



Patent Deployment Strategies of High-Tech Enterprises for Cross-Border Patent litigation

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About Vince

現職:

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政治大學法學院 — 法學碩士

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經歷:

虹光精密工業股份有限公司 — 法務智權部 — 專利工程師

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宏達國際電子股份有限公司- 法務部- 智權訴訟暨授權 資深處長 (2006 - 2016)



Outline

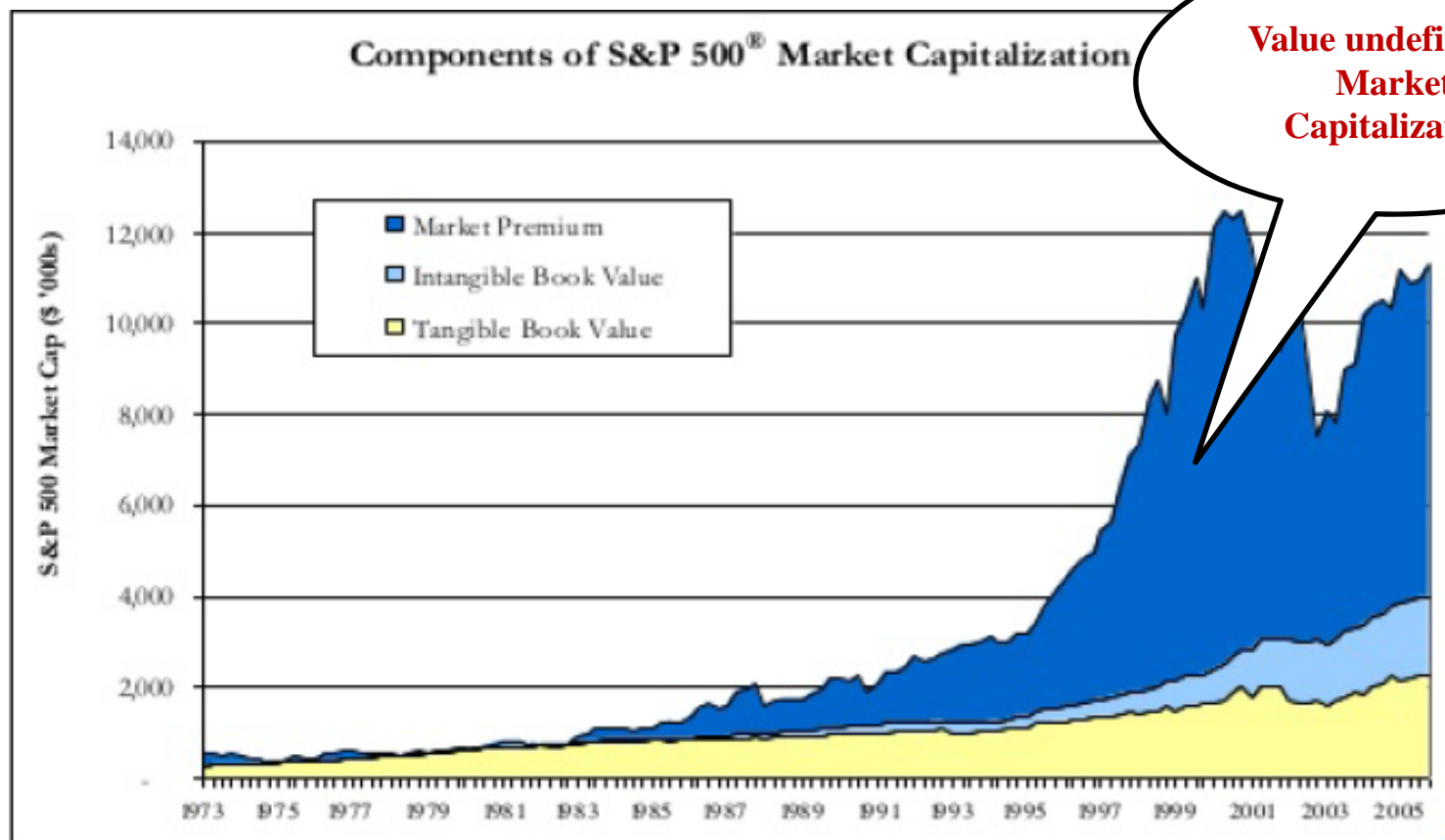
- **Current IP Landscape**
- **Patent Litigation Management from In-House perspective**
- **Recommendations**



