

Patent Litigation: Mapping a Global Strategy

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A Note discussing a global approach to patent litigation. It outlines key strategic considerations for patentees seeking to file patent infringement suits against an alleged infringer in more than one jurisdiction, in particular the differences between key jurisdictions in timing, procedure and substantive patent law.

In the past decade, US and non-US based companies have adopted comprehensive global patent litigation strategies in "bet-the-company" competitor patent clashes. Patent infringement suits and countersuits are no longer being initiated solely in US district courts or the US International Trade Commission (ITC). Instead, they are also simultaneously being brought in forums across Europe and Asia. This is typified by the so-called "smartphone patent wars," including, most recently, Apple's ongoing worldwide battle with Samsung over the parties' competing smartphones and tablets.

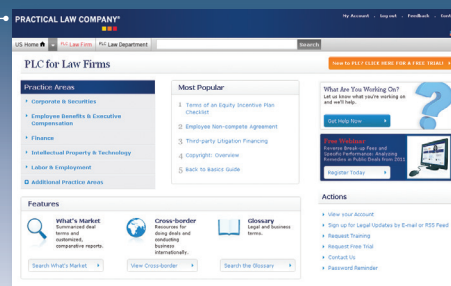
Filing patent infringement suits against an alleged infringer in more than one jurisdiction may provide the patentee with major strategic advantages. However, a successful global patent litigation campaign requires the careful selection of intellectual property (IP) to use, as well as complex strategic planning that takes into account the differences between key jurisdictions in timing, procedure and substantive patent law.

This Note examines the key considerations for parties pursuing a global approach to patent litigation, in particular:

- Underlying reasons for the trend toward global patent litigation.
- General strategic issues when considering and coordinating global patent litigation.
- The strategic impact of procedural differences in key jurisdictions.
- The strategic impact of substantive law differences in key jurisdictions.

This Note also uses recent global patent litigation disputes to show the array of strategies and permutations that arise when conducting litigation simultaneously in courts around the world. While the Apple/Samsung dispute is fairly unique in terms of its scale and stakes, it is far from the first of its kind. Other notable global patent battles over the past decade discussed in this Note include:

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- The Apple/HTC dispute, initiated in 2010 concerning smartphones and mobile devices.
- The Sony/LG dispute, initiated in 2010 concerning mobile phones and game consoles.
- The Nokia/Apple dispute, initiated in 2009 concerning mobile phones.
- The Sharp/Samsung dispute, initiated in 2007 concerning LCD televisions.
- The Fujitsu/Samsung dispute, initiated in 2004 concerning plasma display television.

TREND TOWARD GLOBAL PATENT LITIGATION

Patent litigation, even for large multinational, non-US based companies, has historically focused on the US federal courts. Reasons for this include the following:

- The US market is large, so a US victory would have a significant impact on the litigants.
- The US courts and patent law provide patentees with:
 - potentially significant damages awards;
 - the possibility of treble damages for willful infringement; and
 - injunctions.
- The US procedural rules, which provide:
 - easy access to US federal courts, for example, because notice pleading sets a low burden on the plaintiff for filing a complaint;
 - the ability to develop claims through broad discovery; and
 - the general rule that each party pays its own attorneys' fees and costs.
- Patent claims and defenses in the US may be decided by a jury (see *Judge or Jury as Fact Finder*).
- The *US Court of Appeals for the Federal Circuit*, the appellate court for all patent cases, has well-developed procedural rules and patent law precedent.

However, if a patentee has strong patent rights in multiple jurisdictions, filing suits in more than one jurisdiction has become a favored approach. This trend is driven by:

- A desire to diversify the risk of relying solely on the US as a forum.
- An increased familiarity with non-US forums.
- The opportunity for the patentee to present its case multiple times and target the opposing party's business on multiple fronts, which:
 - expands the exposure base for damages and the geographic reach of remedies; and
 - provides multiple opportunities to obtain injunctions in key markets.
- The strategic advantages of:
 - using an early decision obtained in one forum to pressure the opposing party into a favorable settlement; and
 - increasing the pressure on the opposing party by increasing the number of disputes between the parties and the overall risk.

STRATEGIC CONSIDERATIONS

A patentee's decision to sue in one or multiple jurisdictions, and the selection of the specific jurisdictions and forum or forums, is shaped by various strategic considerations, including:

- The expected time to resolution in each forum (see *Time to Resolution*).
- The goals of the litigation, factoring in the extent of the alleged infringement (see *Litigation Goals*).
- The patentee's exposure to a countersuit (see *Countersuit Exposure*).
- The anticipated costs (see *Budgetary Concerns*).
- The strength and nature of the patents at issue (see *Patent Portfolio Selection*).
- The benefits of the patentee's own forum or the forum of the alleged infringer (see *Home-court Advantage*).
- The need to coordinate a litigation strategy on multiple fronts (see *Coordinating Strategy*).

