

IP Litigation in United States

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IP Litigation: Topics

- Overview of U.S. Intellectual Property Litigation
- Applying "Big Data" and Analytics to Litigation
- Understanding the IP Litigation Process
 - Phase I: Filing of the complaint to the case management conference.
 - Phase II: Scheduling conference to claim construction hearing.
 - Phase III: Claim construction hearing to end of expert discovery.
 - Phase IV: Pre-trial and Trial.



Overview

- Many aspects of U.S. IP litigation are predictable and can be managed effectively by in-house counsel.
- 2. Key to managing IP litigation is (1) a strong understanding of the litigation process; (2) in-house counsel and outside litigation counsel having the same understanding regarding legal strategy and the legal budget; and (3) smart, cost-effective decisions that, to the extent possible, align the litigation strategy with the company's long-term business interests.
- 3. Today, in-house counsel have many effective tools that they can use to help them make sound litigation decisions and manage U.S. litigation counsel.
- 4. In-house counsel should apply the <u>80/20 Rule</u> to litigation decisions.



Common Types of IP Litigation

- Patent Litigation
 - U.S. District Courts
 - U.S. International Trade Commission (ITC)
 - U.S. Patent & Trademark Office (IPRs, CBMs, etc.)
- Copyright Litigation
 - U.S. District Courts
- Trade Secret Litigation
 - U.S. District Courts
 - State Courts
- Trademark Litigation
 - U.S. District Courts
 - State Courts
 - U.S. Patent & Trademark Office



Patent Litigation Most Common Type of IP Litigation

Cases Filed by Year Previous Years 6,000 4,000 Filings 2,000 2016* <2007 Patent M 17,906 Trademark -26,666 Copyright -22,853 Antitrust 3 Securities

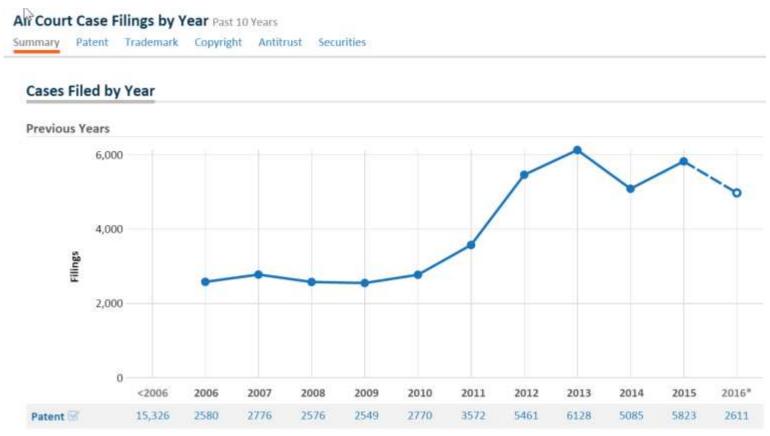
* 2016 numbers are year-to-date. Open dots are full-year estimates.







Patent Case Filings: 2008-2016



- 5000-6000 patent cases are filed each year in the United States.
- Two most popular districts for patent cases are E.D. Texas and D. Delaware.







Top Federal Courts for IP Litigation

Top 5 Courts by Case Filings 2012-2016

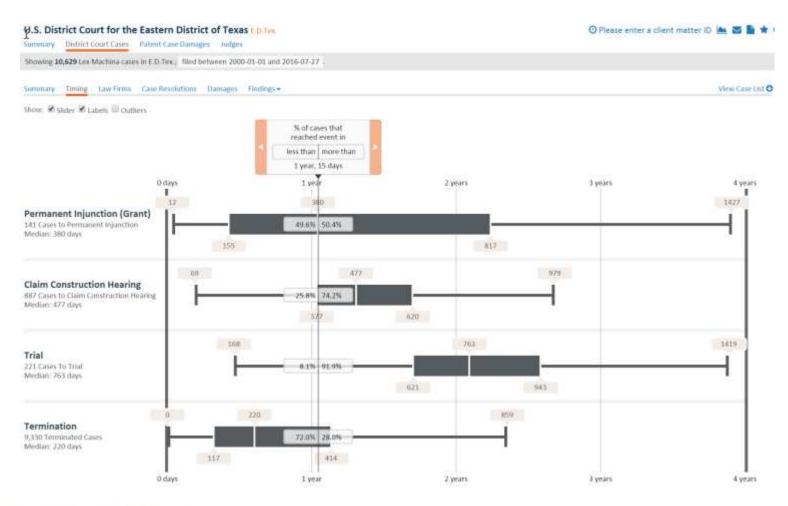
Patent		Trademark		Copyright	
E.D.Tex.	7639	C.D.Cal.	2548	C.D.Cal.	2993
D.Del.	4051	S.D.N.Y.	1228	S.D.N.Y.	1638
C.D.Cal.	1748	S.D.Fla.	1137	N.D.III.	1526
N.D.Cal.	1115	N.D.III.	1020	D.N.J.	892
D.N.J.	980	D.Minn.	778	E.D.Pa.	812

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Patent Litigation





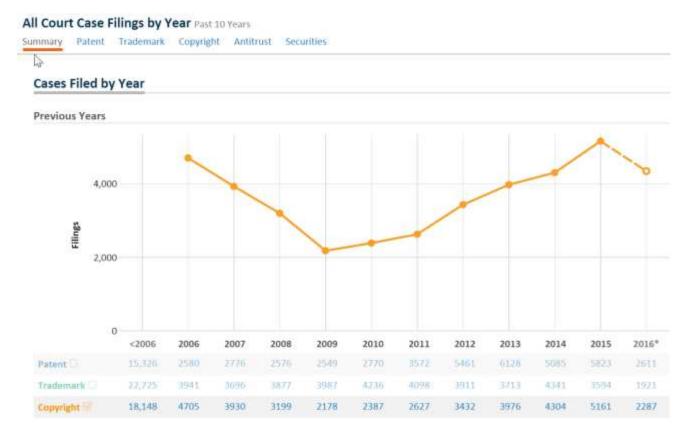
Patent Cases: E.D. Texas v. D. Delaware

	ED Texas	Delaware
Claim Construction	8.3% (477 days)	10.7% (519 days)
Trial	2.1% (763 days)	4.2% (746 days)
Plaintiff "Win" Rate	2%	4%
Defendant "Win" Rate	1%	3%
Avg. Time to Termination	220 days	348 days
Voluntary Settlement	69%	62%





U.S. District Court Copyright Filings: 2008-2016



- 4000-5000 copyright cases are filed each year in the United States.
- Two most popular districts for patent cases are E.D. Texas and D. Delaware.







Top Federal Courts for IP Litigation

Top 5 Courts by Case Filings 2012-2016

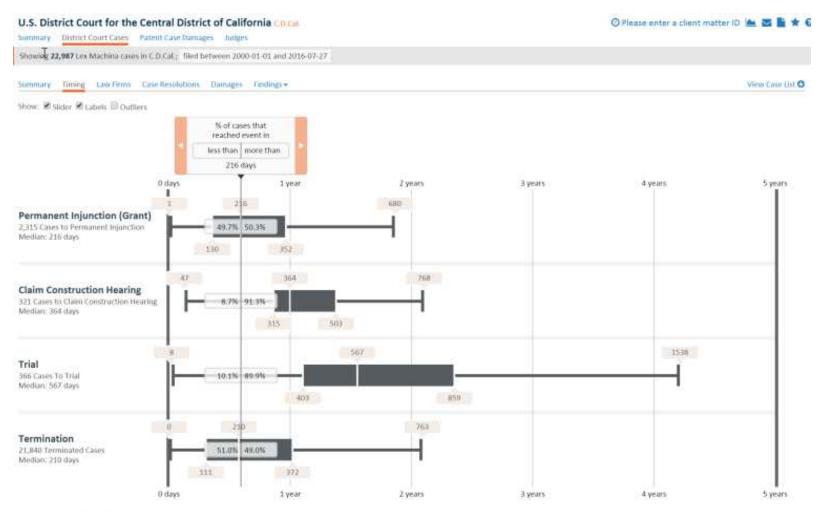
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D.N.J.	980	D.Minn.	778	E.D.Pa.	812

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Copyright Litigation





Copyright: C.D. California v. S.D. New York

	CD Cal.	S.D.N.Y
Trial	1.3% (529 days)	1.0% (673 days)
Plaintiff "Win" Rate	6%	4%
Defendant "Win" Rate	1%	1%
Avg. Time to Termination	210 days	189 days





Trade Secret Litigation in Federal Courts

A Statistical Analysis of Trade Secret Litigation in Federal Courts

David S, Almeling, Darin W, Seyder, Michael Sapoznikovch Whitney E, McCollum, and Jill Weader

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Table 2. Identity of Alleged Misappropriator

1950-2007	2008
52% (142)	59% (71)
40% (109)	31% (37)
3% (8)	9% (10)
7% (19)	5% (6)
	52% (142) 40% (109) 3% (8)

Low risk of an "unknown" or "unrelated" company filing a trade secret claim against non-U.S. companies.

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IP Litigation: Jury and Bench Trials are Relatively Rare

Bench and jury trials

Τ

Figure 18: Cases with trials, all districts

Jury only	Bench only	Both	Total
75	41	6	122

Figure 19: Cases with trials, by district (districts with more than 2 trials)

District	Jury only	Bench only	Both	Total
District of Delaware	14	15	0	29
Eastern District of Texas	12	0	0	12
District of New Jersey	1	10	0	11
Central District of California	2	5	2	9
Northern District of California	0	9	0	9
Northern District of Illinois	3	2	0	5
Western District of Wisconsin	0	4	0	4
Southern District of California	0	4	0	4
District of Massachusetts	1	1	1	3
Middle District of Florida	0	3	0	3
District of Oregon	0	3	0	3

In 2014, there were only 122 trials (only 75 jury trials) in U.S. District Courts.

