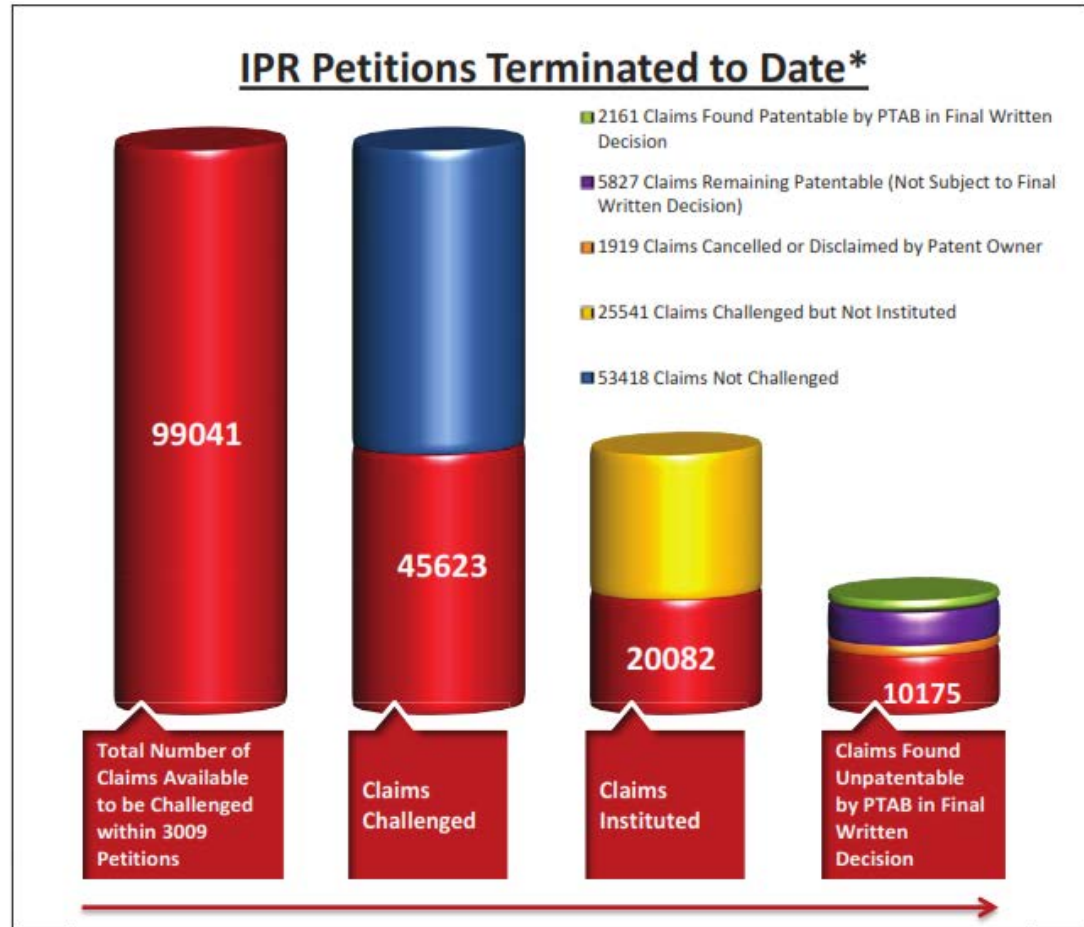
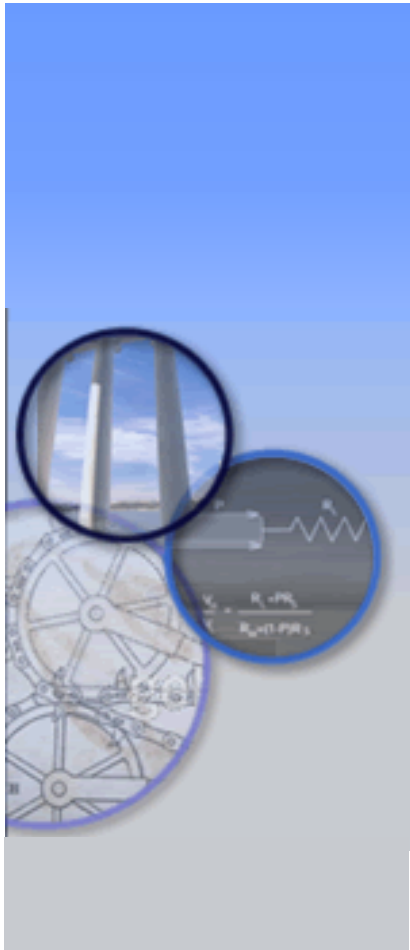
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## Disposition of PGR Petitions Completed to Date\*