Current IP Landscape



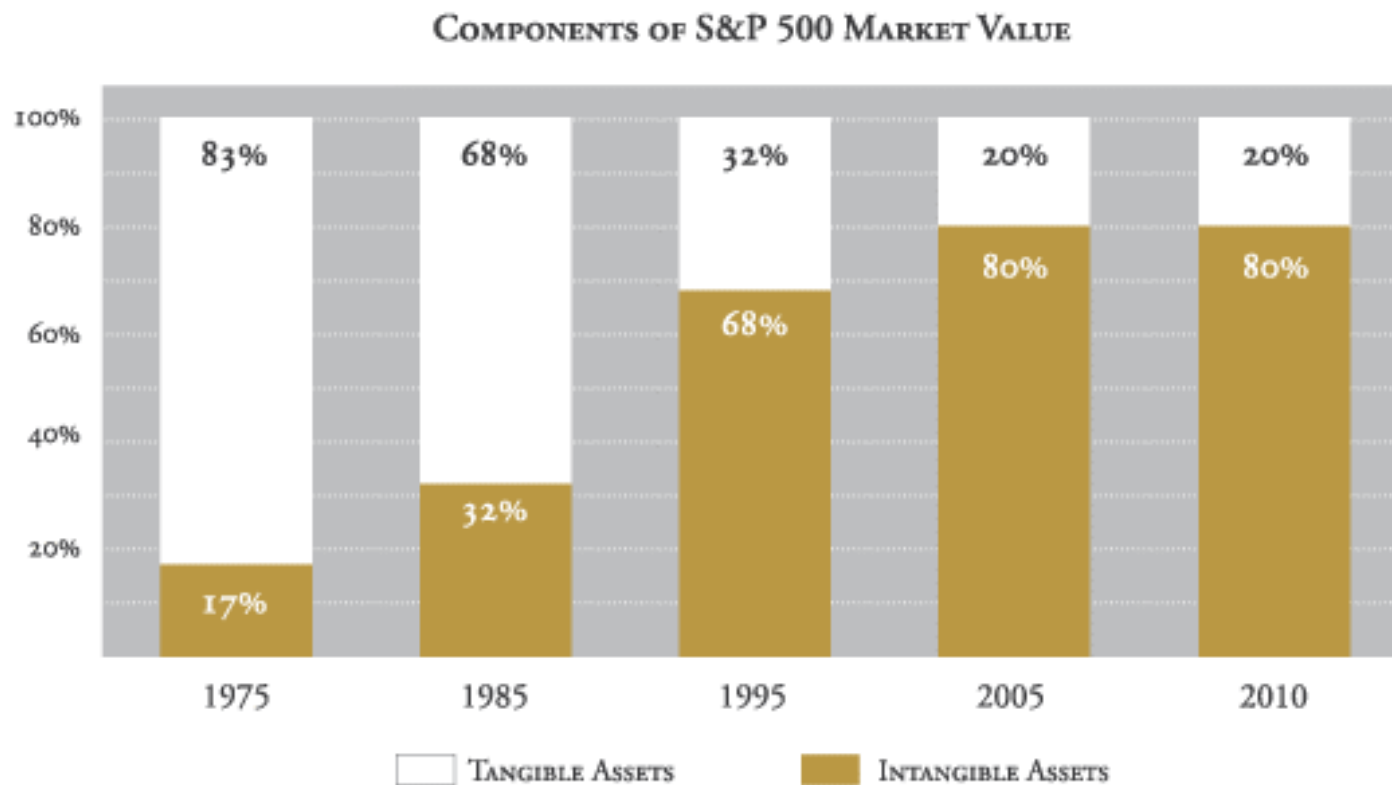
Value of Intellectual Properties and other Intangible Asset



Data : Ned Davis Research Inc.

