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FEATURE

Working Up Your Patent Infringement Case: How Doing Your Homework Can Keep You One Step Ahead

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We've all been there. Maybe you are at a social gathering when someone discovers you are an intellectual property law attorney. Perhaps you are in-house, and an inventor in one of your business units comes in waving around a sample of a competitor's product the inventor came across over the weekend. Or maybe you just answered a cold call. No matter how it arrives at your desk, the story is similar: Someone had a great idea and invested the time, money, and effort to obtain a few patents to protect that idea, but now someone else in the industry is ignoring those rights and the patent owner is ready to take them on in court. Tomorrow.

After convincing the client that it would not be in their best interests to file that quickly, you agree to take a closer look at the patents and the potential infringer. Where do you start, and how do you sort out if the allegations have merit or if they don't even pass a sniff test? While each case is different, there are basic steps you can take up front in assessing and working up your case that will lead to efficiencies and a better outcome for you and your client. This article explores some key considerations that you should run down before running out to the courthouse.

Prepare a Claim Chart

First, any due diligence inquiry should be guided by Rule 11. Rule 11, among other things, requires that any representation to the court, such as allegations of patent infringement found in a

complaint, be formed “after an inquiry reasonable under the circumstances.”¹ Rule 11 also requires that any claims are “not frivolous, legally unreasonable, without factual foundation, or asserted for an improper purpose.”² In the context of patent infringement, the Federal Circuit has made clear that, at a minimum, Rule 11 requires that an attorney interpret the asserted patent claims and compare the accused device or process with the claims.³ And although the Federal Circuit has also consistently held that Rule 11 does not go so far as to require the formality of a claim chart before filing a patent infringement claim,⁴ in most instances you will find that it is practical and advisable to do so.

To start, most courts with local patent rules require the patent owner to serve infringement contentions early on in the case. These deadlines most often occur before any appreciable fact discovery has taken place such that they are ultimately based largely upon publicly available information. If you collected and charted that information in advance of even filing your complaint, these early deadlines become easily manageable. This, in turn, allows you to instead focus your efforts on serving meaningful early discovery on the accused infringer, who will not have had the same head-start advantage. Instead, the accused infringer not only will have to prepare its own early patent disclosures (invalidity, responsive noninfringement contentions, or both), but also will have to respond to your early discovery requests, while still getting up to speed on the asserted technology and determining its potential exposure.

Early claim charts afford you the benefit of understanding the strengths and potential weaknesses of your case. Preparing them will require you to identify any claim terms that a court will likely need to construe and where the likely challenges will be from the accused infringer. This in turn will put into focus which infringement reads are straightforward and easily met under any claim construction, as well as which infringement reads could be more challenging if a claim construction goes against what you believe to be the right one. Claim charts can also help you identify other potential problems with claims, such as indefiniteness from a lack of antecedent basis or divided infringement. Some divided infringement issues may be easily resolved by adding another party as a defendant, but others may bring to light that you will be hard-pressed to cleanly establish a case of direct infringement against any defendant. Investigation of these issues at an early stage will allow you to more fully inform and advise your client about the best course of action for the case, as well as the potential pitfalls.

Claim charts are also an efficient way to identify the claims for which you have sufficient information to assert infringement in your complaint and other claims that you may be able to assert after obtaining a little more information. For example, you may have a method claim in

which you can confidently determine that the accused infringer practices all steps except for one. For that remaining element, you have some physical evidence that suggests it is probably practiced, but nothing definitive. This would likely allow you to assert infringement of that claim based upon information and belief. You can then direct some of your early discovery at confirming your understanding of the accused process.

Identify Other Accused Products and Processes

Second, your due diligence should investigate not only the initial product or process of the accused infringer that started you down the path of an infringement claim, but also any others that are sufficiently similar to merit including within your complaint. Including as many properly accused products and processes at the outset of the case has notable advantages. Again, you will need this information early in the case anyway, since initial patent disclosures usually require a specific identification on a claim-by-claim basis, by name where possible, of the products and processes being accused of infringement. And showing the accused infringer that you have done your homework by identifying numerous similarly situated products is an excellent way to set the tone for the case, including any early settlement talks.