Time to Resolution

A forum's speed to resolution is a key consideration, in particular because generally there is a correlation between speed to trial and settlement, as well as the patentee success rate (see *Box, Typical Trial Timelines and Patentee Win Rates*).

A quick infringement victory in one forum can:

- Provide a patentee with leverage in an overall global battle. For example, in the Nokia/Apple dispute, Nokia filed patent infringement actions in Germany, seeking to take advantage of Germany's rapid timeline for deciding infringement claims. Nokia's German patent claims could then be decided before its opponent's counterclaims in US district court and the ITC (see *Box, Nokia/Apple Dispute*).

- Enable a patentee to use that decision persuasively in another forum. For example, in the HTC/Apple dispute, after Apple sued HTC for infringement in Germany, HTC not only launched an invalidity action in Germany but simultaneously initiated a revocation action against Apple's British counterpart patent in the United Kingdom (UK) (see *Box, Apple/HTC Dispute*). Because of the pending German proceedings, HTC was also able to convince the UK court to expedite the proceedings.

For more on the relationship between a jurisdiction's procedural frameworks and related timing, see *Interplay of Procedures and Timing*.

Litigation Goals

The patentee's litigation goals inevitably influence the forum or forums it selects.

Where the patentee seeks to maximize licensing fees, quickly obtaining injunctive relief in key markets may encourage a global settlement. Where the goal is to force a competitor to exit the market or design around key patents, the patentee must seek injunctions in multiple jurisdictions, since patent rights extend on a country-by-country basis. The expense and risk profile of global litigation alone can force a competitor to decide to redesign its product or exit the market.

The alleged infringer's jurisdictional and global activities concerning the allegedly infringing products also shape the patentee's litigation goals. A patentee should choose a jurisdiction where:

- There is a likelihood of obtaining an injunction that will adversely impact the alleged infringer.
- The alleged infringer has significant sales of allegedly infringing products, or key permanent manufacturing or distribution sites for these products.

Countersuit Exposure

A common defense strategy for an alleged infringer is to place the patentee's own products at risk. The patentee should therefore anticipate the alleged infringer's countersuit. If a patentee does not have the resources, ability or risk tolerance to defend against potential countersuits, it should reevaluate its global strategy.

Recent cases have demonstrated the importance in a multi-front dispute of applying leverage to the original aggressor by filing countersuits (see *Box, Global Patent Wars: Case Studies*). For example, in the Sony/LG dispute, although Sony initiated a series of patent suits against LG in the mobile area, LG countersued against Sony's flagship PS3 gaming console (see *Box, Sony/LG Dispute*). The successes in this countersuit created serious leverage that factored into the fairly quick settlement of that litigation.

Some companies may also purchase patents to defend themselves. In the HTC/Apple dispute, Google, HTC's Android operating system supplier, purchased patents from Motorola and assigned them to HTC for use against Apple in a countersuit.

Budgetary Concerns

When mapping its strategy, a patentee should consider the costs in different jurisdictions.

Because an alleged infringer in US and non-US litigation bears its own expenses, the burden on the alleged infringer of paying legal fees in multiple jurisdictions may foster settlement. At a minimum, these expenses should cause the alleged infringer's management to view the case as a significant issue that needs to be carefully evaluated and resolved before trial.

For more on the relationship between a jurisdiction's procedural frameworks and related costs, see *Interplay of Procedures and Costs*.

Patent Portfolio Selection

Patentees evaluating whether to fight a global patent war must assess the strength of their patent rights in each jurisdiction, based on:

- Potential non-infringement arguments.
- Patent validity.
- Other possible defenses.

The substantive law of each jurisdiction also impacts the types of patents rights in those countries and the scope of their claims (see *Types of Patents Across Global Jurisdictions*).

Patents for Highly Visible Features

Patentees often assert patents that relate to common, highly visible and important product features. These patents are likely to have the greatest impact on the alleged infringer. It may also be easier for the patentee to prove infringement for a highly visible feature than a feature buried in hard-to-identify software code or technology. Apple employed this strategy in its dispute with Samsung by focusing its US litigation on its design and user interface patents (see *Box, Apple/Samsung Dispute*).