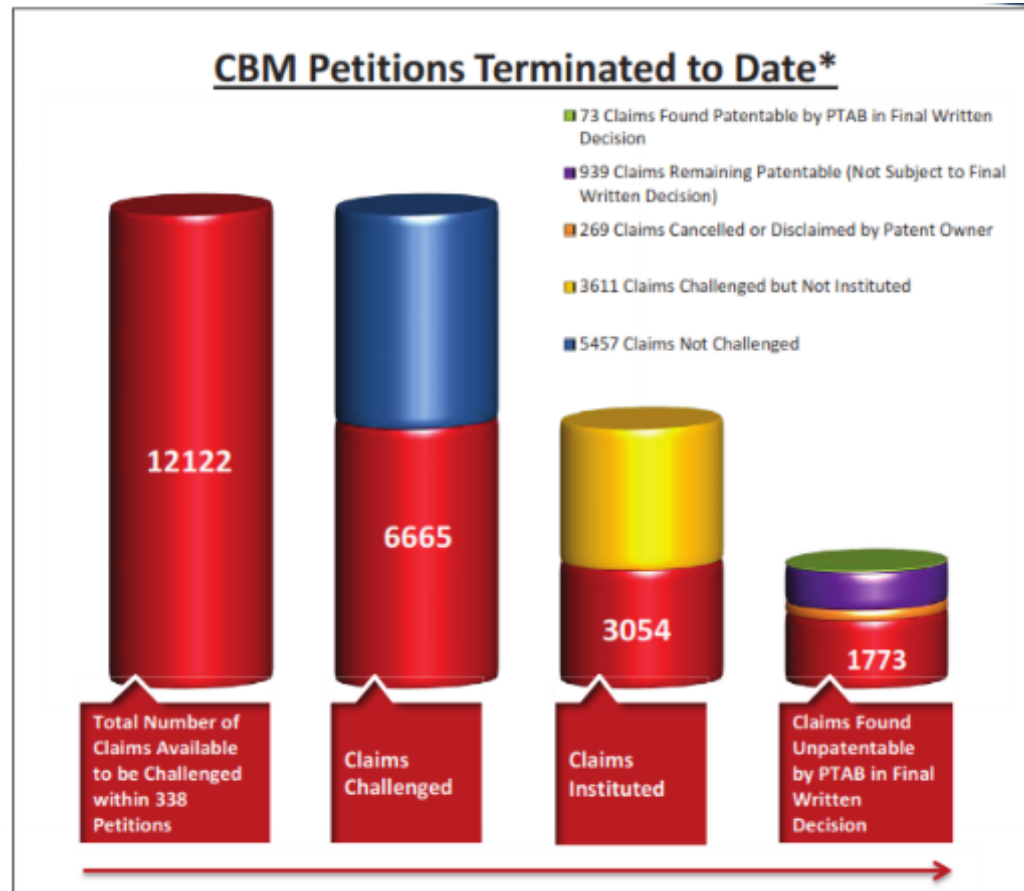


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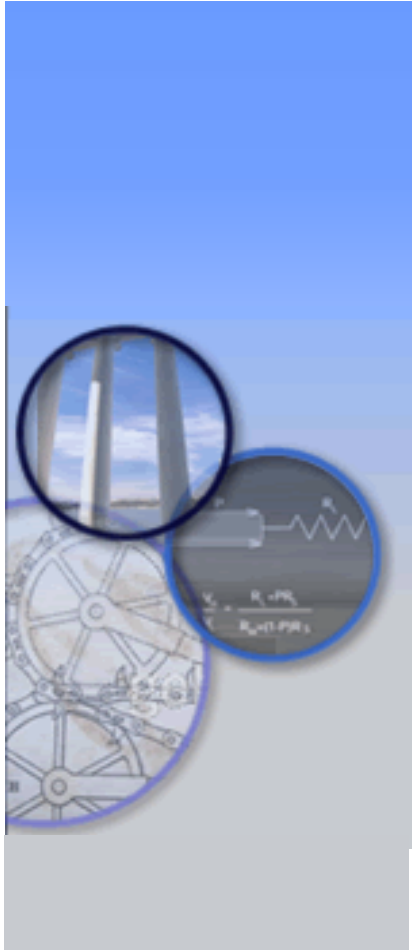
### CBM Petitions Terminated to Date\*



\*Current as of 04/30/2016



# QUESTIONS?





**THANK YOU!**