Top Districts

- 29 in D. Delaware
- 12 in E.D. Texas







Jury and Bench Trials are Relatively Rare

	ED Texas	Delaware
Claim Construction	8.3% (477 days)	10.7% (519 days)
Trial	2.1% (763 days)	4.2% (746 days)
Plaintiff "Win" Rate	2%	4%
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U.S. International Trade Commission (ITC)

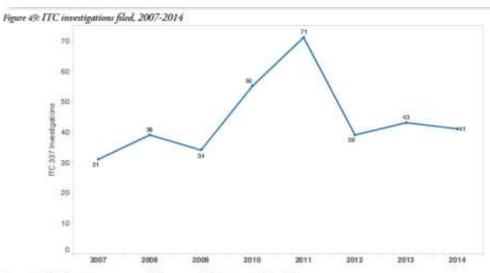


Figure 50: ITC dispositive outcomes, all, by current Administrative Law Judge

	Bullock	Essex	Gildea	Lord	Pender	Shaw
Cease & Desist Order	12	11	2	1	2	2
Complaint Withdrawn	12	11	6	0	8	4
Consent Order	10	- 6	6	1	1	1
General Exclusion Order	11	6	3	0	2	2
Limited Exclusion Order	20	10	4	1	2	4
No Violation Found	23	14	8	1	2	5
Other	5	2	0	0	0	3
Settlement	43	29	25	2	11	11
Violation Found	17	12	5	0	1	2

There has been a substantial drop in ITC cases since its peak year of 2011 (71 cases).

In 2014, there were only 41 cases (versus 5000+ district court cases) filed with the ITC.

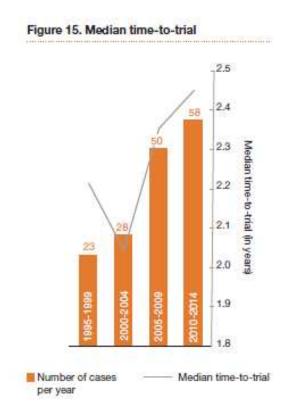




Cases Take About 2.4 Years to Reach Trial PWC Report (2015)

General slowdown over the last decade

Overall, time-to-trial has remained relatively steady, at about 2.4 years, since 2005. An increase of about one-third of a year is evident since 2000–2004, when case volume was significantly lower, and the median was just over two years.





Damage Awards Are Relatively Rare

Figure 39: Cases, 2000-2014, with damages

Cases terminated since 2000	42,805	<i>y</i> :
Cases terminated since 2000 on the merits	5,720	13.4% of terminated cases
Cases terminated since 2000 on the merits with compensatory damages	772	1.8% of terminated cases

- Only 13.4% of cases terminated on the merits resulted in a damages award.
- Important note: 76+% of cases result in a voluntary settlement.



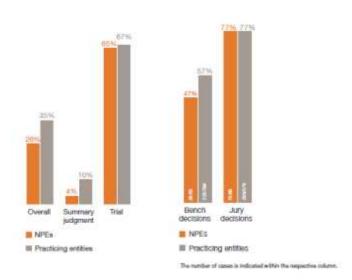


When Trials Do Happen PWC Report (2015)

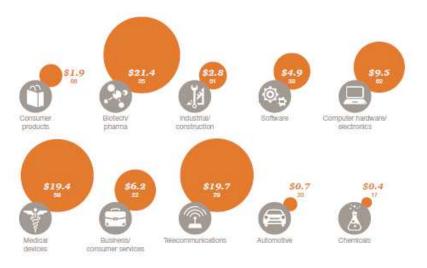
Juries tend to favor patent holders.

Figure 9. Patent holder success rates: 1995-2014

Figure 10. Patent holder success rates at trial: 1995-2014



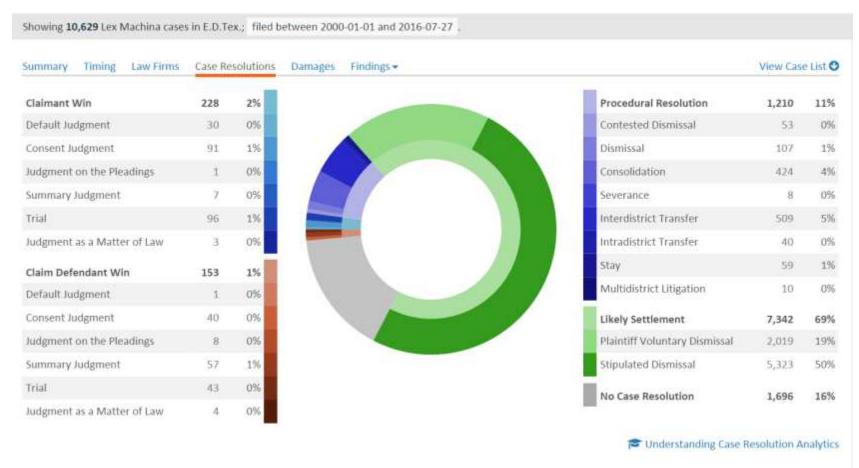




Median damages



Eastern District of Texas Case Outcomes: 2000-2016



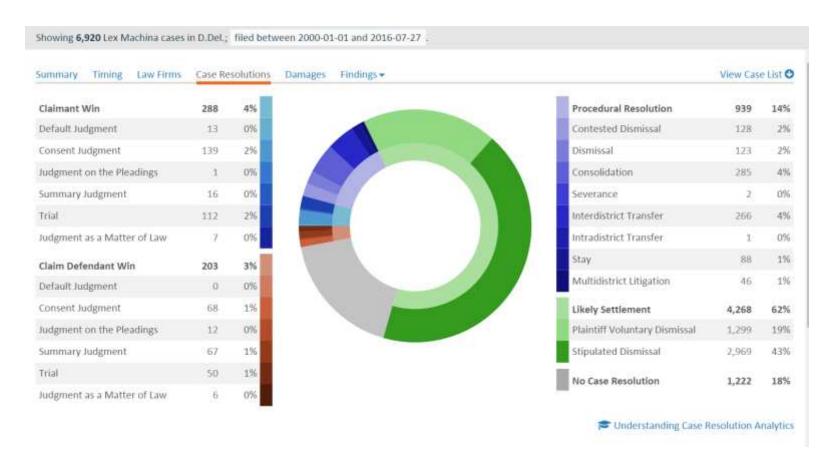
2000-2016: 96 trial wins for patent holder; 43 trial wins for defendants.







District of Delaware Case Outcomes: 2000-2016



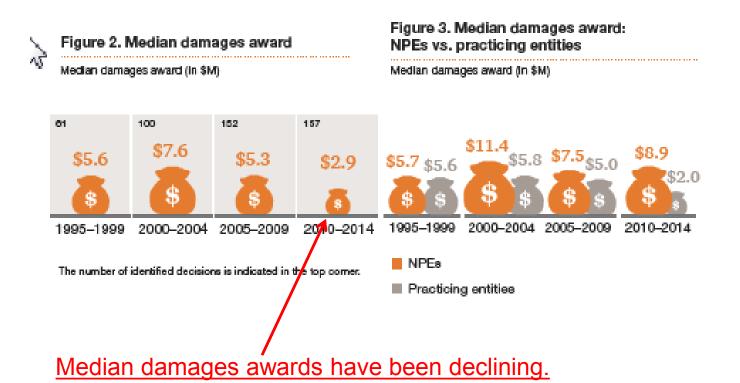
2000-2015: 112 trial wins for patent holder; 50 trial wins for defendants.







Damage Awards Are Generally Modest 2015 PWC Report





Patent Damage Awards Are Generally Modest

Figure 42: Median damages, 2000-2014, by type

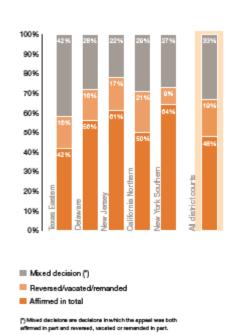
Year	Reasonable Royalties	Lost Profits	Compensatory Lump	Enhanced Damages	
2000	\$36,640	\$2,100,000	\$5,000	\$86,560	
2000	4 cases	1 cases	13 cases	3 cases	
2001	\$287,691	\$14,328	\$20,000	\$40,000	
1001	4 cases	3 cases	11 cases	5 cases	
2002	\$106,133	\$69,798	\$51,937	\$203,707	
.002	9 cases	5 cases	34 cases	6 cases	
2003	\$354,508	\$866,000	\$107,068	\$604,568	
.003	18 cases	3 cases	28 cases	8 cases	
2004	\$245,000	\$1,119,582	\$147,500	\$513,000	
	17 cases	10 cases	44 cases	20 cases	
2005	\$850,000	\$157,500	\$232,500	\$372,443	
2000	15 cases				
	6400 507			oltvi domogoo omi	NIIF
2006	\$400,597	iviedian re	easonable roya	any damages amo	Jui
2006	13 cases		•	alty damages amo	
	13 cases \$454,617		•		
	13 cases \$454,617 31 cases	Ranges fr	om \$400K to	\$3M year-to-year.	
2007	13 cases \$454,617 31 cases \$2,539,468	Ranges fr	om \$400K to	\$3M year-to-year.	
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2007	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000	Ranges fr \$1,085,596 14 cases \$3,721,248	om \$400K to \$ \$125,000 35 cases \$216,578	\$3M year-to-year. \$306,869 9 cases \$1,200,000	
2007	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000 37 cases	Ranges fr \$1,085,596 14 cases \$3,721,248 10 cases	om \$400K to \$35 cases \$216,578 30 cases	\$3M year-to-year. \$306,669 9 cases \$1,200,000 13 cases	
2007 2008 2009	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000 37 cases \$457,987	Ranges fr \$1,085,596 14 cases \$3,721,248 10 cases \$3,219,863	om \$400K to \$35,000 35 cases \$216,578 30 cases \$129,960	\$3M year-to-year. \$306,669 9 cases \$1,200,000 13 cases \$265,840	
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2007 2008 2009 2010	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000 37 cases \$457,987 23 cases \$860,000	Ranges fr \$1,085,596 14 cases \$3,721,248 10 cases \$3,219,863 12 cases \$2,358,613	**S125,000 35 cases \$216,578 30 cases \$129,960 30 cases \$337,500	\$3M year-to-year. \$306,869 9 cases \$1,200,000 13 cases \$265,840 11 cases \$540,500	
2007 2008 2009 2010	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000 37 cases \$457,987 23 cases \$860,000 30 cases	Ranges fr \$1,085,596 14 cases \$3,721,248 10 cases \$3,219,863 12 cases \$2,358,613 13 cases	**S125,000 35 cases \$216,578 30 cases \$129,960 30 cases \$337,500 28 cases	\$3M year-to-year. \$306,669 9 cases \$1,200,000 13 cases \$265,840 11 cases \$540,500 16 cases	
2007 2008 2009 2010	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000 37 cases \$457,987 23 cases \$860,000 30 cases \$1,980,574	Ranges fr \$1,085,596 14 cases \$3,721,248 10 cases \$3,219,863 12 cases \$2,358,613 13 cases \$1,600,000	\$125,000 35 cases \$216,578 30 cases \$129,960 30 cases \$337,500 28 cases \$851,747	\$3M year-to-year. \$306,689 9 cases \$1,200,000 13 cases \$265,840 11 cases \$540,500 16 cases \$137,500	
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2007 2008 2009 2010 2011 2012	13 cases \$454,617 31 cases \$2,539,468 35 cases \$5,459,000 37 cases \$457,987 23 cases \$860,000 30 cases \$1,980,574 36 cases \$403,000	Ranges fr \$1,085,596 14 cases \$3,721,248 10 cases \$3,219,863 12 cases \$2,358,613 13 cases \$1,600,000 17 cases \$4,500,000	\$125,000 35 cases \$216,578 30 cases \$129,960 30 cases \$337,500 28 cases \$851,747 20 cases \$550,000	\$3M year-to-year. \$306,689 9 cases \$1,200,000 13 cases \$265,840 11 cases \$540,500 16 cases \$137,500 13 cases \$698,965	
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Uncertainty: Appeals Often Succeed PWC Report (2015)