Standards-essential Patents

Another strategy is to identify and assert patents that are essential to complying with widely adopted industry standards, such as MPEG movies, JPEG images, DDR memory, and WiFi wireless Ethernet and 3G/4G mobile phone communication standards (that is, standards-essential patents). This may allow the patentee to:

- More easily prove infringement by mapping the patent claims against the industry standard, rather than the actual product, which may require costly reverse engineering or study of the internal operation of the accused products' hardware or software. For example, the Federal Circuit noted in *Fujitsu Ltd. v. Netgear Inc.*, "if an accused product operates in accordance with a standard, then comparing the claims to that standard is the same as comparing the claims to the accused product" (620 F.3d 1321 (Fed. Cir. 2010)). However, the court also noted limits to this approach, where "an industry standard does not provide the level of specificity required to establish that practicing that standard would always result in infringement

... the patent owner must compare the claims to the accused products or, if appropriate, prove that the accused products implement any relevant optional sections of the standard."

- Create significant exposure for any alleged infringers, since industry standards are typically widely adopted across industries. However, this may implicate antitrust and competition law issues (see *Antitrust and Competition Law Defenses*).

Home-court Advantage

Plaintiffs often favor suing in their home court, which may give them an emotional advantage with the trier of fact. This strategy was employed by Fujitsu in its disputes with Samsung, where Fujitsu successfully obtained a preliminary injunction that blocked importation of Samsung plasma displays into Japan (see *Box, Fujitsu/Samsung Dispute*).

In addition, suing an opponent in its home court, which may seem counterintuitive, can provide strong leverage where the alleged infringer's exposure is high in its home court. External factors, such as media coverage, can get the attention of the opponent's management. This strategy was employed by Samsung in its dispute with Sharp, in which it countersued Sharp in Sharp's home country of Japan (see *Box, Sharp/Samsung Dispute*).

Coordinating Strategy

Embarking on a global patent litigation campaign requires careful planning and coordination among multiple law firms in various jurisdictions. Although consistency is ideal, it is unlikely that a loss in one case will cause a loss in another case in a different jurisdiction as a matter of *res judicata*.

A patentee can lose on infringement or validity in one jurisdiction, but not in another, due to differences in the patents themselves, as well as differences in patent laws, legal standards and available defenses (see *Substantive Differences in Laws*). For example, the definition of "prior art" is different in the US and Europe, which can lead to different validity determinations for a US patent and its European counterpart.

IMPACT OF PROCEDURAL DIFFERENCES

Procedural differences between forums can have a significant impact on strategy and substantive results, in particular:

- The interplay between procedures and timing (see *Interplay of Procedures and Timing*).
- Interplay between procedures and costs (see *Interplay of Procedures and Costs*).
- The relevant fact finder (see *Judge or Jury as Fact Finder*).
- The availability of preliminary relief (see *Availability of Preliminary Relief*).
- Whether infringement and validity trials are handled together or separately (see *Separate or Consolidated Infringement and Validity Trials*).
- Which remedies are available (see *Available Remedies*).

Interplay of Procedures and Timing

Proceeding in a mixture of fast and slow jurisdictions gives a patentee the advantage of a potential quick knockout punch and the possibility for other victories, regardless of how the first case is resolved.

Timing in the US

Certain US forums move quickly to disposition after the initial filing. For example:

- An administrative trial before the ITC can lead to a decision in a patent case in as little as 12 months or, in complex cases, 18 months (*19 U.S.C. § 1337(b)(1)*). The administrative judges at the ITC keep very short deadlines, rarely grant extensions of time and strictly require parties to meet their discovery and disclosure obligations. For more information on the substantive and procedural aspects of ITC investigations, see *Practice Note, ITC Section 337 Investigations: Patent Infringement Claims*.
- Certain fast-moving forums, such as the US District Court for the Eastern District of Virginia, have rules that typically require a trial decision in well under one year. However, defendants are often successful in transferring cases out of that court. Other so-called "rocket dockets" in the US recently have become more clogged by a recent influx of cases, which has generally reduced the speed of these forums and increased the number of cases transferred out by the overburdened judges.

There are also certain slower US courts. For example, the US District Court for the Southern District of New York, while having a very strong reputation for good judges, has an average time to trial around two and a half years in patent cases. This is consistent with the overall average time to trial in the US (see *PricewaterhouseCoopers LLP, 2012 Patent Litigation Study, at 22 (2012 Patent Litigation Study)*).

Timing in Non-US Forums

In Germany, infringement and invalidity claims are bifurcated (see *Separate or Consolidated Infringement and Validity Trials*). Any of 12 regional courts, including Mannheim and Dusseldorf, hear German patent infringement cases, but only the Federal Patent Court in Munich hears German patent validity actions.

The Dusseldorf infringement court historically was the fastest German court, although recently it has slowed down. An additional judge will be assigned in Dusseldorf in January 2013, which may again make this one of the faster jurisdictions in Germany. The Mannheim infringement court has been reaching decisions in less than one year.