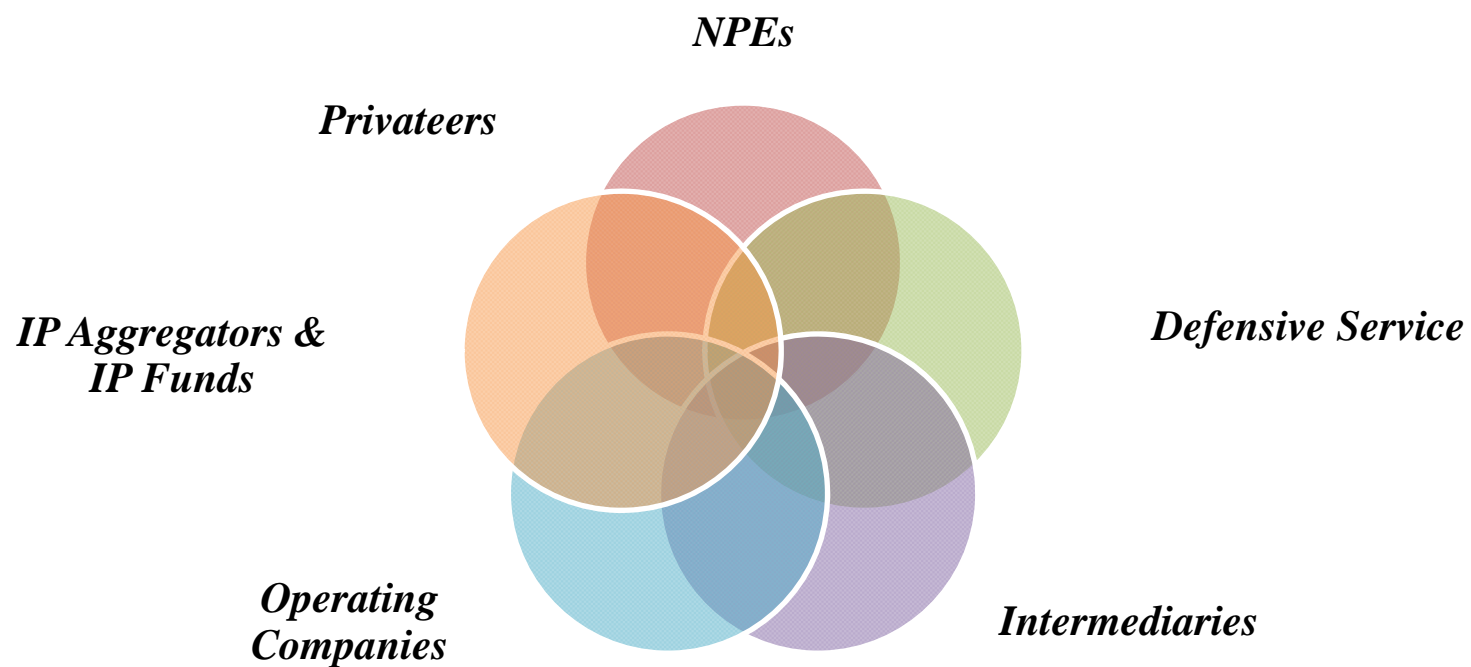


Value of Intellectual Properties and other Intangible Asset



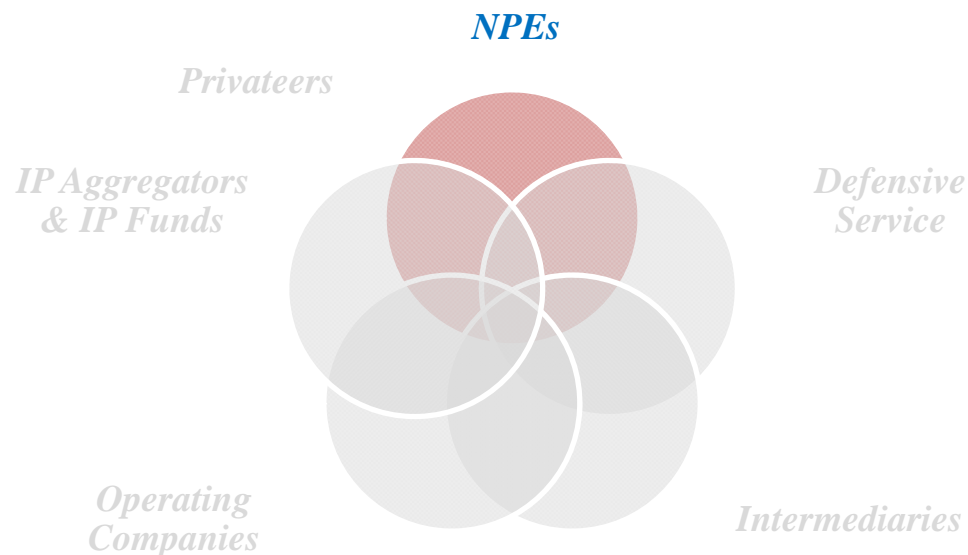
Source: Ocean Tomo

IP Landscape (Keep Evolving)



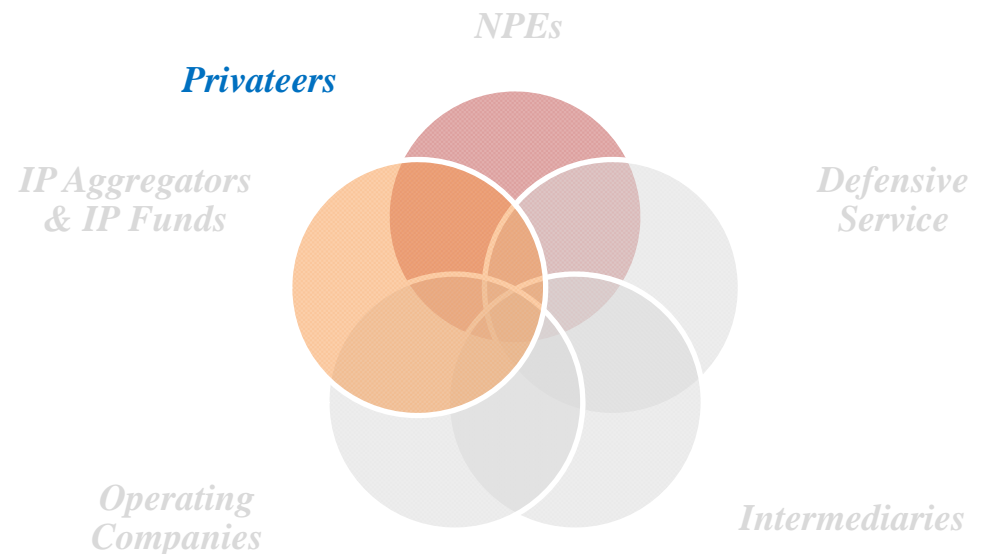


- Broadly, an entity that does not produce or market products or services, but monetizes its IP investments by enforcing patents (or other IP) through licensing programs and litigation
- NPEs play an increasingly dominant role in high tech litigation
- e.g.
 - Acacia Technologies,
 - Lemelson Foundation,
 - NTP, Inc.,
 - Marathon Patent Group