Figure 25. Appeal outcomes from top five district courts: 2006–2012



- Jury and district court decisions are frequently reversed on appeal.
 - E.D. Texas
 completely affirmed
 only 42% of the time
 on appeal.
 - D. Delaware completely affirmed 50% of the time on appeal.



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"Big Data" / Profiles in Managing Litigation

• "Big Data" Definition: large data sets that can be analyzed computationally to reveal patterns, trends, and associations.

 Goal of "Big Data" in Managing Litigation: turning data sets into insights, decisions, and actions that lead to better legal outcomes and improved financial performance.

Large Amounts of Data Available in U.S.

Public Data (examples)

U.S. Courts	PACER
U.S. Patent Office	PAIR, PRPS
International Trade Commission	EDIS

Private Data (examples)

In-House Data Set	Law firm Internal Data Sets
Courthouse News	Lex Machina
Docket Navigator	LexisNexis/CourtLink
Google Patent/Google Scholar	Thomson Innovation
Innography	Westlaw/Westlaw Next



Data-Powered Tools

Investigation	 Patent litigation history Company litigation profile Counsel litigation profile Court and Judge profiles
Litigation schedule and budget	Timing of Key EventsTiming of Legal ExpendituresModeling from Past Cases
Strategic and tactical decisions	 Motion success analysis Identify successful arguments and evidence Identify and leverage "successful" work product from other matters
Monitoring and tracking	Customized alerts to track cases, legal issues, companies, patents, law firms, etc.



Data / Analytic Companies













Modeling

- 1. More than ever, it is possible to model (profile) the risks, the Court and opposing counsel in patent litigation.
- 2. These models and profiles enable a company's legal team to develop better strategies, make better decisions and reduce legal costs.
 - Educated decisions regarding legal budgets and schedule expenditures.
 - b. Evaluate the likelihood of success and/or cost of legal strategies (e.g., motions and defenses).
 - Systematize many aspects of litigation to eliminate waste and reduce cost.
- 3. Implement and apply the "80/20 Rule" to maximize the "bang for the buck" in litigation.



"Pre-Data" Mistakes

- Overspending for legal work at start of case.
- Failure to develop an accurate budget and risk profile for a case.
- Failure to allocate sufficient resources to win at trial.
- These errors occur for a number of reasons:
 - Legal team failed to perform an initial investigation regarding the parties, the counsel, the Court and the patent's litigation history.
 - 2. Early in case, outside counsel and legal team failed to leverage technology, templates and systems to improve quality and reduce cost of work product.

No need to reinvent the wheel!



Data and Analytics can improve and enhance effectiveness in all phases of litigation

- 1. Pre-suit Diligence (and Notice Letters)
- Selection Counsel
- 3. Budgeting and Risk Assessment
- 4. Venue Selection
- 5. Discovery
- 6. Motion Practice (Procedural and Substantive)
 - a. Dismiss and/or Transfer
 - b. Discovery
 - c. Summary Judgment
- 7. Pre-Trial and Trial
 - a. Evidentiary, Jury Instructions
 - b. Verdict Forms



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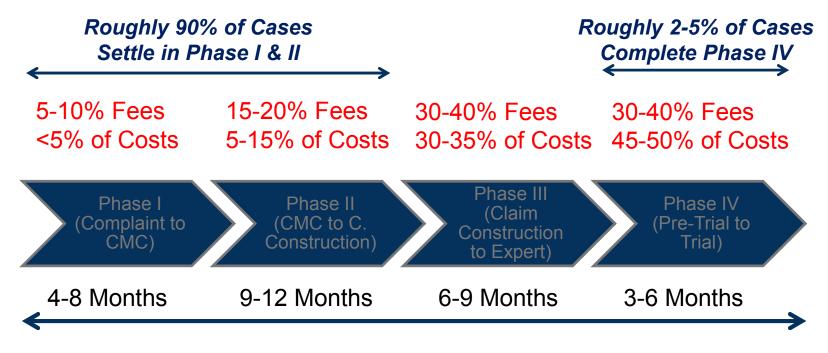
Patent Litigation: Phases I-IV

Phase	Main Tasks
l.	Initial case analysis, responding to complaint, initial discovery, initial witness interviews, early settlement and licensing discussions, motion to transfer (or stay) case and case management conference ("CMC"). Time: 4-8 Months (depending when court schedules CMC)
II.	From CMC through end of <i>Markman</i> hearings, including ongoing discovery and analysis, submission of <i>Markman</i> briefs, technical tutorial and Markman before the judge Time: 8-10 Months
III.	From <i>Markman</i> hearing to completion of fact and expert discovery, summary judgment briefing and hearing, Time: 6-8 Months
IV.	Post-summary judgment hearing through pretrial and trial Time: 3-5 Months

- [Phase I-II] 50% of Cases in E.D. Texas or D. Delaware Settle in First 8-11 Months of Litigation
 - No discovery
 - Limited motion practice (transfer, dismiss, stay)
- [Phase I-II] Roughly 90% of Cases Settle Before Claim Construction
 - NPEs typically do not take depositions before Markman
 - Except *Markman* briefings and hearings (which are critically important), all tasks are routine.
- [Phase I-III] 95-97% of Cases Settle Before Trial
 - Relatively low probability (<10-12%) of case continuing into Phases III and IV.
 - [Phase III] Experienced, talented litigation counsel can be critical factor at depositions and summary judgment hearing which occur in Phase III.
- [Phase IV] Trial
 - [Phase IV] Experienced, talented trial counsel essential for success in front of jury (Phase IV).



Patent Litigation: Fees and Costs Typical Timeline and Fee/Cost Breakdown



2.4 Years (Average)



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Phase I: Complaint to CMC Initial Questions – The Defendant

- 1. How important are the accused products to the company's business plans?
- 2. What is the risk of an injunction?
 - Injunctions can stop the sale, use or importation of a product
 - Non-practicing entities and plaintiffs who widely license patents are typically unable to get injunctions.
- 3. What is the potential damages exposure?
 - Only U.S. related revenue typically at risk
 - Reasonable royalty
 - Lost Profits
- 4. Is there a potential indemnification claim against a supplier or vendor?
- 5. What is the litigation history of patent holder?
- 6. What is the litigation history of plaintiff's counsel?
- 7. What type of resources will I need to defend? How much should I invest in litigation?

Practice Pointer

- Before making any decision about patent litigation, it is important to determine the scope, nature, and risks associated with the patent case.
- Only after determining the scope, nature, and risks, should a patent defendant make decisions about counsel, legal budgets, and litigation plans.



Total Cost of Patent Litigation Is Dependent Upon the Potential Range of Damages (AIPLA 2013 Survey)

- Through End of Discovery (Phases I-III)
 - Cases > \$25 Million "At Risk": \$3.0 million (in fees and costs)
 - Cases < \$25 Million "At Risk": \$1.4 million (in fees and costs)
- Through Trial (Phases I-IV)
 - Cases > \$25 million "At Risk": \$5.5 million (in fees and costs)
 - Cases < \$25 million "At Risk": \$2.6 million (in fees and costs)



Damages: Reasonable Royalty

- "Reasonable Royalty" damages come in different forms.
 - % royalty (e.g., 1-5% of average sales price) on U.S.
 revenue for accused products
 - per unit royalty (e.g., 50 cents / unit) on accused products
 - lump sum payment
- Key Factors
 - "Smallest Saleable Unit"
 - ▶ Smart Phone \$100
 - ▶ Baseband Processor in Smart Phone \$10
 - ▶ Patent related to "processor" royalty base \$10/unit, not \$100/unit
 - Profitability / Margins of Accused Products
 - Prior license agreements of plaintiff and defendant
 - Generally exclude non-U.S. sales and products



Damages: Lost Profit (and Price Erosion)

- "Lost Profit" damages can be higher than reasonable royalty damages
- "Lost Profit" damages goes to lost sales of patent holder products. Patent holder can recover lost margins associated with sales of accused products (e.g., 50% margins as opposed to a 5% royalty).
 - Generally exclude non-U.S. sales and products.
- "Lost Profit" can be increased by "price erosion."
- "Lost Profit" damages argument usually necessary for a patent holder to obtain an injunction.