Because the German infringement courts move quickly and are reluctant to stay proceedings based on the filing of an invalidity action, a patentee may be able to inflict significant commercial damage on an alleged infringer before patent validity is determined.

UK courts are also potentially speedy and may resolve both infringement and invalidity issues in less than one year in expedited matters.

Interplay of Procedures and Costs

US patent litigation typically costs millions of dollars, while non-US litigation is often orders of magnitude less expensive.

Costs in the US

A recent American Intellectual Property Association survey estimates that the average attorneys fees and costs for a US patent case are \$6 million to trial for a case valued at over \$25 million (*American Intellectual Property Association, 2011 Report of the Economic Survey*).

Much of this expense is due to electronic discovery and the comprehensive nature of discovery that may encompass:

- Detailed product design documents and manufacturing records.
- Marketing and sales activities.
- How product designs were made, including whether there was copying.
- The accused infringer's state of mind concerning the asserted patent or patents.
- Exposure, damages and licensing activities.

Costs in Non-US Forums

Litigation outside the US is often significantly less expensive because:

- Non-US jurisdictions allow less or no discovery and have minimal motion practice. However, under these circumstances, the patentee may need to develop its case by other means, such as by reverse engineering the infringing product.
- From the prevailing party's perspective, the loser pays the prevailing party's attorneys' fees and costs. In the US, the default rule is that each side bears their own attorneys' fees and costs barring exceptional circumstances.

In Germany, there is virtually no discovery and court and attorney's fees are generally set by a standard table. These fees can be quite reasonable. For example, if the value of the dispute is 5 million Euros, the court costs may be approximately 50,000 Euros and legal fees about 85,000 Euros. Similarly, fees in Japan are set by a standard table.

In contrast, the UK courts allow discovery and questioning of witnesses, which may increase costs.

Judge or Jury as Fact Finder

Whether the case will be heard by a judge or jury will also shape the course of a case. This also depends on the jurisdiction.

Triers of Fact in the US

In US district courts, both parties are entitled to a jury trial. While the right may be waived by either party, plaintiffs usually do not waive the right (*2012 Patent Litigation Study, at 9*). Instead, they prefer a jury because a jury:

- Is less sophisticated and more unpredictable.
- May be persuaded by emotions.



In jury trials, patentees can often tell a compelling story of innovation and stolen ideas. For example, in the Apple/Samsung jury trial in the US District Court for the Northern District of California (NDCA), an American jury may have found it easier to side with Apple instead of Samsung because Apple is an American company with a strong reputation for producing innovative products (see *Box, Apple/Samsung Dispute*).

A US plaintiff may choose to try its case before a judge if it believes that:

- Its case is very strong.
- The judge may hear the case more quickly without a jury.
- The judge may be better able to understand the issues.

In addition, cases before the ITC are heard by an administrative law judge and there is therefore no jury right in that forum.

Trier of Fact in Non-US Forums

Patent infringement cases outside the US generally are heard by judges and not juries. Most other countries either have no jury system or limit that system to criminal cases.

When considering forums outside the US in which the case may be heard by a judge or jury, a plaintiff that is not in its home court may believe that a judge is more likely to be neutral than a jury. However, plaintiff's counsel should consult with local counsel in making this determination.

In some jurisdictions, foreign companies may believe that they may not get a fair trial (though this perception may be slowly changing). For example, in China, most IP litigation is based on claims by Chinese companies against other Chinese companies for fairly low stakes (see *Shenping Yang, Patent Enforcement in China, 4 Landslide, no. 2, Nov.-Dec. 2011, at 48*).

Availability of Preliminary Relief

Obtaining preliminary relief, including an injunction barring sale or import of the accused products, might be critical for a patentee to keep costs down, preserve market share and obtain a settlement or victory. Preliminary relief is available throughout the world in cases between competitors where the IP rights are strong and the issue of infringement is clear.

Preliminary Relief in the US

An attractive feature of US litigation is the judge's ability to grant a preliminary injunction on an expedited basis, typically in months, not years, if the plaintiff has a strong case.

Preliminary Relief in Non-US Forums

Germany and Japan also allow for preliminary injunctions in appropriate situations.

Separate or Consolidated Infringement and Validity Trials

Whether the patentee's infringement claims and challenges to its patent's validity will be considered together or separate from its infringement proceedings in the relevant forums can impact a

patentee's strategic approach.