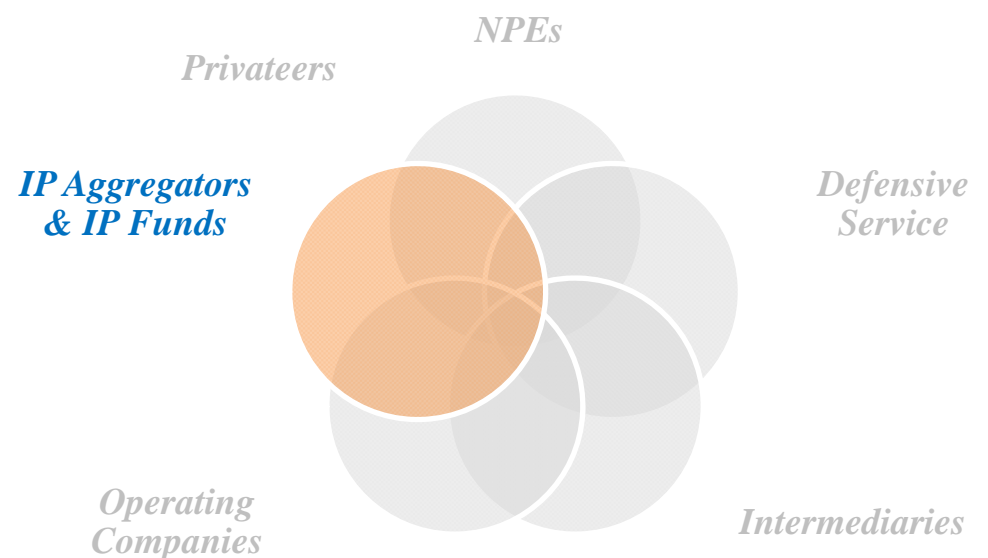




- Refers to the sale or transfer of patents by an operating company to a specially formed entity, NPE or other third party for enforcement of the patents
- The operating company typically would receive a portion of revenues generated from enforcement
- e.g.
 - Rockstar Consortium
 - Round Rock Research
 - Nokia/Mosaid(Conversant IP Management)
 - Ericsson/Unwired Planet
 - Ericsson, LG, Panasonic/PanOptis

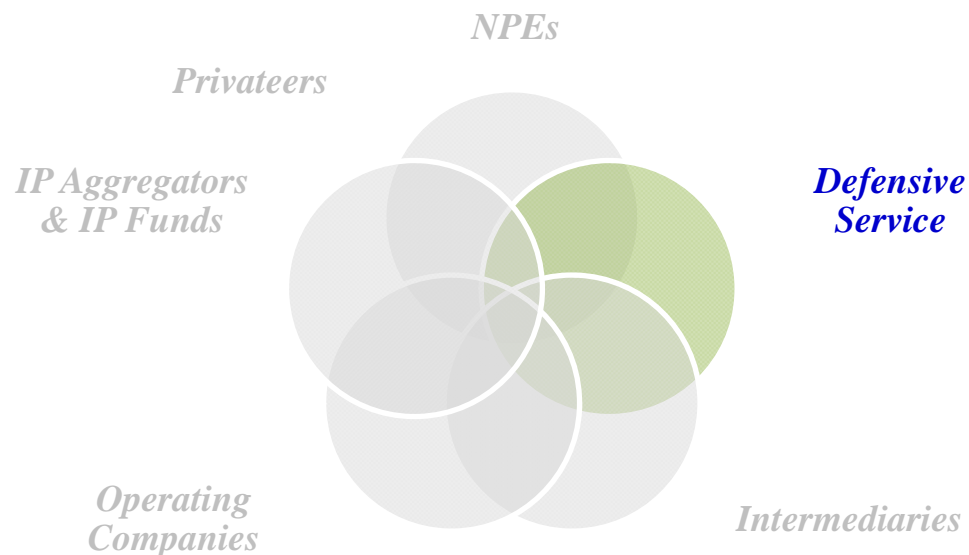


- Obtain funding from capital markets, companies, internal funds to acquire patent portfolios and monetize them via a variety of strategies
- Generate revenue primarily from package licensing and enforcement litigation
- Patent sales also undertaken
- e.g.
 - **Intellectual Ventures**
 - **Asian Patent Funds**



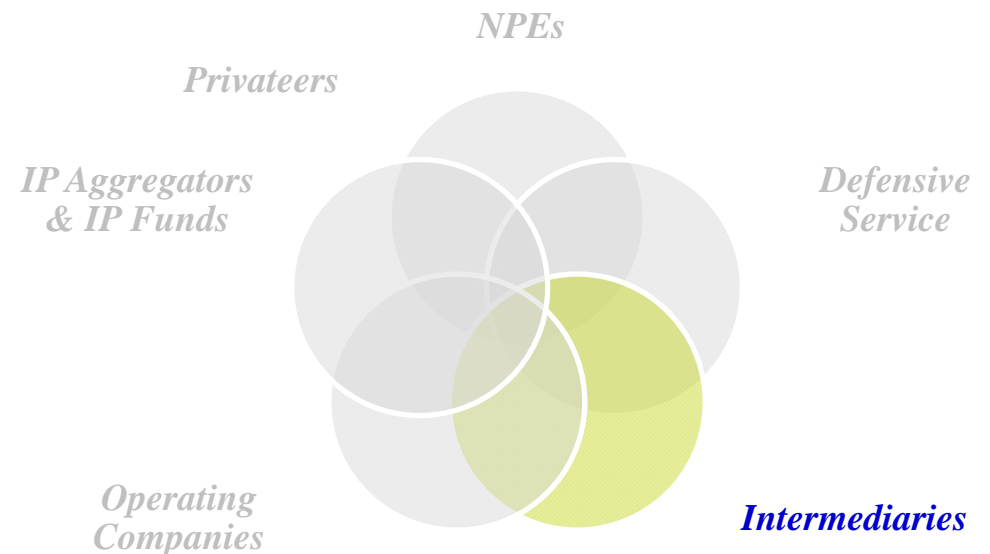


- Seek to provide patent protection to members and customers by acquiring high risk patents to take them off the market or grant licenses to members/customers, or find invalidating prior art
- Various models employed
 - “Catch-and-release”
 - “Open innovation”
 - “Prior art search”
- e.g.
 - Allied Security Trust
 - Article One Partners
 - BluePatent
 - Open Invention Network
 - RPX Corporation