Phase I: Complaint to CMC Initial Questions

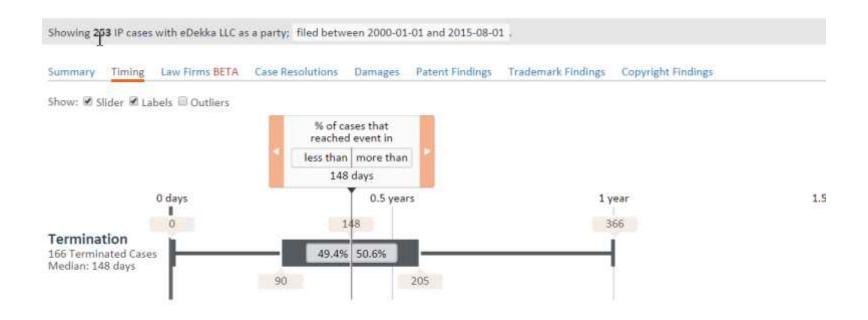
- 1. How important are the accused products to the company's business plans?
- 2. What is the risk of an injunction?
 - Injunctions can stop the sale, use or importation of a product.
 - Non-practicing entities and plaintiff who widely license patents are typically unable to get injunctions.
- 3. What is the potential damages exposure?
 - Only U.S. related revenue typically at risk
 - Reasonable royalty
 - Lost Profits
- 4. Is there a potential indemnification claim against a supplier or vendor?
- 5. What is the litigation history of patent holder?
- 6. What is the litigation history of plaintiff's counsel?
- 7. What type of resources will I need to defend? How much should I invest in litigation?

Practice Pointer

- Before making any decision about patent litigation, it is important to determine the scope, nature, and risks associated with the patent case.
- Only after determining the scope, nature, and risks, should a patent defendant make decisions about counsel, legal budgets, and litigation plans.



Patent Holder Litigation History eDekka



<u>eDekka</u>

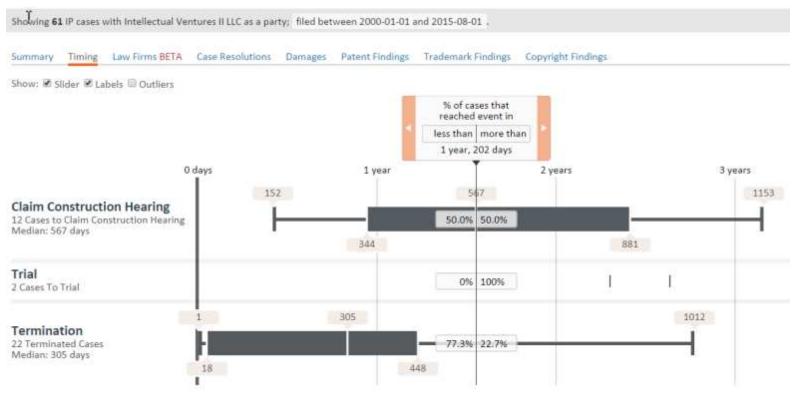
No claim construction hearing. No trial. No case lasted more than 366 days. Interpretation: Seeks quick, cheap settlements. No interest in substantial litigation.







Patent Holder Litigation History Intellectual Ventures



Intellectual Ventures

- 12/61 claim construction hearing. 2/61 trial. 50% of cases settle in 305 days.
- Interpretation: Generally negotiates licenses but willing to litigate to gain leverage.

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MLex Machina



Phase I: Complaint to CMC Initial Questions – The Defendant

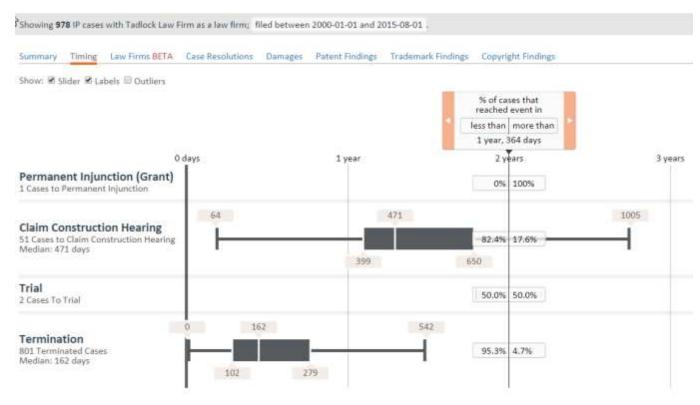
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Practice Pointer

- Before making any decision about patent litigation, it is important to determine the scope, nature, and risks associated with the patent case.
- Only after determining the scope, nature, and risks, should a patent defendant make decisions about counsel, legal budgets, and litigation plans.



Counsel (Firm): Litigation History



Tadlock Law Firm

- Only 2 out of 978 cases went to trial. 50% of all cases settle in 162 days.
- Interpretation: Generally seeks quick settlements, not interested in intense litigation.

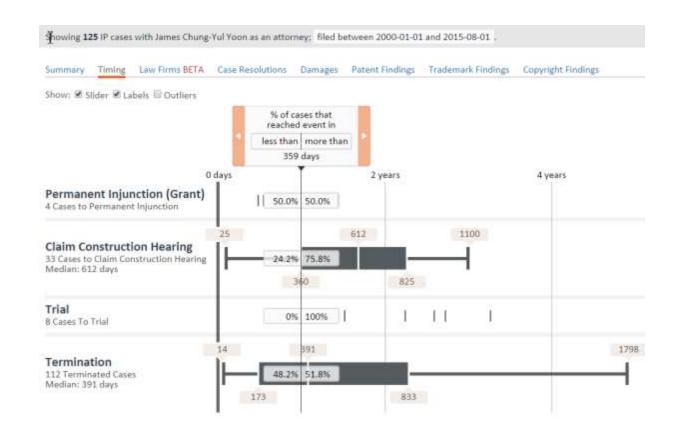
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Counsel (Individual Lawyer): Litigation History

Individual Counsel

- Determine level of experience
- Obtain general understanding of counsel's litigation tendencies





Phase I: First 30 Days

- 1. Take steps to preserve relevant documents and materials.
 - a. Identify relevant products
 - Identify witnesses for initial disclosures, key issues, and case.
 - c. Identify key sources of potential technical, financial, marketing and story documents.
 - d. Issue a "document hold" memo to relevant employees, IT department and finance to preserve evidence.
 - e. Failure to preserve evidence can result in severe sanctions and problems at trial.
- 2. Make Initial Risk Assessment.
- 3. Select Counsel.



Phase I: Risk Analysis

- Identify potential accused products (e.g., products that share same features as products accused in complaint).
- 2. Estimate U.S. related revenue
 - a. Does the company directly ship, sell or market in U.S.?
 - b. Does the company have actual data regarding what % of products end up in the U.S.?
- 3. Is the plaintiff a competitor or an NPE?
 - a. If a competitor, is there a risk of an injunction?
- 4. What type of damages are available to plaintiff?
 - a. Reasonable Royalty
 - b. Lost Profits
- 5. Does the patent case threaten any important customer relationships?



Phase I: Selecting Counsel

- Wide range of patent litigation counsel options in the United States.
 - Total price/advice of counsel varies greatly depending on approach, experience and reputation.
 - Wide range of different approaches to billing and budgeting.
 - ▶ Straight Hourly Billing
 - ▶ "Capped" Billing Arrangements
 - ▶ Fixed Fees
 - ▶ Contingent Fees
- Key Factors in selecting counsel
 - Is the case strategic? Non-strategic?
 - Is there a significant risk of an injunction or large damages?
 - Is there a significant risk of trial?
 - Is the reputation of counsel an important factor in negotiations with the opposing side?
 - Does the potential litigation counsel share your views regarding case strategy, case management and budgeting?
 - ▶ It is essential that counsel provide objective, independent, sound advice.



Phase I: Popular Options

- 1. Do you file an IPR, PGR, or CBM with the U.S. Patent Trial and Appeal Board ("PTAB") to challenge the validity of the patent(s)?
 - a. If an IPR, PGR, or CBM is filed, do you seek a stay of the patent litigation?
- 2. Do you file a motion to transfer or dismiss the case for lack of personal jurisdiction?
- 3. Do you file counterclaims against the patent holder?
- 4. File a motion or send a letter to plaintiff counsel that they have no basis for complaint to set up potential fee and cost recovery.



Motion to Stay (Judge Sleet)





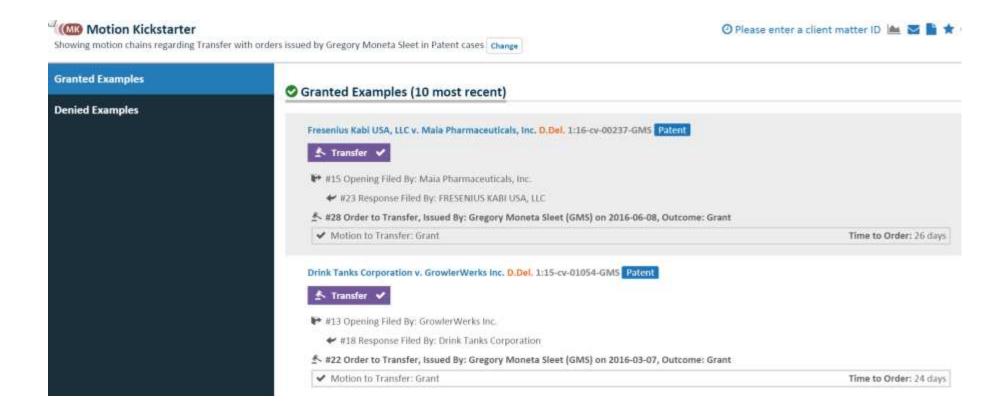
Motion to Transfer (Judge Sleet)



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Motion to Transfer





Example: Successful Motion to Transfer





Phase I: Popular Options

- 1. Do you file an IPR, PGR, or CBM with the U.S. Patent Trial and Appeal Board ("PTAB") to challenge the validity of the patent(s)?
 - a. If an IPR, PGR, or CBM is filed, do you seek a stay of the patent litigation?
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WER

Patent Trial and Appeal Board (PTAB)

Challenges

	<i>Inter Partes</i> Review	Covered Business Method Review	Post Grant Review
Invalidity Grounds	§ § 102 and 103	§ § 101, 102, 103, and 112 for <u>covered</u> <u>patents only</u>	§ § 101, 102, 103, and 112
Institution Threshold	Reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged	More likely than not that at least 1 of the claims challenged in the petition is unpatentable	More likely than not that at least 1 of the claims challenged in the petition is unpatentable
Time Limits	Before filing DJ action and ≤ 1 year after service of patent infringement complaint	Any time or > 9 months after issue date of patent depending on effective date	≤ 9 months after issue date of patent