Infringement and Validity Trials in Non-US Forums

Infringement and validity are considered together in US courts and the ITC. An alleged infringer may also challenge patents in the *US Patent and Trademark Office* (PTO). These PTO proceedings, including *inter partes* review, post-grant review and *ex parte* reexamination, often proceed in parallel with the court case unless the case is stayed pending the proceedings. For example, in the Apple/Samsung dispute, in a ruling in its co-pending *inter partes* reexamination, which came after the NDCA trial but before post-trial decisions or appeal, Samsung received an initial non-final invalidity decision from the PTO for one of Apple's patents asserted in district court.

Stays of district court litigation typically occur only if the PTO proceedings started well before the litigation because these PTO proceedings often take a long time. However, courts may now be more likely to grant a stay since the PTO now may institute trials concerning patent validity, which must be completed within 12 months, or 18 months for a complicated case.

For more information on *inter partes* review and post-grant review proceedings, see *Practice Notes, PTAB Trial Practice Rules* and *Patent Infringement Claims and Defenses*.

Infringement and Validity Trials in Non-US Forums

Several patent offices around the world can also hear patent validity challenges in various proceedings, such as oppositions in the European Patent Office.

In jurisdictions such as Germany and Japan, validity is considered in a nullity action separate from the infringement action. This could be advantageous for patentees because:

- The infringement action is not intertwined with patent validity.
- The patentee may be entitled to an injunction if the infringement action favorably concludes before the nullity action resolves patent validity.

Available Remedies

While the scope and availability of damages varies between the US and non-US forums, all major countries provide injunctions as a potential remedy for patent infringement. If a company is or will be enjoined from selling commercially significant products in a key market, it may feel compelled to settle.

Customs agencies, including the ITC, also have broad injunctive remedial powers.

Remedies in the US

US courts historically have granted high damage awards, including awards over \$1 billion, as in the recent NDCA Apple/Samsung case or the US Court for the District of Massachusetts Kodak/Polaroid case 20 years ago. Further, the US is one of the few countries that allow treble damages if the infringement is found to be willful (*35 U.S.C. § 284*).

The ITC is perceived as a pro-patentee forum because it can grant broad exclusion orders and provides decisions relatively quickly. Because of these features, it is used by patentees in the US to ratchet up the pressure on accused infringers, even though monetary damages are unavailable.

Remedies in Non-US Forums

Foreign patent infringement awards tend to be much smaller than in the US. Enhanced damages are not common outside of the US and are not available in some key jurisdictions, such as Germany and Japan.

Injunctive relief that can ban imports or sales in a given country is also available as a remedy across jurisdictions. Moreover, although this practice is controversial and may be curtailed in the future, the Dutch courts have historically issued cross-border injunctions in IP cases. This greatly broadens the potential impact of an infringement decision in the Netherlands.

In addition, as the Apple/Samsung dispute highlights, decisions in one European country may affect injunctions granted in another. In July 2012, the German Court of Appeals granted Apple's motion for a pan-European preliminary injunction against Samsung's Galaxy 7.7 product. Almost immediately thereafter, the UK High Court of Justice issued a substantive decision in the parallel British lawsuit finding that Samsung's Galaxy 7.7 products do not infringe Apple's Community design (*Samsung Elecs. (UK) Ltd v Apple Inc [2012] EWCA Civ 1339*). Under EC litigation rules, the substantive UK decision took precedence over the German decision, which was not on the merits, and lifted the injunction.

European customs proceedings can also be a powerful and cost-efficient tool for patentees to block infringing goods from the European Union. In 1999, the European regulations were broadened to include patents as a class of IP that the patentee can use to block importation of infringing products where the patentee:

- Has specific information regarding the routing and whereabouts of the allegedly infringing goods.
- Initiates an infringement litigation within ten days of registering the patents with customs (*Article 13, EC Council Regulation, No 1383/2003, July 2003*). The goods will then be detained until the litigation's outcome.

However, the utility of customs proceedings is limited, because the detained goods' owner can obtain their release by paying a security sufficient to protect the patent owner's interests.

SUBSTANTIVE DIFFERENCES IN LAWS

Important differences between US patent law and other countries' patent laws will also have an impact on strategy.

Prior Art Rules

The US has attempted to harmonize its substantive patent laws with those of its major trading partners. For example, for patent applications filed after March 16, 2013, generally the inventor who first filed the patent application for the invention is entitled

to the patent. For more on the first-inventor-to-file patent system, see *Practice Note, Leahy-Smith America Invents Act: Overview*. This is similar to the first to file rule of most other countries.

However, differences between US patent law and other countries' patent laws still exist. For example, for patent applications filed before March 16, 2013, the first inventor of the invention is entitled to the patent. In addition, while similar in concept, the legal standards for granting a patent in the US (anticipation and non-obviousness) and in Europe (novelty and inventive step) are also different. This affects the scope of the prior art for, and the validity of, the relevant US and a corresponding non-US patent.