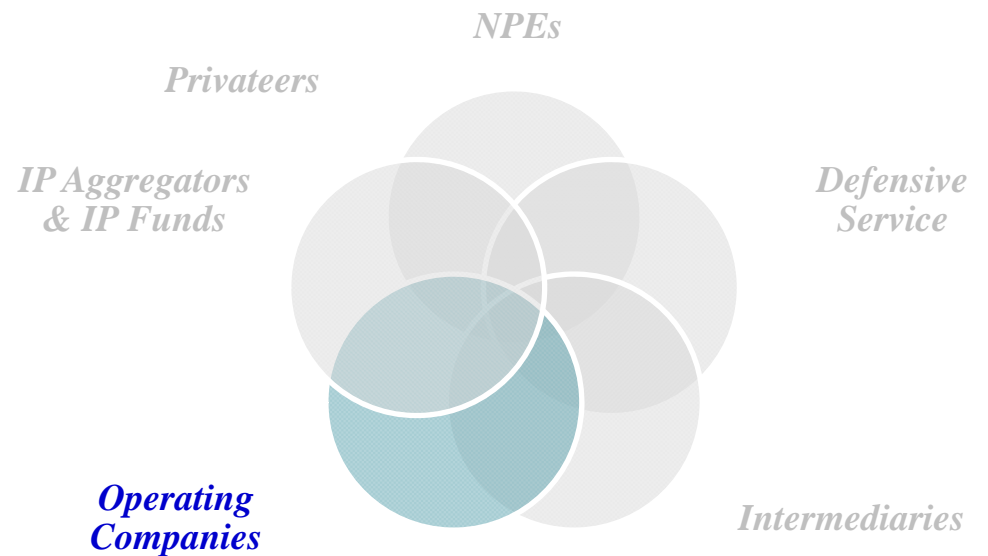


- **IP Auction Houses**
- **Online IP Marketplaces, Portals and Communities, ex: IPXI**
- **IP Brokers, Licensing Agents and IP Management and Advisory Firms**
- **Strategic Advisory Firms**
- **Analytic Software and Service Providers**
- **Stock Market-Related Tools and Services**
- **e.g.**
 - **IPXI**
 - **Ocean Tomo**



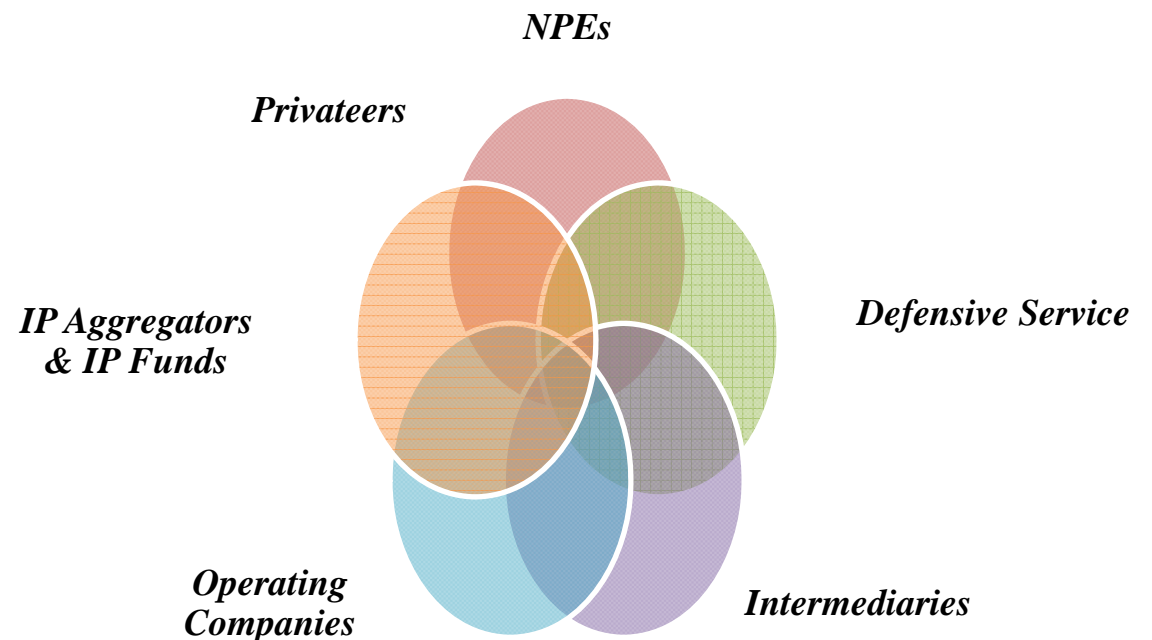


- **Creators of IP**
- **Enforcers of IP**
- **Buyers of IP**
- **Sellers of IP**
- **e.g.**
 - **Samsung**
 - **Ericsson**
 - **Sharp**
 - **Alcatel-Lucent**
 - **Siemens**
 - **Philips**
 - **IBM**
 - **Sony**
 - **Microsoft**