Advantages of PTAB/AIA Patent Office Challenges

IPR, CBM, PGR Proceedings	District Court Litigation		
Broader Claim Construction	Narrower Claim Construction		
Claims are "given the broadest reasonable construction in light of the specification"	More difficult to prove invalidity		
Lower Standard of Proof for Invalidity	Higher Standard of Proof for Invalidity		
Preponderance of the evidence	Clear and convincing evidence		
Trier of Fact	Trier of Fact		
PTAB Administrative Law Judges	Federal District Judge or lay jury		
Potential resolution before district court reaches trial	Increased likelihood district court may stay litigation pending review (in particular for a CBM petition)		

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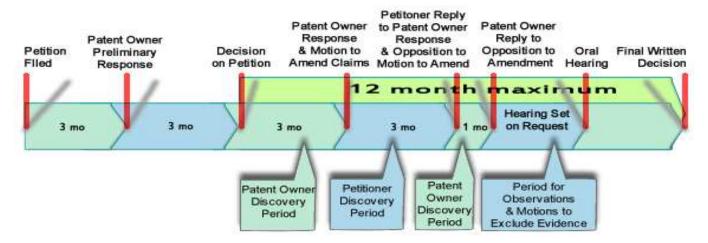


Estoppel Effects of AIA Patent Office Challenges

Inter Partes Review	Covered Business Method Review	Post Grant Review
Estoppel in PTO, ITC, and civil actions for any ground of invalidity that could have been asserted in petition (i.e., invalidity for anticipation or obviousness)	Estoppel in PTO for any ground of invalidity that could have been asserted in petition Estoppel in ITC and civil actions for any ground that the petitioner raised.	Broad Estoppel in PTO, ITC, and civil actions for any ground of invalidity that could have been asserted in petition (i.e., any invalidity grounds).



Trial Proceeding Timeline



- PTAB and the America Invents Act ("AIA") provides the same basic structure for all proceedings
 - Proceeding initiated with petition
 - Trial instituted by Patent Board if petition meets statutory thresholds
 - 9-month trial on the merits: discovery, motions (including amendments), and oral argument
 - Final written decision by Patent Board within 12 months of institution



Patent Trial and Appeal Board (PTAB) Statistics



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PTAB: Types of Cases

	NPEs	Product-Producing Companies
Share of all IPRs	48.3%	51.7%
Institution rate	88.7%	80%
Among instituted IPRs, share instituting all challenged claims	77.0%	71.1%
Among instituted IPRs, share of claims instituted	90.8%	86.3%
Among IPRs with decision on the merits, share invalidating all instituted claims	76.2%	78.9%

Source: Brian J. Love & Shawn Ambwani, Inter Partes *Review: An Early Look at the Numbers*, 81 U. Chi. L. Rev. Dialogue, 93 (2014).



Using PTAB to Stay Patent Litigation

	Overall	D Del	ND Cal	ED Tex	CD Cal
Suits co-pending an <i>instituted</i> IPR	249	48	31	32	11
With a motion to stay	190	36	26	19	9
With a decided motion to stay	171	32	25	16	9
Percent granted	81.9%	81.2%	80.0%	56.2%	77.8%
Suits with a decided motion filed before claim-construction briefing	140	24	18	13	8
Percent granted	83.6%	83.3%	77.8%	69.2%	87.5%

Source: Brian J. Love & Shawn Ambwani, Inter Partes *Review: An Early Look at the Numbers*, 81 U. Chi. L Rev. Dialogue, 93 (2014).

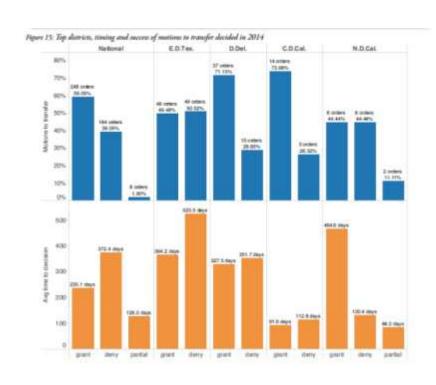


Phase I: Options

- 1. Do you file an IPR or CBM to challenge the validity of the patent with the patent office?
 - a. If an IPR or CBM is filed, do you seek a stay of the patent litigation?
- 2. Do you file a motion to transfer or dismiss the case for lack of personal jurisdiction?
- 3. Do you file counterclaims against the patent holder?



Motion to Transfer: Outcomes (2014)



- Defendants typically file transfer motions to:
 - (1) move patent cases away from "plaintiff friendly" districts to more "defense friendly" districts; and
 - (2) slow the litigation process down in order to obtain more favorable negotiation conditions.



IP Litigation: Topics

- Overview of U.S. Intellectual Property Litigation
- Understanding the IP Litigation Process
 - Phase I: Filing of the complaint to the case management conference.
 - Phase II: Scheduling conference to claim construction hearing.
 - Phase III: Claim construction hearing to end of expert discovery.
 - Phase IV: Pre-trial and Trial.



Phase II: CMC to Claim Construction

- Phase II is typically the start of the substantive phase of patent litigation.
- Key events in Phase II:
 - 1. Start of Discovery
 - 2. Compliance with Local Patent Rules
 - 3. Claim Construction Briefing and Hearing
 - 4. Selection of Experts



Phase II: CMC to Claim Construction

- Discovery: Basic Tools
 - Initial Disclosures
 - Interrogatories
 - Document Requests
 - Depositions (often in Phase III)
- Local Patent Rules
 - Infringement Contentions
 - Invalidity Contentions
 - Identifying Claim Terms & Proposed Constructions
 - Claim Construction Briefing and Hearing



Discovery: The Basic Tools

- Initial Disclosures (FRCP 26; Local Pat. Rules)
 - Voluntary disclosures
- Interrogatories (FRCP 33)
 - Response to written questions
- Document Requests (FRCP 34)
 - Production of documents/materials in response to written requests
- Requests for Admission (FRCP 36)
 - Written requests to admit specific facts
- Depositions (FRCP 30)
 - Questioning of witnesses under oath in front of a court reporter and/or videographer



Initial Disclosures – Practice Warning

- While it is natural to want to avoid identifying important employees and officers in discovery, failure to do so can have a disastrous impact on your case.
- Federal Rules of Civil Procedure 37
 - If a party fails to provide information or identify a witness as required . . . the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless.



Discovery Tools

Tool	Best Suited For
Initial Disclosure (FRCP 26)	Identifying Opponent's Sup. Witnesses and Their Area of Knowledge
Interrogatories	Basic Facts/Timing Events, Identity of Wit. & Key Docs
Document Requests	Broad Discovery; Collecting Potentially Relevant Documents
Requests for Admission	Est. Undisputed Facts for Trial; Establishing Admissibility of Docs
Depositions	Cross-Exam'ing Material and Admissions for Trial



Discovery Tools

Tool	Poorly Suited For
Initial Disclosure (FRCP 26)	Identifying Damaging Witnesses; Precise Damages Calculations
Interrogatories	Admissions or Confessions re: Legal Theories, Claims, Defenses
Document Requests	Establishing Admissibility of Evidence for Trial
Requests for Admission	Admissions or Confessions re: Legal Theories, Claims, Defenses
Depositions	General Discovery & Fishing
	Expeditions, 7 Hr. Limit, 10 Deps.



Avoid "Classic" Mistakes

- 1. While it is natural to want to limit the documents that you produce in discovery, remember that the key goal in discovery is to position the company to win the case in motion practice or trial.
- 2. It is absolutely critical that you identify the witnesses, evidence, and documents that could/will be helpful to your case and that you produce them in the course of discovery.
- 3. Otherwise, your experts will not be able to rely on the discovery in their expert reports and the Court will grant motions that prevent the use of helpful witnesses, evidence, and documents at trial.



Protective Orders

- Because discovery in IP cases often involves highly confidential technical, financial, and marketing information, U.S. Courts will enter protective orders that govern how the discovery is used and who has access to it.
- U.S. Courts and law firms take these protective orders very seriously and work very hard to confirm full compliance.



Source Code

- A standard part of a modern protective order is a "source code" provision that governs use, access and disclosure of any code that could be compiled and/or executed.
- Typically, access is limited to a non-networked computer that is maintained at the office of outside counsel.
- The opposing side (and its experts) are limited to viewing the information at the office of counsel and can print a limited portion of the code for use in expert reports and discovery responses.



E-Discovery

- U.S. Courts recognize that discovery of emails and other computer stored information can be incredibly burdensome and costly.
- As a result, most courts implement e-discovery rules that limit discovery of information that must be searched and produced.
- Typically, such discovery is limited to identified custodians (5-10 relevant witnesses) and a search is performed using agreed-upon search terms.

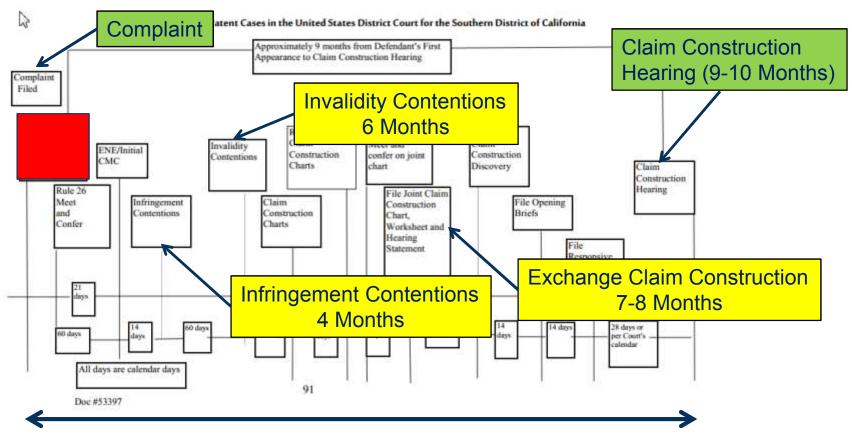


Local Patent Rules

- Most (but not all) patent litigation in the United States is conducted pursuant to a scheduling order that follows structure set forth in local patent rules originally developed by the Northern District of California.
- These rules impose mandatory disclosure obligations on the parties.
- Basic Order
 - 1. Infringement Contentions
 - 2. Invalidity Contentions
 - 3. Identification of Key Patent Terms
 - 4. Exchanged Claim Construction Positions
 - 5. Claim Construction Briefing and Hearing



Typical Timing



Local Patent Rules Govern Timing from Complaint to Claim Construction



Infringement Contentions

Northern District of California

- 3-1(a) Each claim of each patent-in-suit allegedly infringed
- 3-1(b) Separately for each asserted claim, each accused apparatus, product, device, process, method, act or other instrumentality. This identification shall be as specific as possible.
- 3-1(c) A chart identifying specifically where each limitation of each asserted claim is found within each Accused Instrumentality



Infringement

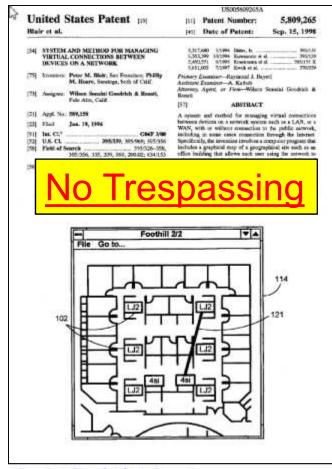
 The claim construction process begins with infringement contentions because the first step of the infringement analysis is claim construction.

