

INTELLECTUAL PROPERTY

Enforcing Patents

Editor's note: This is part five of a six part series on patent law. The next column will be about protecting intellectual property in plants and seeds.



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The rights that accompany an issued patent are not self executing. Although the patent holder has the right to exclude competitors from making, using, or selling the patented invention, the mere existence of a patent does not assure that infringing competitors will not enter the market. For example, a competitor might sell a potentially infringing product because the competitor: 1) did not know about the patent; 2) believed the product would not infringe the patent; 3) believed the patent was invalid; 4) believed the patent was unenforceable; or 5) believed infringement would not be detected. Consequently, patent holders must be vigilant in identifying potential infringers and taking appropriate steps in light of such potential infringement.

In this column, we will discuss how to identify potential infringers, discuss the interaction between business goals and the appropriate enforcement action, and provide an overview of litigation to address infringement.

The Several Phases of Patent Enforcement

Pre-enforcement

Before attempting to enforce a patent, a patentee must first determine whether there are potential infringers. This typically involves monitoring the relevant market to identify potentially infringing activity, obtaining potentially infringing products, and then assessing whether the product infringes. The scientists and engineers working within a field, reading related literature, and attending field-wide conferences and meetings are often a fertile source of such competitive information. Monitoring published patent applications and issued patents can also provide insights regarding what competitors are doing and where infringement might arise.

Once a potentially infringing product or process has been identified, one must actually compare the claims of the relevant patent to the potentially infringing product or process and determine whether there is infringement. The first step in this process is “construing” the claim terms, i.e., deciding the meaning of the

words used in the patent claim. As mentioned in the previous column, this involves considering the plain meaning of those words, how the patent specification defines those words, if at all, and whether the words were defined or limited in any way during prosecution of the patent. Patent counsel can be very helpful construing claim terms.

The second step is to compare the construed claim to the potentially infringing product or process. The comparison is always between the patented claims and the potentially infringing product. Whether the patentee has a product of its own, and how that product compares to the potentially infringing product, is not relevant to the infringement analysis.

Deciding What to Do About a Potential Infringer

Upon identifying a potential infringer and concluding that a product or process actually does infringe, the patent holder must decide what to do. For example, the patent holder could contact the potential infringer with the goal of negotiating a license for royalties or a cross-license. Alternatively, the patent holder could provide the potential infringer with notice of the patent and ask the potential infringer to remove a potentially infringing product from the market. The patent holder may instead decide that the ultimate goal is a license or cross-license, but choose to initiate a litigation to signal the patent holder’s belief in the strength of the patent, hoping this will result in better license terms. Or, the patent holder might decide not to assert the patent for business or other reasons.

Ultimately, how a patent holder proceeds will depend on the specific facts. However, the decision making process often includes considering and weighing the answers to at least the following questions:

What role does the patent play in the patent holder’s business strategy? For example, does the patent protect a market that is important to the patent holder and in which the patent holder competes? If so, the patent holder has increased incentive to sue to exclude competitors as opposed to providing a license that would likely increase competition.

What is the relationship, if any, between the patent holder and the potential infringer? For example, are they fierce competitors or have they worked out patent licenses and other business agreements in the past? What relationship does the patent holder desire? If a friendly relationship is desired, litigation may not be the best approach.

How strong is the patent at issue? For example, are there documents created during prosecution of the patent that might provide a basis for alleging inequitable conduct? Through discovery (discussed below), alleged infringers will often find weaknesses in the pat-

ent—some that may have been known to the patent holder and some that were previously unknown. Weaknesses in a patent provide a motivation for a nonlitigation resolution.

How much time would a patent infringement lawsuit require from important scientists or executives and would such time commitments disrupt important R&D or business functions? The level of disruption must be weighed when determining whether to bring suit.

Does the potential infringer have any patents that could be used against the patentee? If so, a cross-license may be an appropriate goal because a lawsuit (and countersuit by the competitor) might result in neither party being able to market their respective products.