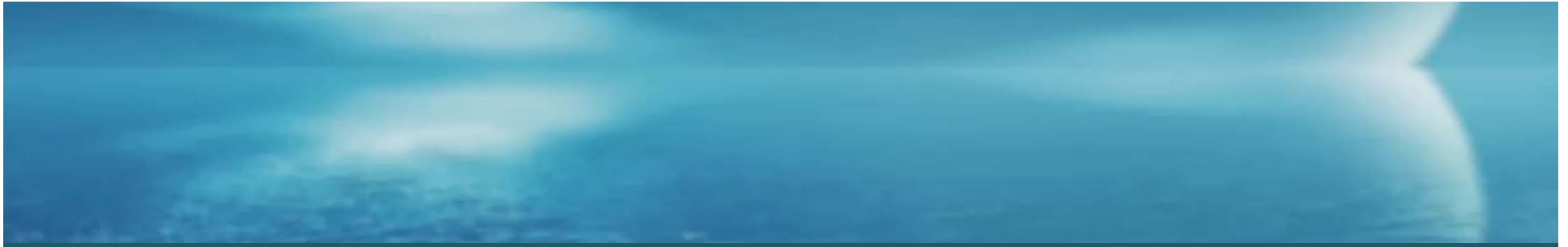
- Expanding roles of each “type” of player
- Increasing interactions and collaborations among the “types” of players
- Increasing complexity of transactions and arrangements



Increased Activity in Asia

- Growing interest and activity
- Asia Patent Fund (China, Japan, Taiwan, S. Korea)
- China:
 - National Patent Strategy
 - IP Exchanges: Ex.: CTEX (government-backed IP exchange)
 - Chinese companies prosecuting, and buying, more patents
- IP aggregator partnerships with Asian companies and universities
- Little domestic NPE activity – so far
- Asian electronics companies are targets of U.S. NPE lawsuits





IP disputes/litigations jurisdictions/countries

Through over 280 litigations in the past decade and over 40 are active

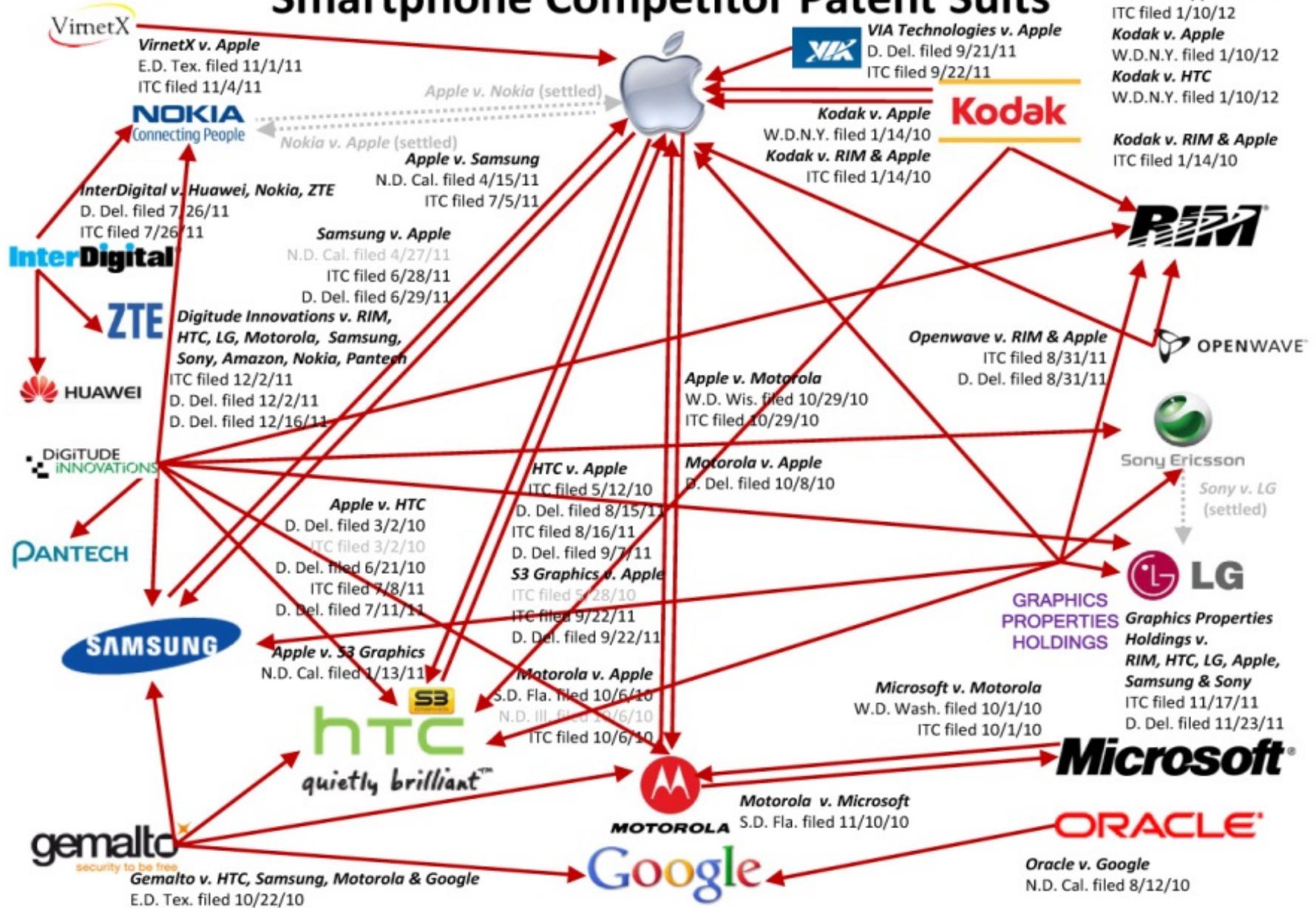




of dispute initiated from NPEs : # of patent dispute initiated from Operating Companies
90% : 10%