Types of Patents Across Global Jurisdictions

A company's patent portfolio can vary substantially in different jurisdictions. Different types of patents may be available in each jurisdiction, and the scope of patent claims may differ substantially by jurisdiction, for example:

- US patents may include broad functional claims directed to features, while in Europe and Japan, patent claims have traditionally tended to be limited to more narrow technical improvements.
- Design patent protection can be obtained relatively quickly and inexpensively in the US and abroad for a product's non-functional ornamental appearance.
- Utility model protection is available in Europe and Asia. Utility models can be used for infringement litigation but, since they are not examined, a utility model's validity may be more easily challenged. In addition, judges may decide to stay infringement litigation based on a utility model if good prior art exists. Notably, in Germany, where infringement and validity proceedings are bifurcated and the infringement courts usually proceed more quickly than the validity courts, utility models can be a powerful weapon.
- The US, Europe and Asia have different rules concerning whether, and to what extent, software or methods of doing business are patentable.

For more information on US patent law, see *Practice Note, Patent: Overview*.

Antitrust and Competition Law Defenses

Finally, it also is essential to develop a good understanding of the potential competition law or antitrust defenses that may be raised in various jurisdictions.

Patentees often assert standards-essential patents in large patent wars with competitors. However, the accused infringers may raise significant competition law-based defenses in response, such as equitable estoppel, as well as antitrust defenses (see, for example, *Qualcomm v. Broadcom*, 501 F.3d 297 (Fed. Cir. 2008)).

In the US, the Federal Trade Commission (FTC) or Department of Justice (DOJ) can also choose to investigate patent enforcement and licensing practices affecting industry standards (see, for



example, *In re Negotiated Data Solutions, LLC*, FTC File No. 0510094 (Sept. 22, 2008); *In re Rambus, Inc.*, FTC Docket No. 9302 (Aug. 2, 2006); *In re Dell Computer Corp.*, 121 FTC 616 (1996)). In some cases, the relevant patents have been rendered unenforceable (see *In re Dell Computer Corp.*). However, in many cases, the patent holder remains free to seek royalties because the FTC cannot find a violation of the standards body's specific patent policy (see, for example, *In the Matter of Rambus Inc.*, 2004 FTC LEXIS 17 (2004) (dismissing the complaint); see also *Rambus, Inc. v. FTC*, 522 F.3d 456, 459 (D.C. Cir. 2008) (sustaining a holding of no violation, on appeal); *Rambus Inc. v. Infineon Technologies AG*, 318 F.3d 1081 (Fed. Cir. 2003)). For example, at Apple's urging, the DOJ launched a preliminary investigation into whether Samsung misused its wireless standard-essential patents.

In the US, authority has been mixed about whether a company that undertakes an obligation to a standards setting organization to license their patents on "fair, reasonable and non-discriminatory" terms and conditions (FRAND) may seek an injunction against an alleged infringer. However, recent district court and US Court of Appeals for the Ninth Circuit decisions support permitting the infringer to assert a defense based on the patentee's FRAND commitment (*Apple, Inc. v. Motorola Mobility, Inc.*, No. 1:11-cv-08540 (N.D. Ill. June 22, 2012); *Microsoft Corp. v. Motorola Inc.*, D.C. No. 2:10-cv-01823-JLR (9th Cir. Sept. 28, 2012); but see *Initial Determination, In re German Gaming and Entm't Consoles, Related Software and Complaints Thereof, Investigation No. 337-TA-752 at 289-92* (ITC Apr. 23, 2012)).

Some companies have had more success pursuing competition law issues outside the US. For example, the European Trade Commission has discussed that companies that undertake FRAND obligations to a standards setting organization may seek injunctions, but only if there have been good faith negotiations by both parties that failed (see *European Commission ruling Case No COMP/M.6381 - Google/Motorola Mobility* (February 13, 2012), at ¶132).

In Germany, the FRAND defense has been used with mixed success. The German Supreme Court has ruled that defendants in patent infringement suits can argue that they are entitled to a patent license on a FRAND basis under the country's antitrust laws when the patent holder refuses to grant a license (see *Bundesgerichtshof [BGH] [Federal Court of Justice] May 6, 2009, 180 Entscheidungen des Bundesgerichtshofes in Zivilsachen [BGHZ] 312 (316), 2009 (Ger.)* (Orange-Book-Standard)). However, a recent Mannheim court decision found that a FRAND pledge does not constitute "a waiver by the patent holder of injunctive relief as a means of enforcing its patent claims against an unknown number of potential patent infringers ... a patent holder who submits a patent statement and licensing declaration form merely offers to waive its exclusivity rights under the patent by establishing a license agreement - and not unconditionally" (*Gen. Instrument Corp. v. Microsoft GmbH, Case No., Case No. 20240/11, Landgericht Mannheim* (District Court

Mannheim) (May 2, 2012); see also *Gen. Instrument Corp. v. Microsoft Corp.*, Case No. 20387/11, *Landgericht Mannheim* (District Court Mannheim) (May 2, 2012)).