Is the relevant market large enough, or important enough, to merit a lawsuit that could cost millions of dollars? Litigation can result in large damage awards that justify the costs involved. It can also result in excluding a competitor from an important market, whereas a license might result in less of a revenue stream.

What are the potential damages that could be recovered from the potential infringer?

Enforcement Through Litigation

If a patentee decides to sue, the lawsuit will typically progress through the following phases, each of which is discussed below: 1) filing of the lawsuit; 2) fact and expert discovery; 3) claim construction; and 4) trial. Patent lawsuits rarely go to trial in under a year and often take several years to reach that point. The following sections go into more detail on the phases of litigation.

Filing of the Lawsuit

The Patent Holder Files a Complaint

If a patent owner has a good faith belief that a competitor is infringing, the patent owner can enforce its patent rights in court. As explained in our January/February column, patent suits are handled in the federal court system. To initiate a lawsuit in the federal court system, the patentee must file a complaint. The complaint names the alleged infringer, identifies the patent(s) that are allegedly infringed, recites the allegedly infringing activity, and specifies the remedies that the patent holder seeks. Typically, the patent holder seeks payment of damages and/or an injunction ordering the infringer to stop the infringing activity.

The patent holder may bring suit on one patent or several patents. For example, assume that the patent holder has a first patent covering a compound and a second patent covering formulations made with the compound. If a competitor is selling a product containing a formulation that contains the claimed compound, the patent holder could sue on both the compound patent and the formulation patent. Furthermore, a patent holder can assert a patent even if it suspects that only some, but not all, of the claims are infringed, i.e., a patent is infringed if there is infringement of a single claim.

The party filing suit is known as the plaintiff and the party being sued is known as the defendant. Typically, but not always, the plaintiff is the patent holder and the defendant is the potential infringer.

The Alleged Infringer Files an Answer to the Complaint

After the complaint is filed, the competitor files an answer, which additionally includes defenses. These defenses usually include one or more of the following: noninfringement, invalidity, or unenforceability. The alleged infringer can assert as many defenses as applicable.

Fact Discovery and Expert Discovery

Discovery is the process through which the parties obtain information, known as evidence, relevant to the case. The patent holder uses discovery to uncover details about the accused product or process to prove that infringement exists. Conversely, the alleged infringer uses discovery to uncover information relevant to invalidity or unenforceability defenses, such as information regarding how an invention was conceived or whether the inventors withheld material information from the United States Patent and Trademark Office (USPTO) during prosecution of the patent.

Such evidence, in the form of documents, testimony, and often expert opinion, is presented to the court to try to meet a party's burden of proof in the case. In patent litigation, the patent holder has the burden to prove infringement by a preponderance of evidence, i.e., that there is more than a 50% likelihood that the allegedly infringing product uses the patented subject matter. This means that if neither the patent holder nor the alleged infringer provide any proof of infringement or noninfringement, there will be no infringement because the patent owner has not met its burden.

Similarly, the alleged infringer has the burden of proving defenses against infringement, but as explained above, it does not have to prove noninfringement. With regard to proving invalidity or unenforceability, the alleged infringer must do so by clear and convincing evidence. This is a more difficult standard to satisfy than the preponderance of the evidence standard, because once a patent is issued by the USPTO, it is presumed valid.

Fact Discovery

During fact discovery, the parties request and exchange factual information related to the case. The Federal Rules of Civil Procedure, which govern litigation in federal court, provide the following mechanisms for obtaining such factual information: document requests, interrogatories, requests for admission, and depositions. Fact discovery usually involves disclosing to the opposing party, a competitor, information that one would consider confidential. Typically the parties have the court enter a protective order that protects such information by governing who of the opposing party or attorneys of the opposing party can see such confidential information and what the receiving party can do with the information. In other words, the protective order is negotiated so that even though information is exchanged, the dissemination and use of confidential information can be limited.