Cost of dispute with NPEs : Cost of dispute with Operating Companies
20% : 80%

Smartphone Competitor Patent Suits





Examples of Settlement or Judgment

Dispute	Value
TiVo v. Google, Cisco (2013)	\$490 Million
TiVo v. AT&T (2012)	\$215 Million
TiVo v. Echostar (2011)	\$500 Million
EMC v. HP (2005)	\$325 Million
Broadcom v. Qualcomm (2009)	\$891 Million
Johnson & Johnson v. Boston Scientific (2010)	\$1.7 Billion
Dolby Labs v. Research In Motion (2011)	\$28.7 Million
Nokia v. Apple (2011)	\$608 Million
Apple v. Samsung (2012)	\$1.05 Billion
Carnegie Mellon University v. Marvell Semiconductor (2012)	\$1.17 Billion
Commonwealth Scientific and Industrial Research Organization v. Cisco System, Inc. (2014)	\$16.2 Million
Dow Chemical Company v. Nova Chemicals Corporation et al (2014)	\$30.45 Million
WesternGeco LLC v. ION Geophysical Corporation (2014)	\$105.9 Million
Smartflash v. Apple (2015) *	\$ 533 Million

* Apple won new trial over the \$533M damage decision against Smartflash in July 2015.



Patent litigation management from In-House perspective

- **“In-house patent staff plays the most important role in managing patent infringement litigation.”**
Seems obvious but not always true in actual practice !
- **Skyrocketing cost of patent litigation**
 1. US patent litigation cost
 - District court : \$3M - \$5M
 - US ITC : \$6M at least (Could be much higher !)
 2. Patent litigation in EU (Germany, Netherlands, France and Italy)
 - Average \$ 600K - \$ 1.5M per patent
 - Patent litigation in UK is sometimes higher than one normal US NPE litigation
 3. Patent litigation in JP
 - Somewhat lower than average cost of EU litigation
- **In-house patent staff cannot turn a blind eye to the amount they are spending on patent litigation !!**



Patent litigation management from In-House perspective **keep reducing the cost !!**

- **To be more specific, solving the problem in the minimum cost.**
Every penny counts !!
- **In-House patent staff Leadership**
 1. Selection of outside counsels
 2. Selection of lead attorney
 3. Decision of how much work can be done in-house and the manner, length and thoroughness of discovery
 4. Settlement/Trial strategy



Patent litigation management from In-House perspective

outside counsel selection

- **Outside counsel**
 1. IP Boutique with litigation experience
 2. Large law firm with IP section
 3. Combination of general litigation firm and patent firms
 4. General litigation firm with in-house patent staff providing patent support
- **Lead attorney**
 1. Registered attorney
 2. A trial attorney with patent experience
 3. A trial attorney with the assistance of a patent attorney sitting second chair
- **Local counsel**

“Do not play ball on someone else’s court unless you know the rules of the game”



Patent litigation management from In-House perspective

Pre-trial matters

- **Sizing up the competition**

The first analysis a defendant In-house patent staff should make is to determine the merits of the law suits

1. Type of plaintiff
2. The initial relevance of the patent in suit
3. How important the alleged infringing products
4. Knowing any opponent about the litigation goes a long way in determining how much money you should spend defending for your company

Defining your case as early as possible !

- **PTAB proceedings**

- **Challenging Venue**

1. Declaratory Judgment action (after you feel threats of the patent at issue)
2. Motion to transfer venue (After got sued)



Patent litigation management from In-House perspective

Pre-trial matters – Discovery

- **In-House patent staff's role in e-Discovery**

1. E-Discovery action plan
2. Avoid spoliation of evidence
3. Cost burden/shift of ESI (Electronically Stored Information)

- **Best ways to assist outside counsels**

1. Identification of key players
2. Determine scope of discovery

Considering there are no blank check, especially in current economy. Cost-effective discovery must be implemented

3. The increasingly elusive smoking gun

Yes, but do you need to investigate every rabbit trail imaginable ?

- **Expert witness**

1. Securing good expert before the other side
2. They are retained does not mean they have to be utilized right away
3. It is important to protect privilege with consulting experts because communication between them and counsels are privileged



Patent litigation management from In-House perspective

Pre-trial matters – Markman briefing/hearing

- **Knowledge of the local rule and Judge's preference**

Markman procedures vary depending on the court so it is important to understand what the court wants so as to avoid wasting resources on something that will not be considered

- **Visual aid**

Considering the cost of high-end graphical presentations or videos.....

- **Settlement opportunity**

After claim construction a competent patent litigator can provide a reasonable chance of success or loss and provide a recommendation to in-house staff the best way to proceed



Patent litigation management from In-House perspective

Pre-trial matters

- **Pre-Trial philosophy**

1. It is in-house staff's decision on whether to conduct mock jury selection, the scope of witness preparation and utilization of sophisticated graphic
2. Your money and your potential liability or damages

- **Inequitable Conduct**

1. May be costly in discovery.....
2. Must identify whom, what, when, where and how.....
3. May end up causing the dispute into personal one..



Patent litigation management from In-House perspective

Settlement or Trial

- **Checking points**

1. After the law suit has been filed and each side has conducted an initial investigation prior to the commencement of discovery
2. After the first round of discovery
3. PTAB proceedings instituted
4. After claim construction
5. Before jury trial

A day before trial ? Yes !!