But more importantly, identifying the accused products and processes in the complaint and early disclosures can be a critical juncture in setting the scope of discovery that you may be able to obtain from the accused infringer. Although discovery in our federal courts is generally regarded as quite broad, it is not without limits. A patent owner can no longer simply find one instance of infringement as an exemplary case and expect to fill in the remainder of the case during discovery.

To this end, several courts now have tests that they apply when determining “whether and when discovery as to unidentified and unaccused products is relevant and should be permitted.”⁵ While the tests vary slightly in the way the courts articulate the requirements, they all generally require the patent owner to identify characteristics that the unaccused products must have in order to suggest that they may infringe.⁶ Simply repeating verbatim a claim limitation as the common characteristic is generally rejected by the courts as an improper attempt to shift the burden of proving infringement to the accused infringer. Instead, a patent owner must identify with particularity how a previously unaccused product is relevant to an existing claim of infringement—that is, what the basis is for believing that the unaccused product is infringing. If the unaccused product is available on the open market and inexpensive enough for you to buy and analyze, some courts will also require that you have taken the time to purchase one and reverse

engineered it to determine if it infringes, and included those results in your complaint and disclosures. Failure to do so may result in discovery into unaccused products being limited.⁷ Given this potential roadblock to obtaining necessary discovery, a patent owner will be better off determining as many similarly situated and potentially infringing products as possible early on and then clearly identifying them in the complaint and early patent disclosures.

Prepare for Validity Challenges

Finally, no due diligence inquiry would be complete without reviewing the strength and weaknesses of validity. This should include reviewing the patent's file history, paying close attention to the types of references applied during prosecution and the arguments made in response. You will want to be aware of any disclaimers or otherwise limiting statements that will ultimately contradict positions you may want to take during the case, including during claim construction.

If your time and budget permit, it is a worthwhile endeavor to individually review each reference cited on the face of the patent. At a minimum, you should carefully review what the U.S. Patent and Trademark Office (USPTO) relied upon as the closest prior art and determine if it was indeed the best prior art. This latter inquiry may be guided by information from the patent owner or from reviewing the results of a third-party prior art search, for example. Understanding what art was applied but found not to be an invalidating disclosure will help inform the type of challenges you can expect from the accused infringer and where your asserted claims are most vulnerable.

These days, you can expect that your district court litigation has a high probability of triggering a post-grant challenge to the validity of the patent before the USPTO's Patent Trial and Appeal Board (PTAB). Although the PTAB is not always the patent "death squad" that some initially perceived it to be, statistics still heavily favor accused infringers and petitioners over patent owners. As of October 2019, inter partes review (IPR) petitions in the PTAB progressed to the trial stage over 60 percent of the time, and one or more claims were found unpatentable about 80 percent of the time.⁸

Here, again, early effort before you file your complaint will pay off. Once a petition is filed in the PTAB, the patent owner only has three months to file its preliminary response. While your due diligence may not pinpoint the exact prior art that the accused infringer may ultimately rely upon, you will have the upper hand if you have already analyzed the prior art of record and can quickly assess what any new prior art references add to the prior art as a whole.

Moreover, if you think that the accused infringer's best validity challenge is going to involve an obviousness allegation, you would be well-advised to begin identifying any evidence that would support a claim of secondary considerations. Secondary considerations can be powerful narrative evidence that undercuts a prima facie showing of obviousness. But, it can also be time-consuming to uncover that type of evidence and even more so to present it in the way the law requires—by showing a nexus between the asserted objective evidence of nonobviousness regarding the specific product and that the product “is the invention disclosed and claimed.”⁹ Although you may not need to present such evidence at the preliminary response stage of an IPR proceeding, it will be helpful to have it ready in your back pocket should an IPR trial be instituted and you need to rebut a showing of obviousness. And even if that does not happen, it will still be time and money well spent, since evidence of secondary considerations is the type of evidence that can impress juries that the invention has real-world significance.