Two-Part Test:

- 1. Determine proper construction of asserted claim
- Apply construction to determine whether the accused device/process is practicing all the elements of the claim



Purpose of Patent: "The Right to Exclude" Others from Making, Using or Selling Invention

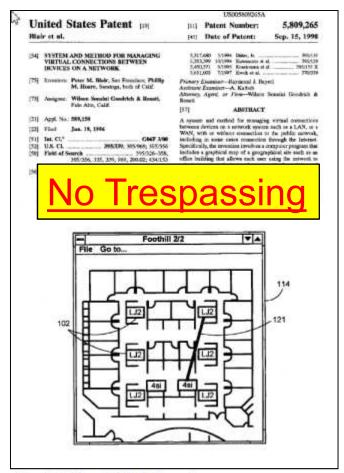




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Purpose of Claim Construction: <u>Identify</u> <u>Boundaries of Private Property</u>



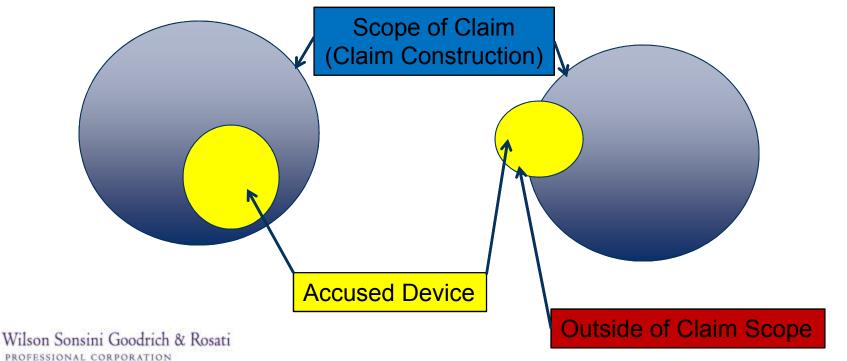


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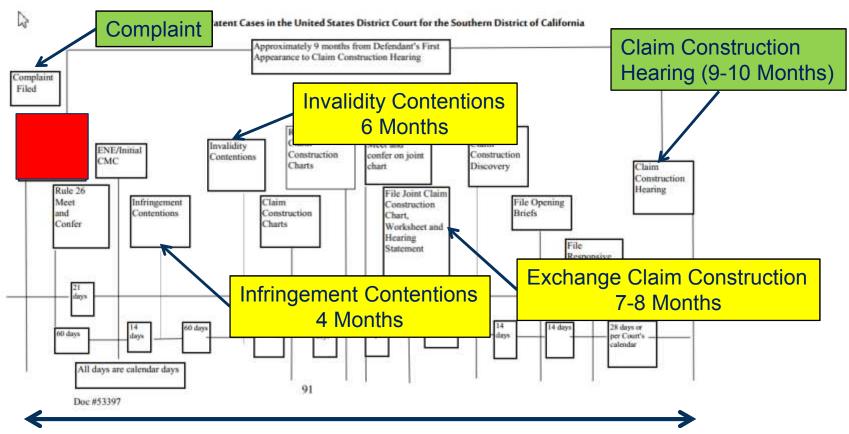
Infringement

 Infringement (accused device fully within scope of claim; all elements of at least one asserted claim found in accused device) Non-Infringement (accused device at least partially outside scope of claim because it is missing at least one element of each asserted claim)





Typical Timing



Local Patent Rules Govern Timing from Complaint to Markman Hearing



Invalidity Contentions

Northern District of California

- 3-3(a) The identity of each item of prior art that allegedly anticipates each asserted claim or renders it obvious.
- 3-3(b) Whether each item of prior art anticipates the claim or renders the asserted claim obvious, including an identification of any combination of prior art showing obviousness.
- 3-3(c) A chart identifying specifically in each alleged item of prior art each limitation of each asserted claim is found.



Invalidity

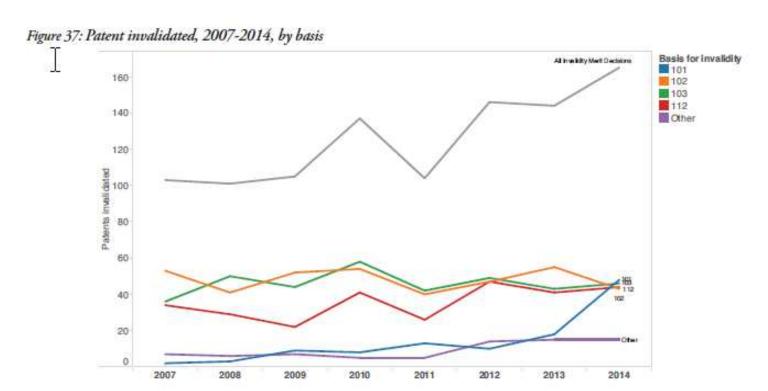
 Like infringement, invalidity analysis begins with claim construction.

Two-Part Test for Invalidity (Anticipation by Prior Art):

- 1. Determine proper construction of asserted claim
- 2. Apply construction to determine whether the accused device/process is practicing all the elements of the claim



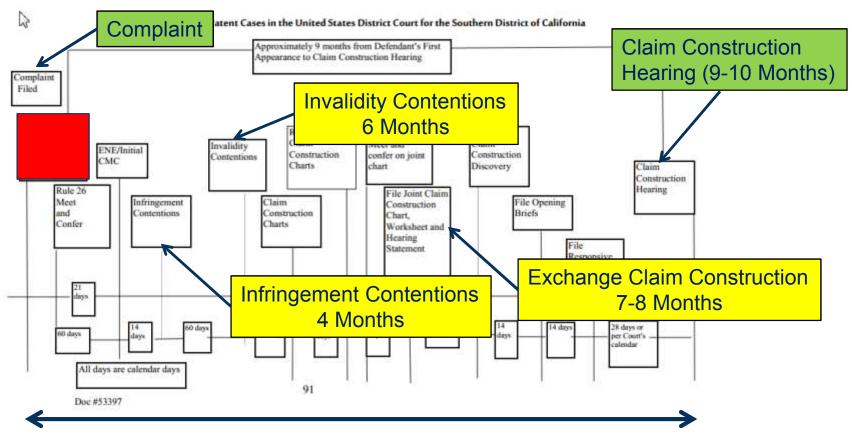
Invalidity Defense: Statistics



Note: Patents may be invalidated on more than one basis.



Typical Timing



Local Patent Rules Govern Timing from Complaint to Markman Hearing

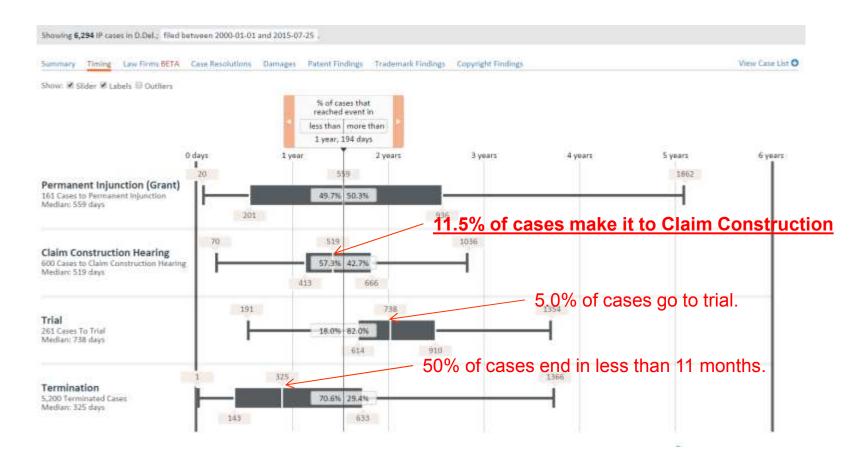


Claim Construction

- Claim construction ("Markman") hearing is one of the most important events in any patent case.
- Cases that proceed to all the way to a Markman hearing usually involve a substantial dispute between parties regarding the value of case.
 - First substantive hearing of case.
 - First "objective" opportunity clients get to assess court, case and/or counsel.
- Court construction of "key terms" of the asserted patent(s) claims can be the dispositive factor in determining who wins regarding patent infringement and/or invalidity.



District of Delaware







Procedural Contexts of Claim Construction Ruling (2004-2006)

Procedural Contexts	Number (and Percentage) of Judges Selecting		
	More Experienced Judges	Less Experienced Judges	Total
Undertaken as a claim construction proceeding unconnected to other motions or proceedings	16 (76%)	11 (85%)	27 (79%)
Undertaken in the context of responding to a motion for summary judgment	6 (29%)	3 (23%)	9 (26%)
Undertaken in the context of responding to a motion for a preliminary injunction	0 (0%)	1 (8%)	1 (3%)
Other (one term was construed during trial)	1 (5%)	0 (0%)	1 (3%)

Note: Column percentages do not add to 100% because of rounding and because some judges selected multiple response options. The four columns present, respectively, the response options provided in the survey question; the number and percentage of more experienced judges responding to the question who selected the response; the number and percentage of less experienced judges responding to the question who selected the response; and the total number and percentage of all responding judges who selected the response.