By contrast, the Hague District Court in the Netherlands dismissed the argument that an adjudicated infringer was entitled, on FRAND terms, to a "compulsory license under cartel law" (*Rechtbank's-Gravenhage 17 maart 2010, nos. 08-2522, 08-2524* (Koninklijke Philips Electronics N.V./SK Kassetten GmbH & Co. KG) (Neth.)).

Finally, the Japanese Fair Trade Commission has also found certain non-assertion provisions that Microsoft Corporation required its licensees to accept to be unenforceable (*Japanese Fair Trade Commission, Hearing Decision Against Microsoft* (Sept. 18, 2008)).

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TYPICAL TRIAL TIMELINES AND PATENTEE WIN RATES

The table below highlights the general correlation between the time to trial and the patentee win rate.

Jurisdiction	Infringement Trial	Invalidity Trial	Patentee Win Rate
US District Courts	US District Court for the Eastern District of Virginia: 0.97 years US District Court for the Western District of Wisconsin: 1.07 years US District Court for the Middle District of Florida: 1.74 years US District Court for the District of Delaware: 1.90 years US District Court for the Eastern District of Texas: 2.17 years US District Court for the Central District of California: 2.28 years US District Court for the Southern District Court of New York: 2.65 years US District Court for the District of Massachusetts: 3.58 years (Source: <i>2012 Patent Litigation Study</i> , at 22)	Same as infringement trial	US District Court for the Eastern District of Virginia: 34.1% US District Court for the Western District of Wisconsin: 31.4% US District Court for the Middle District of Florida: 57.1% US District Court for the District of Delaware: 41.7% US District Court for the Eastern District of Texas: 55.7% US District Court for the Central District of California: 32.4% US District Court for the Southern District Court of New York: 29.3% US District Court for the District of Massachusetts: 30.6% (Source: <i>2012 Patent Litigation Study</i> , at 23) These are overall win rates. If case goes to trial, win rates are higher.
US	12 to 18 months by law	Same as infringement trial	47% (Source: <i>Xiaoguang Cui, Michael Elmer & James Haynes, The New Order of Forum Shopping: How China's Patent Litigation Win Rate Data Is Influencing Global Strategies</i> (Jan. 2009) (presentation to Am. Chamber of Commerce, Beijing & Shanghai) at 9) (New Order of Forum Shopping))
UK	12 months (may be expedited)	Same as infringement trial	22% (Source: <i>New Order of Forum Shopping</i> , at 9)
Germany	6 to 18 months	2 years	26% overall (43.5% x 60%) 43.5% patentee win rate on validity challenges. 60% patentee win rate on infringement. (Source: <i>New Order of Forum Shopping</i> , at 9.)
Japan	13.5 months (Source: <i>David W. Hill & Shinichi Murata, Patent Litigation in Japan</i> , 1 <i>Akron Intell. Prop. J.</i> 141, 147 (2007) (<i>Patent Litigation in Japan</i>))	Same as infringement trial (Source: <i>Patent Litigation in Japan</i> , at 147)	20% (Source: <i>New Order of Forum Shopping</i> , at 9)

GLOBAL PATENT WARS: CASE STUDIES

The following case studies highlight a number of high-profile global patent litigations, demonstrating the large array of possible strategies arising in a multi-forum dispute.

Apple/Samsung Dispute

Apple's ongoing dispute with Samsung over the companies' competing smartphones and tablets is a cutting-edge example of how patent litigations can be simultaneously conducted in courts around the world.

While the parties' NDCA trial resulting in an over \$1 billion jury verdict received the most attention, the battle between Apple and Samsung extends to other US district courts, the ITC and courts in Australia, France, Germany, Japan, South Korea, Spain, the Netherlands and the UK.

When Apple first sued Samsung in US district court but before Samsung filed its own counterclaims in that case, Samsung first counter-sued Apple on Samsung patents in South Korea, Japan and Germany. Samsung later added suits in additional countries.