The vast majority of patent infringement cases also will require you to retain technical and financial experts, and the due diligence stage is not too early to begin looking for the right experts for your case. If you believe your patents will be challenged at the PTAB, chances are strong that you will want at least a technical expert to provide a declaration in support of your preliminary response or, if the trial is instituted, in your patent owner response. If you have evidence of secondary considerations, you may also want to use an economic expert to support your claim of nexus. Given the relatively quick timelines of PTAB proceedings, you will want to have your experts vetted and ready to hit the ground running once you receive the petition. And even if you don't think you will end up in a PTAB proceeding, it is always helpful to have a head start in the expert search so that your defendant does not end up retaining the best experts in the field, leaving you with experts who were not your ideal candidates.

Other Considerations

The above is, of course, not all-inclusive. Each case is different, and the depth of an initial analysis may be restricted in the first instance by time or budget concerns. Other due diligence considerations that you should keep in mind when assessing a potential claim include but are not limited to these:

- Confirming ownership and the chain of title to the patent owner
- Verifying payment of maintenance fees
- Double-checking any priority claims

- Considering the proper defendant(s) to name, i.e., determining which entity makes the infringing sales or performs the infringing steps
- Determining whether the targeted defendants will be subject to personal jurisdiction or raise concerns for your preferred venue
- Investigating any prior litigation involving the same family of patents
- Interviewing potential fact witnesses with relevant knowledge, such as inventors, business leaders, or patent prosecution attorneys
- Considering any potential wrongful inventorship claims
- Verifying whether the patent owner (or any licensee) has ever practiced its own patent, and if so, whether any products were marked with the applicable patent number
- Confirming that the patent owner did not create its own invalidating disclosure prior to filing its application
- Reviewing any prior settlement or license offers or agreements, or any restrictions on use or enforcement of the patent
- Any number of inquiries relating to damages, from a back-of-the-napkin damages estimate to a full-blown analysis by an uninterested third party

If you invest time in the right areas up front, you can be certain that it will be time well spent. You will be better informed and can better advise your client regarding potential scenarios, risks, and likely outcomes, while reducing the chances of facing unpleasant surprises down the road. And you will enter the case armed with more knowledge than your opponent. Knowledge is a powerful tool that will enable you to keep the pressure on and stay one step ahead—ideally resulting in reaching a favorable outcome for your client in a timely, efficient, and effective manner.

Endnotes

1. FED. R. CIV. P. 11(b).

2. Q-Pharma, Inc. v. Andrew Jergens Co., 360 F.3d 1295, 1300 (Fed. Cir. 2004) (citing Rule 11).

3. *Id.* at 1300–01.

4. *Id.* at 1301.

5. *Invensas Corp. v. Renesas Elecs. Corp.*, 287 F.R.D. 273, 279–82 (D. Del. 2012); *see also, e.g.*, *Panavision Imaging, LLC v. Omnivision Techs., Inc.*, No. 2:09-cv-01577, 2010 U.S. Dist. LEXIS 148809, at *16–17 (C.D. Cal. June 7, 2010); *Sony Corp. v. Westinghouse Digital Elecs., LLC*, No. 2:08-cv-03934, 2009 U.S. Dist. LEXIS 135840, at *2 (C.D. Cal. Feb. 11, 2009); *Kellogg v. Nike, Inc.*, No. 8:07CV70, 2007 WL 4570871, at *8 (D. Neb. Dec. 26, 2007); *Tesseron, Ltd. v. R.R. Donnelley & Sons Co.*, No. 1:06CV2909, 2007 WL 2034286, at *3 (N.D. Ohio July 10, 2007); *Honeywell Int’l Inc. v. Audiovox Commc’ns Corp.*, Nos. 04-1337-KAJ, 04-1338-KAJ, 04-1536-KAJ, 2005 WL 3988905 (D. Del. Oct. 7, 2005).

6. *Invensas*, 287 F.R.D. at 280–82.

7. *Id.*

8. PATENT TRIAL & APPEAL BD., U.S. PATENT & TRADEMARK OFFICE, TRIAL STATISTICS: IPR, PGR, CBM (2019), https://www.uspto.gov/sites/default/files/documents/Trial_Statistics_2019-10-31.pdf.

9. *Fox Factory, Inc. v. SRAM, LLC*, 944 F.3d 1366, 1373 (Fed. Cir. 2019).

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