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Source: Rebecca N. Eyre, Joe S. Cecil, and Eric Toper. Patent Claim Construction:

A Survey of Federal District Court Judges, Table 4, p.14 (2008).



Claim Construction – Court Perspective

- Claim construction decisions are legal issues for Courts: (1) very labor-intensive for the Judge and (2) often reversed by the Federal Circuit.
- Overburdened District Courts have adopted strict limits on the number of terms to be interpreted at a *Markman* hearing.
 - Parties are typically limited to 10-15 terms (regardless of how many patents are asserted).
- Key strategic issue in any patent case is the identification of specific claim terms that will be disputed by the parties in claim construction and presented to the Court at the *Markman* hearing.



Claim Construction – Picking the Terms

- Key strategic event in any case is the identification of claim terms that will be disputed by the parties and presented at the Markman hearing:
 - Plaintiffs: Generally seek to limit the number of terms and seek to avoid construction of terms in hopes of minimizing risk to their infringement case.
 - Defendants: Generally seek to have numerous terms interpreted by the Court in hopes of generating one or more non-infringement arguments.
 - Defendants: Generally seek to limit scope of claim terms to disclosed embodiments (which often represent obsolete technology that is no longer in use).



Claim Construction

- There are two types of evidence submitted during the claim construction process and considered in "Markman" hearings:
 - 1. Intrinsic Evidence
 - 2. Extrinsic Evidence



Intrinsic Evidence

- U.S. Supreme Court and Federal Circuit have repeatedly declared that intrinsic evidence is the most important evidence in claim construction decisions.
 - "Intrinsic" evidence are the patent office documents that puts the public on notice regarding the nature and scope of a patent.
 - -"Extrinsic" evidence is not part of the patent office record. As a result, the public has no notice.
- "Extrinsic" evidence should not be considered if (1) the intrinsic evidence is clear or (2) the "Extrinsic" evidence is at odds with the intrinsic evidence.



Intrinsic Evidence

- Patent Specification (Claims, Figures and Text of Patent)
 - Definitions & Disclaimers
 - Examples to Support Construction
- Prosecution History of the Patent
 - Disclaimers, Definitions & Context
 - ▶ Patent application responses to the patent office
 - Inventor declarations
 - ▶ Distinctions from Prior Art
- Prior Art References Cited in Prosecution History



Intrinsic Evidence

- "The claims, specification, and [prosecution] history, rather than extrinsic evidence, constitute the public record . . . on which the public is entitled to rely."
- "In most situations, an analysis of the intrinsic evidence will resolve any ambiguity in a disputed claim term. In such circumstances, it is improper to rely on extrinsic evidence."
 - Vitrics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1583 (Fed. Cir. 1996).



Extrinsic Evidence

- "Extrinsic evidence is that evidence which is external to the patent and [prosecution] history, such as [1] expert testimony, [2] inventor testimony, [3] dictionaries, and [4] technical treatises and articles."
 - Vitrics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1584 (Fed. Cir. 1996).



Extrinsic Evidence

- "Extrinsic evidence in general, and expert testimony in particular, may be used only to help the court come to the proper understanding of the claims; it may not be used to very or contradict the claim language."
 - Vitrics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1584 (Fed. Cir. 1996).



Extrinsic Evidence

- To avoid legal error, many Courts attempt to determine the proper construction of disputed claim terms without reference to "Extrinsic" evidence.
- Some Courts refuse to let parties cite to "Extrinsic" evidence at the Markman hearing.



IP Litigation: Topics

- Overview of U.S. Intellectual Property Litigation
- Understanding the IP Litigation Process
 - Phase I: Filing of the complaint to the case management conference.
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 - Phase III: Claim construction hearing to end of expert discovery.
 - Phase IV: Pre-trial and Trial.



Phase III: Claim Construction To Expert Discovery

- Phase III is very expensive to litigate. Fees and costs are much greater in phase III than phases I or II.
 - Intense Fact Discovery
 - ▶ Continued Written Discovery and Depositions
 - Liability
 - Infringement
 - Validity
 - Damages
 - Products
 - Licensing
 - Customers
 - Experts
 - ▶ Reports
 - Technical
 - Damages
 - Deposition



Phase III: Claim Construction To Expert Discovery

- Key to effectively managing phase III of patent litigation:
 - Identify your key defenses and issues prior to or at the very start of phase III.
 - Confirm that you have identified the right company witnesses.
 - Make sure witness commit necessary time for deposition preparation.
 - 2. Select your expert witnesses prior to or at the very start of phase III.
 - Focus outside counsel (and experts) on these key defenses and issues. Minimize time, fees, and costs spent on non-critical issues.
 - 4. Receive regular (e.g., monthly) updates on counsel progress on the key defenses and issues (as well as updates on budgetary issues).



Phase III: Claim Construction to Expert Discovery

Settlement Conferences

- Most courts in the United States require parties to participate in a management settlement conference or mediation at least once during patent litigation.
- Typically, these settlement conferences occur during Phase III.
- Courts require parties to send representatives "with decision making authority" to the settlement conference. Conferences are usually held within the district where case resides.
- Settlement conferences are usually handled by a Magistrate
 Judge or former Judge. They cannot force settlement.
 Settlement conferences are heavily influenced by the merits of
 the case and the claim construction decision.



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 - Phase IV: Pre-trial and Trial.



Phase IV: Pre-Trial to Trial

- Phase IV is most expensive (and highest risk) phase of patent litigation.
- Strong coordination, communication, and trust is essential to success.
- In the pre-trial phase, it is essential to agree on a trial strategy. Focus on a small number of issue that will be the "key to winning" at trial.
- After agreeing on the trial strategy, commit all resources and efforts to implementing the strategy.
 - Company witnesses must commit to trial preparation and attendance at trial.



Phase IV: Pre-Trial to Trial

- During phase IV, in-house counsel needs to develop contingency and communication plans.
 - Draft press releases for "win" and for "loss."
 - Communication strategy with customers and market.
 - Back-up strategies in the event of a "loss:"
 - "Design Around" asserted patent claims
 - Changing suppliers / purchasing product from a "licensed" vendor
 - Altering the location of purchase or shipment to minimize contact with the United States



Overview: Recap

- Many aspects of U.S. IP litigation are predictable and can be managed effectively by in-house counsel.
- 2. Key to managing IP litigation is (1) strong understanding of the litigation process; (2) in-house counsel and outside litigation counsel having the same understanding regarding legal strategy and the legal budget; and (3) smart, cost-effective decisions that, to the extent possible, align the litigation strategy with the company's long-term business interests.
- 3. Today, in-house counsel have many effective tools that they can use to help them make sound litigation decisions and manage U.S. litigation counsel.
- 4. In-house counsel should apply the <u>80/20 Rule</u> to litigation decisions.





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James C. Yoon, Partner – IP Litigation

James Yoon is a practice development leader in the patent trial and litigation practice at Wilson Sonsini Goodrich & Rosati. James has 20 years of experience as a trial lawyer, patent and intellectual property litigator, and counselor. He has litigated over 100 patent cases and has tried numerous cases in federal courts, state courts, and at the International Trade Commission.

James has an active IP counseling practice. He has advised over 40 companies on IP issues in a wide variety of transactions, including patent license agreements, patent purchase agreements, private equity investments, initial public offerings, and corporate mergers. As part of these transactions, James is frequently involved in IP risk assessments and valuations.

James served as a member of the committee that developed the original and the revised versions of the Model Patent Jury Instructions for the Northern District of California. He is an adjunct professor (Lecturer-in-Law) at Santa Clara University School of Law, where he teaches a course in patent and trade secret litigation. Additionally, James is a Lecturer-in-Law at Stanford Law School, where he is a trial advocacy instructor and teaches an economics course on the forces transforming the private practice of law. He has published numerous scholarly and professional articles and is a columnist on patent law and litigation for the *ABTL Report* of the Northern California Chapter of the Association of Business Trial Lawyers (ABTL).

In 2013 and 2014, James was listed in the *International Who's Who of Patent Lawyers*. In 2009, 2010, 2011, 2012, 2013, and 2014, he was selected for inclusion in *Northern California Super Lawyers* in the field of Intellectual Property Litigation. In 2006, *Bay Area Lawyer* Magazine named James one of the "Top Lawyers in the Bay Area" for Intellectual Property law.

James has served on numerous firm committees. He is a current member of the Compensation Committee and has previously served on the firm's Policy, Partner Nominating, Business Development, and Associate Development committees.

James is a member of the board of directors and a co-chair of the Partner Committee of the Asian Pacific American Bar Association Silicon Valley (APABA-SV). He is also a member of the board of directors of the Asian Pacific American Bar Association Silicon Valley Charity, a member of the board of directors of the Palo Alto Bar Association, and a member of the High Tech Advisory Board for Santa Clara Law School.

Prior to joining the firm, James served as a law clerk to Chief Judge Alan C. Kay in the U.S. District Court for the District of Hawaii. He was previously an electrical engineer for General Motors Corporation, where he worked for many different operations, including the General Motors Technological Center (Warren, Michigan), Opel Motors (Russelsheim, Germany), Vauxhall Motors (Luton, England), and GM's Cadillac Assembly Plant (Detroit, Michigan).