Document Requests

Each party is permitted to request documents from the opposing party to obtain evidence relevant to their allegations or defenses. These requests are called document requests. Each party is obligated to preserve and hand over documents that might prove relevant to the lawsuit. These include laboratory notebooks, meeting minutes, memoranda, financial data, advertising and marketing documents, flow diagrams, forecasts, organizational charts, invoices, consulting agreements, and e-mails. The rules require exchanging information maintained in paper form as well as in electronic form and even electronic information that has been erased, where traces are accessible. Ultimately, the parties can exchange tens of thousands, hundreds of thousands, or even millions of pages of such documents. These documents are then reviewed by the respective parties to identify evidence to present to the court to prove infringement, invalidity, etc.

Interrogatories and Requests for Admission

An interrogatory is a question to the opposing party that the opposing party must answer. For example, an alleged infringer

might propound interrogatories regarding how and when the inventors of a patent conceived their invention or when the patent holder first showed prototypes of the invention to a customer. The patent holder must then make a good faith effort to obtain and provide an answer to the interrogatory. Likewise, the patent holder may present interrogatories to the alleged infringer asking for details about its process or products.

Requests for admission are just what they sound like. They are statements that the opposing party is asked to admit. Such admissions can reduce the issues for trial. For example, based on the review of documents produced in response to a document request, an alleged infringer might ask the patent holder to admit that its inventors had not conceived their invention by a given date. Once admitted, the alleged infringer would no longer have to prove (or present evidence regarding) the admitted fact at trial. Likewise, if the alleged infringer admits that its process uses a specific step(s), the patent holder will not need to separately prove this at trial when attempting to prove infringement.

Depositions

Typically after documents have been exchanged and reviewed, each side identifies individuals (i.e., witnesses) from the opponent's company for deposition. These often include the inventors, people with knowledge of the patent prosecution, people with knowledge of the accused products or processes, and people knowledgeable about how much a product costs to make and how much profit it generates. During a deposition, the witness is required to answer questions from the opposing attorney. The attorney's questions and the deponent's answers are recorded by a stenographer and may also be recorded on videotape. All questions are answered under oath, and the answers (subject to objections) can be used at trial.

Fact depositions are used to gather fact evidence related to the issues in the case (infringement, validity, etc.). Fact depositions therefore address what actually happened with regard to the invention at issue, the allegedly infringing product, and other issues in the case. Questioning of the patent holder's witnesses often relates to how the patented process or product was developed, communications with the USPTO, and the content of relevant memoranda, reports, correspondence, and e-mails. Questioning of the accused infringer often relates to the details of accused products or processes and the accused infringer's knowledge of the patents in suit.

Many scientists and engineers dread the idea of being deposed. Depositions represent an unfamiliar environment to most scientists and engineers, and many are anxious about how their performance will impact their company. To alleviate such anxiety and to prepare for the deposition, the witness will usually have a meeting with an attorney that will represent the witness at the deposition, also known as the attorney who defends the witness. During this meeting, the attorney can answer questions the witness has regarding depositions. In addition, the attorney will usually:

- Explain the mechanics and rules of a deposition, such as the role of the witness, questioning attorney, and defending attorney, the presence of a court reporter, etc.;
- Review the issues in the litigation;
- Discuss the witness's knowledge regarding the issues in the litigation;
- Explain how the witness fits into the case;
- Discuss questions and/or issues that will likely arise during the deposition; and
- Provide guidelines regarding how to answer questions, including telling the witness to listen to questions care-

Patent Points to Remember

- Patents are not self enforcing.
- Before enforcing a patent, the patent holder must identify a potential infringer, assess whether the patent claims (as properly construed) cover the potentially infringing product or process, and decide whether to start a lawsuit.
- Deciding whether to initiate a patent litigation requires balancing several factors, including business goals and the potential costs and benefits of litigation.
- Once a lawsuit is filed, the parties conduct discovery, where they exchange documents and other relevant information and refine their respective positions.
- Discovery may require substantial time commitment from key employees.
- Many patent cases settle before trial.

fully, to answer only the question asked, and to tell the truth.

Adequate preparation for a deposition is often critical to how a witness will do at a deposition. Therefore, it is important to allow an appropriate amount of time for preparation. Often such preparation will last a day or more, depending on the anxiety level of the witness, how important the witness is to the case, and the amount of material to review. After the deposition, each party obtains official transcripts and/or video of the deposition, which can be used at trial for different purposes, including impeaching a witness's testimony if the witness's trial testimony differs from the witness's deposition testimony.