Though NDCA jury verdict was by far the biggest blow to Samsung, Apple has had additional victories:

- Courts in Germany and Australia banned imports of certain Samsung Galaxy tablets.
- A Dutch court granted a preliminary injunction banning certain Samsung smartphones from importation into the Netherlands.
- The ITC issued an initial determination that Samsung infringed four of Apple's utility and design patents.

While Samsung has, to date, been largely unsuccessful in its countersuits, it has achieved limited defensive victories along the way:

- UK and Dutch judges ruled that the Samsung Galaxy Tab tablet did not infringe.
- A Dutch judge ruled that Samsung's redesigned Galaxy Tab 10.1 did not infringe Apple's European design patents.
- A Japanese court found that Samsung Galaxy smartphones and tablets did not infringe an Apple patent concerning multi-media synchronization.
- The PTO issued a non-final reexamination proceeding ruling that the claims of an Apple patent asserted in the NDCA trial are invalid.

In addition, a court in Samsung's home turf of South Korea held that earlier Apple and Samsung products each infringed the other's patents, and it awarded each side an injunction and damages of \$20,000, much less than Apple's billion-dollar US verdict.

Apple/HTC Dispute

In March 2010, Apple initiated this patent dispute over smartphones and mobile devices, suing HTC in the US District Court for the District of Delaware and the ITC.

Apple won an initial victory in the ITC banning the importation of certain devices. It followed this up by initiating patent infringement lawsuits against HTC in Germany.

Despite Apple's early victory, HTC has so far mounted a successful defensive strategy by filing:

- Countersuits against Apple in the ITC and the District of Delaware, using patents it acquired from its supplier, Google.
- An invalidity action in Germany.
- A revocation action in the UK, successfully invalidating three Apple patents relating to the slide-to-unlock feature, multilingual keyboards and certain touch-screen user interface features.

In November 2012, the parties announced a settlement, accompanied by a ten-year cross-license agreement covering each party's current and future patents.

Sony/LG Dispute

In December 2010, Sony filed actions against its South Korean competitor LG in a California district court and the ITC, seeking to prevent LG from importing cellphones into the US.

In February 2011, LG hit back with its own ITC action, claiming that Sony's PS3 violated certain of its patents concerning technology that allows videogame consoles to render Blu-ray data.

LG also attacked Sony's Playstation in Europe, seeking and ultimately winning an injunction from the Court of the Hague in the Netherlands that prevented the consoles from being sold in Europe. The dispute led to 24 lawsuits worldwide before the parties settled in August 2011 by cross-licensing each other's patents.

Nokia/Apple Dispute

In October 2009, Nokia filed suit against Apple in the Delaware district court, alleging that the Apple iPhone infringed its GSM and wireless LAN patents. Later that year, Nokia ratcheted up the pressure by adding an ITC action alleging infringement of the same patents, and a separate Wisconsin district court action concerning different patents.

Apple counterclaimed in the US but also took the fight overseas by filing suits in the UK and the Germany Dusseldorf court on the foreign counterparts of its asserted patents. In response, after counterclaiming in those venues, Nokia sued Apple in Mannheim, Germany, and later in the Hague. Nokia also brought nullity actions seeking to invalidate the Apple patents asserted in Dusseldorf.

Back in the US, Nokia kept up the pressure. After the ITC ruled in Apple's favor in February 2011, Nokia brought a new ITC action, this time alleging that Apple's iPhone, iPad and iPod devices infringe other patents relating to the "wiping" gesture on the user interface and real-time app store access.

The parties settled shortly thereafter in a licensing deal that was speculated to cost Apple over 800 million Euros.

Sharp/Samsung Dispute

In August 2007, Sharp sued Samsung in the US District Court for the Eastern District of Texas, alleging infringement of its LCD display patents. Sharp expanded the battle to South Korea in December 2007. Samsung retaliated by filing suits against Sharp in the Delaware district court and in Japan. The parties further escalated their dispute in 2008 by bringing suits in the ITC and in Europe.

In November 2008, the ITC ruled in Sharp's favor, and one year later in late 2009, a court in the Hague ruled that Samsung infringed certain Sharp patents and ordered that certain Samsung products be banned from importation into the EU. A few months later, the parties settled with a cross-license of LCD technology that reportedly favored Sharp.

Fujitsu/Samsung Dispute

In February 2004, in response to pressure from Fujitsu to take a license on its plasma display patents, Samsung filed a declaratory judgment action in the US District Court of the Central District of California challenging Fujitsu's patents. Fujitsu countersued and also launched a patent infringement action seeking preliminary injunctive relief against Samsung in its Japanese home court. This proved to be a successful strategy for Fujitsu, as the Japanese court promptly banned imports of Samsung plasma displays into Japan. By June 2004, the parties settled their dispute by cross-licensing their patents.

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