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NOTABLE CASES:

- Avid Technology v. Harmonic (D. Delaware). James represented defendant Harmonic as lead trial counsel in a multi-patent, competitor case. Plaintiff Avid asserted claims of willful infringement, induced infringement, and contributory infringement against Harmonic and its shared video storage systems. After a two-week trial, the jury returned a verdict of non-infringement on both patents in favor of Harmonic.
- MaxLinear v. Silicon Labs (S.D. California). James represented declaratory plaintiff MaxLinear as lead counsel in a 20-patent, competitor case against Silicon Labs. Silicon Labs asserted that MaxLinear hybrid TV tuners infringed numerous Silicon Labs patents. After successfully defeating Silicon Labs' motion for preliminary injunction and obtaining a positive claim construction ruling, the case settled on favorable terms for MaxLinear.
- **Panavision v. Omnivision (C.D. California).** James represented defendant Omnivision as lead counsel in a competitor patent case. Panavision asserted numerous claims against Omnivision CMOS image sensors. The case ended when James obtained summary judgment of patent invalidity against Panavision's patent.
- Advanced Display Technologies v. HTC (E.D. Texas). James represented defendant HTC as lead counsel against plaintiff
 Advanced Display Technologies in a patent case relating to the design of LCD panels. After claim construction, the court granted
 summary judgment of invalidity on the key asserted patent, which resulted in a favorable early settlement for the client.
- Intel v. Broadcom (D. Delaware). James was one of the lead lawyers representing defendant Broadcom Corporation in a multipatent, competitor case. Intel asserted that Broadcom MPEG decoder cable set-top boxes infringed one of its video patents. After a five-week trial, a jury found that the accused Broadcom products did not infringe the Intel video patent. The National Law Journal ranked the case as a "Top Defense Win" for patent cases.
- SanDisk Corporation v. Lexar (N.D. California). James successfully argued the motion for summary judgment of infringement in a patent suit between SanDisk and its chief competitor in the flash memory card market, Lexar. The grant of summary judgment of infringement against Lexar resulted in a highly favorable settlement for SanDisk.

SELECT CLIENTS:

- Broadcom Corporation
- Dell, Inc.
- Harmonic, Inc.
- HTC Corporation

- Icontrol
- Marvell Semiconductor
- MaxLinear, Inc.
- Mediatek

- OmniVision Technologies
- SanDisk Corporation
- Xactly

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EDUCATION:

- J.D., Stanford Law School, 1993
 Articles Editor, Stanford Law Review; Chairman, Stanford Asian Law Students Association; Chairman, Stanford International Law Society; Secretary, National Asian Pacific Law Students Association
- B.S., Electrical Engineering, GMI Engineering & Management Institute, 1990
 Sobey Scholar; GMI Alumni Association Travelship Winner, 1989

HONORS:

- Recognized in the 2013 and 2014 International Who's Who of Patent Lawyers
- Named in the 2009 to 2014 editions of Northern California Super Lawyers

SELECT PUBLICATIONS:

- Co-author with B. Love, "Expanding Patent Law's Customer Suit Exception," 93(5) Boston University Law Review 1605-41, October 2013
- "The Diminishing Claim Vitiation Limitation to the Doctrine of Equivalents," *The Intellectual Property Strategist*, Vol. 19, No. 8, May 2013
- "On Patents," ABTL Report, Vol. 22, No. 1, Spring 2013
- "On Patents," ABTL Report, Vol. 21, No. 1, Winter 2011/2012
- "On Patents," ABTL Report, Vol. 20, No. 1, Winter 2010/2011
- "On Patents," ABTL Report, Vol. 19, No. 1, Fall 2009
- "Fictional Characters, Story Telling and Patent Trials," Law360, March 20, 2009
- "On Patents," ABTL Report, Vol. 18, No. 1, Fall 2008
- "On Patents," ABTL Report, Vol. 17, No. 1, Fall 2007
- "On Patents," ABTL Report, Vol. 16, No. 1, Winter 2006
- "On Patents," ABTL Report, Vol. 15, No. 1, Fall 2005
- "On Patents," ABTL Report, Vol. 14, No. 1, Fall 2004

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ADMISSIONS:

- State Bar of California
- Multiple U.S. District Courts
- U.S. Court of Appeals for the Federal Circuit
- U.S. Court of Appeals for the Ninth Circuit
- U.S. Patent and Trademark Office



Local Patent Rules

- Many districts such as the Northern District of California and Eastern District of Texas have adopted local patent rules that require patent plaintiffs to make numerous early disclosures.
- As a result, it is important to have your patent infringement theory developed prior to filing the complaint.



- No later than 14 days after the initial Case
 Management Conference, a patent holder claiming
 patent infringement shall serve a "Disclosure of
 Asserted Claims and Infringement Contentions."
 - ▶ 3-1 Disclosures occur before any substantive discovery from the defendant(s).
- Separately for each opposing party, the "Disclosure of Asserted Claims and Infringement Contentions" shall contain the following information

. . .



- 3-1(a) Each claim of each patent in suit allegedly infringed by each opposing party, including for each claim the applicable statutory subsections of 35 U.S.C. Sec. 271 asserted.
- 3-1(b) Separately for each asserted claim, each accused apparatus, product, device, process, method, act or other instrumentality. <u>This</u>
 <u>identification shall be as specific as possible</u>.



 3-1(c) – A chart identifying specifically where each limitation of each asserted claim is found within each Accused Instrumentality, including for each limitation that such party contends is governed by 35 U.S.C. § 112(6), the identity of the structure(s), act(s), or material(s) in the Accused Instrumentality that performs the claimed function.



 3-1(d) – For each claim which is alleged to have been indirectly infringed, an identification of any direct infringement and a description of the acts of the alleged infringer that contribute to or are inducing that direct infringement.



• 3-1(e) – Whether each limitation of each asserted claim is alleged to be literally present or present under the doctrine of equivalents.



 3-1(f) – For any patent that claims priority to an earlier application, the priority date to which each asserted claim allegedly is entitled.



 3-1(g) – If a party claiming patent infringement wishes to preserve the right to rely, for any purposes, on the assertion that its own [product] practices the claimed invention, the party shall identify for each asserted claim, each [product] that incorporates or reflects the asserted claim.



• 3-1(h) – If a party claiming patent alleges willful infringement, the basis for such allegation.



Event	Timing
Complaint Filed	
Answer Filed	+20 Days
Rule 26(f) Conference re: Discovery & Scheduling	+99 Days
Rule 26(a) Initial Disclosures	+106 Days



Event	Timing
Rule 26(f) Conference	+120 Days
L.P.R. 3-1 & 3-2 Disclosure of Asserted Claims and Infringement Contentions + Document Production	+134 Days
L.P.R. 3-3 & 3-4 Invalidity Contentions + Document Production	+179 Days



Local Patent Rule 3-3: Invalidity Contentions

 Not later than 45 days after service upon it of the "Disclosure of Asserted Claims and Infringement Contentions," each party opposing a claim of infringement shall serve on all parties its "Invalidity Contention" which shall contain the following information:



Local Patent Rule 3-3: Invalidity Contentions

- L.P.R. 3-3(a) The identity of each item of prior art that allegedly anticipates each asserted claim or renders it obvious.
- L.P.R. 3-3(b) Whether each item of prior art anticipates the claim or renders the asserted claim obvious, including an identification of any combination of prior art showing obviousness.



Local Patent Rule 3-3: Invalidity Contentions

- L.P.R. 3-3(c) A chart identifying specifically in each alleged item of prior art each limitation of each asserted claim is found.
- L.P.R. 3-3(d) Any grounds of invalidity based on 35
 U.S.C. § 101, indefiniteness under 35 U.S.C. § 112(2)
 or enablement or written description under 35 U.S.C. § 112(1) of any of the asserted claims.



L.Pat. Rule 3-4: Doc. With Invalidity Cont.

- L.P.R. 3-4(a) Source code, specifications, schematics, flow charts, artwork, formulas, or other documentation sufficient to show the operation of the Accused Products from L.P.R. 3-1(c).
- L.P.R. 3-4(b) A copy or sample of the prior art identified pursuant to L.P.R. 3-3(a) which does not appear in the file history.



Event	Timing
L.P.R. 4-1 Exchange of Proposed Terms for Construction	+193 Days
L.P.R. 4-2 Exchange of Preliminary Claim Construction and Extrinsic Evidence	+214 Days
L.P.R. 4-3 Joint Claim Construction	+239 Days

Wilson Sonsini Goodrich & Rosati



Event	Timing
L.P.R. 4-4 Completion of Claim Construction Discovery	+269 Days
L.P.R. 4-5 Opening Claim Construction Brief	+294 Days
L.P.R. 4-5 Responsive Claim Construction Brief	+308 Days



Event	Timing
L.P.R. 4-5 Reply Claim Construction Brief	+315 Days
L.P.R. 4-6 Claim Construction Hearing	+329 Days
Close of Fact Discovery	+60 Days After Claim Construction Decision (Example)



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Event	Case Galendar Timing
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Summary Judgment Motion	+75 Days from Claim
Cut-Off	Construction Decision
Close of Expert Discovery	+120 Days from Claim
	Construction Decision
Trial	+180 Days from Claim
	Construction Decision
	(Estimate: 560-580 days from
	the filing of the Complaint)



Litigator's Tool Kit: Discovery

- Timing of Discovery (Rule 26(f) Conference)
- Initial Disclosures (FRCP 26; Local Pat. Rules)
- Interrogatories (FRCP 33)
- Document Requests (FRCP 34)
- Requests for Admission (FRCP 36)
- Depositions (FRCP 30)



Rule 26 (f) Conference

Fed.R.Civ.P. 26(d)

• "A party may not seek discovery from any source before the parties have conferred as required by Rule 26(f) . . ."

Fed.R.Civ.P. 26(f)

- "[P]arties must confer as soon as practicable and in any event at least 21 days before a scheduling conference is to be held or a scheduling order is due under Rule 16(f)."
- "The attorneys . . . are jointly responsible for arranging the conference, for attempting in good faith to agree on the proposed discovery plan . . ."

PROFESSIONAL CORPORATION



Rule 26 (f): Discovery Plan Discovery Plan

- A. What changes should be made in timing, form of disclosures under Rule 26(a)
- B. What are the subjects of discovery, the timing and phases of discovery
- C. Address issues about disclosure or discovery of electronically stored information
- D. Address issues about claims of privilege
- E. Proposals regarding limits of discovery



Before Serving Discovery

- Remember that clients today are very budget conscious. Focus on obtaining discovery in a cost efficient manner.
- During the Rule 26(f) conference, try to negotiate agreements with opposing side regarding the manner of document production.
 - Electronic Format
 - -Searchable



Before Serving Discovery

- Identify and list the information that you want to obtain.
- Jury instructions are a great checklist. Make sure seek information relating to each claim and defense.
- After you identify the information you need to obtain, identify the discovery tool that is best suited for obtaining the desired information.



Taking Depositions

Major Goals at Deposition

- Obtain admissions for Trial
- 2. "Box out" witness to prevent surprise at Trial
- Find out what witness will say at Trial
- Impeach / set up witness impeachment at Trial
- Discovery/Background