Impact of Fact Discovery

As discovery proceeds, each party typically refines its litigation positions based on the discovery it obtains. For example, the alleged infringer might refine its defenses to include an unenforceability defense if it learned during discovery that one of the patent holder's inventors had information material to patentability that was not provided to the USPTO. Refinement can be based on documents uncovered, answers received to interrogatories, answers to requests for admission, and answers provided during depositions.

In some cases, fact discovery can be a drain on a company's resources. For example, key employees may have to spend days or weeks helping attorneys collect documents for production, helping attorneys respond to interrogatories and requests for admission, preparing for depositions, and being questioned as witnesses at depositions. Through the discovery process, opposing counsel will often find any skeletons that exist in relation to the litigation. The disruptive nature of litigation must therefore be weighed against the potential value of litigation before a patent owner asserts a patent.

Expert Discovery

Expert discovery follows fact discovery. During expert discovery, the parties work with experts in the field of the invention covered by the asserted patent(s). Experts can be university professors with expertise in the technology at issue, outside consultants, financial experts (to address issues such as damages), and the like.

Experts are retained to provide expert opinions regarding issues in the case. Unlike fact witnesses whose testimony is limited to what actually happened, experts can provide opinions and consider what would happen in various hypothetical circumstances. Experts typically rely on documents and other information exchanged by the parties during fact discovery. They may also conduct tests or find relevant scientific materials on their own. Thus, for example, a patent holder may hire an expert to submit a report providing opinions as to how the alleged infringer's product meets all of the limitations in its patent claims, supported by testing that the expert conducted. The alleged infringer may likewise retain an expert to submit a report giving opinions regarding why the asserted patent claims are invalid.

After an expert submits an expert report on behalf of a party, the opposing party will usually take the expert's deposition. Such depositions are used to more fully understand the expert's opinions and to probe the bases for the opinions.

Claim Construction

At some point during litigation, the parties may have a hearing before the court to establish the meaning of the asserted claims, or more particularly, specific terms within the asserted claims. This is known as a claim construction hearing. The claim construction hearing can happen during or after fact or expert discovery or even as part of the trial. The result of a claim construction hearing often has a large impact on the litigation. For example, if a claim is construed narrowly, it might make it difficult for a patent owner to prove infringement. However, that same narrow construction might help the patent owner defend against an allegation of invalidity.

Trial

Many patent cases do not go to trial. One reason is that many patent cases settle before trial because of weaknesses in the parties' positions revealed during fact or expert discovery. Another reason is that cases may be resolved before trial if a party has proven to the judge that there are no issues of fact that have to be resolved at trial, thereby allowing the judge to rule without the need for a trial. However, if a case does not settle or end for some other reason, it will go to trial.

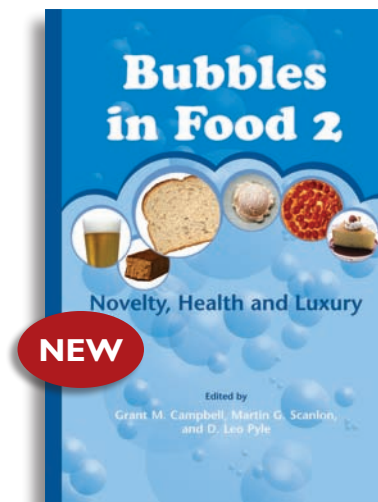
The trial is an opportunity for a judge or jury to see fact and expert witnesses testify and to assess their credibility. Indeed, many cases are won or lost based on whether the judge and/or jury think a witness is credible.

During trial, and even after the trial but before a decision has been rendered by the judge or jury, the parties can still settle the case. Again, such settlements occur because presentation of evidence at trial, or the performance of a witness at trial, may highlight a weakness in a party's position. If a case does not settle, a decision will be rendered. As explained in our January/February column, such decisions can be appealed to the Federal Circuit and ultimately to the U.S. Supreme Court.

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