- **Knowing that cases settle, the in-house patent staff should be mindful of the particular opportunities for settlement and require the lead attorney to cost effectively prepare for this opportunity**



Patent litigation management from In-House perspective

Settlement or Trial

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Recommendations

Nothing but a series of Risk Assessment

- **Going a long way in reducing company's litigation cost**
 1. Defining your cases in the primary stage
 2. Taking NPE cases as **pure cost** which should be weighed both settlement and litigation expense
Win or Loss matters ? Not Exactly !!
 3. Paying close attention to the counsel retainer
 - a. Creating a positive and effective communication with the lead attorney
 - b. Implementing an effective e-discovery management plan
 - c. Refusing to play games during discovery
 - d. **The cheaper, the better ? Not Exactly !!**
 4. Sizing up the opportunities to settle any time
The earlier you figure out what you can give up, the sooner you are able to close the deal beautifully !!
- **Plan ahead for the attacks by your competitors**
 1. Do not say that you cannot foresee or predict the risks, Ostrich belief is going to cause you much more in the future
 - a. **What your target companies' core technologies/products are, what your patented technologies should be**
 - b. **Where your target companies' markets are, where you should place your patents**
 2. Well strategic investment is definitely worth for considered

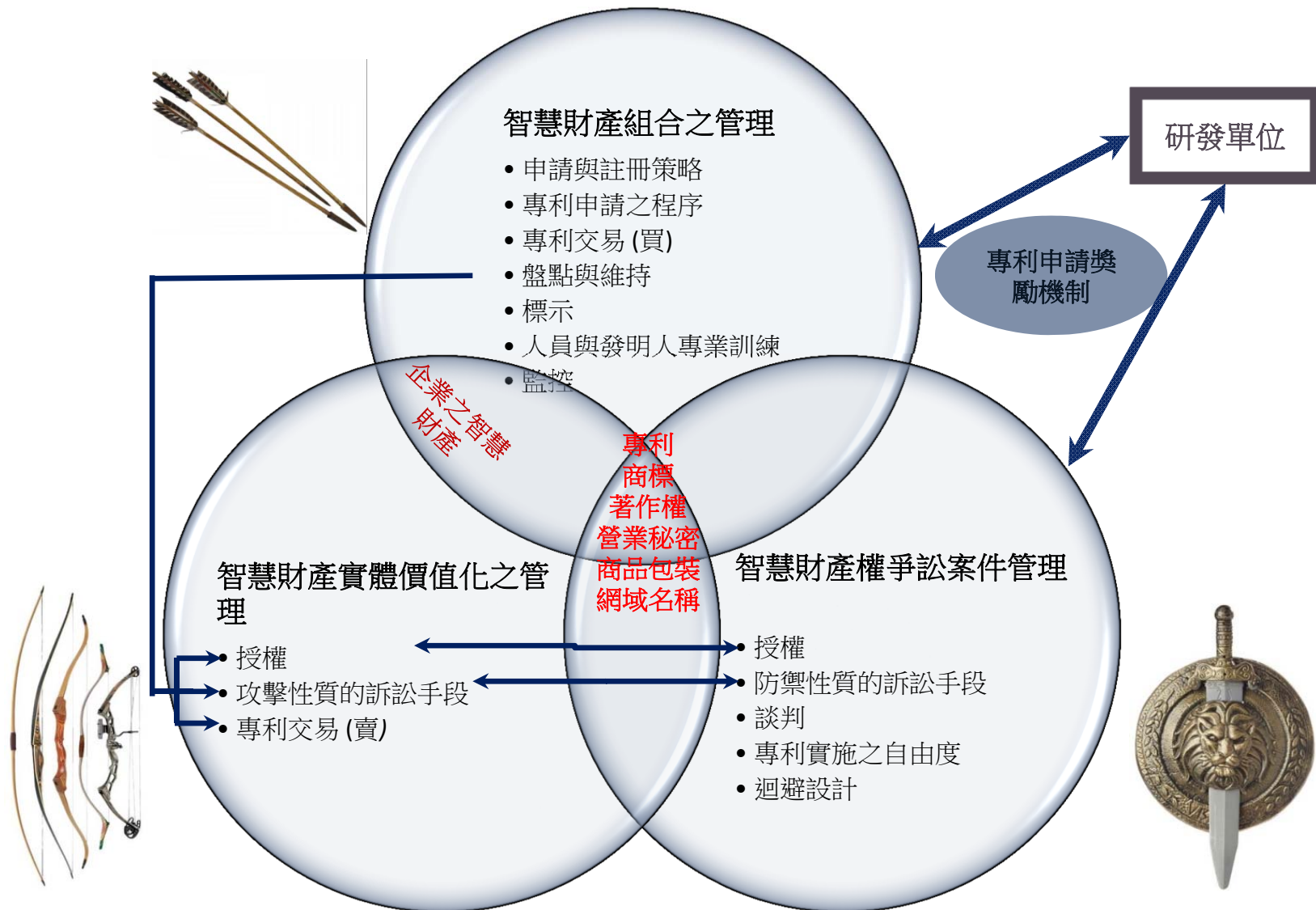


Recommendations

NPE issues

- **Facing NPEs**
 1. Can it be avoided ?
 2. Cost vs company image
 3. Always look into individual situation
- **Strategies**
 1. PTAB filing
 2. Common interest group

IP Management & Task Force



IP Utilization/Monetization



基本上會由企業之法務或知識產權部門擔任召集之角色, 必須統整各不同部門的意見, 如會計, 稅務, 反壟斷法, 訴訟戰略以及投資人關係與公關部門



Thanks

Questions