

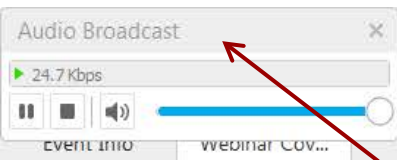
Patent Litigation in Delaware Post- *TC Heartland*

Thomas F. Fitzpatrick
Gregory D. Len
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Attorneys at Law

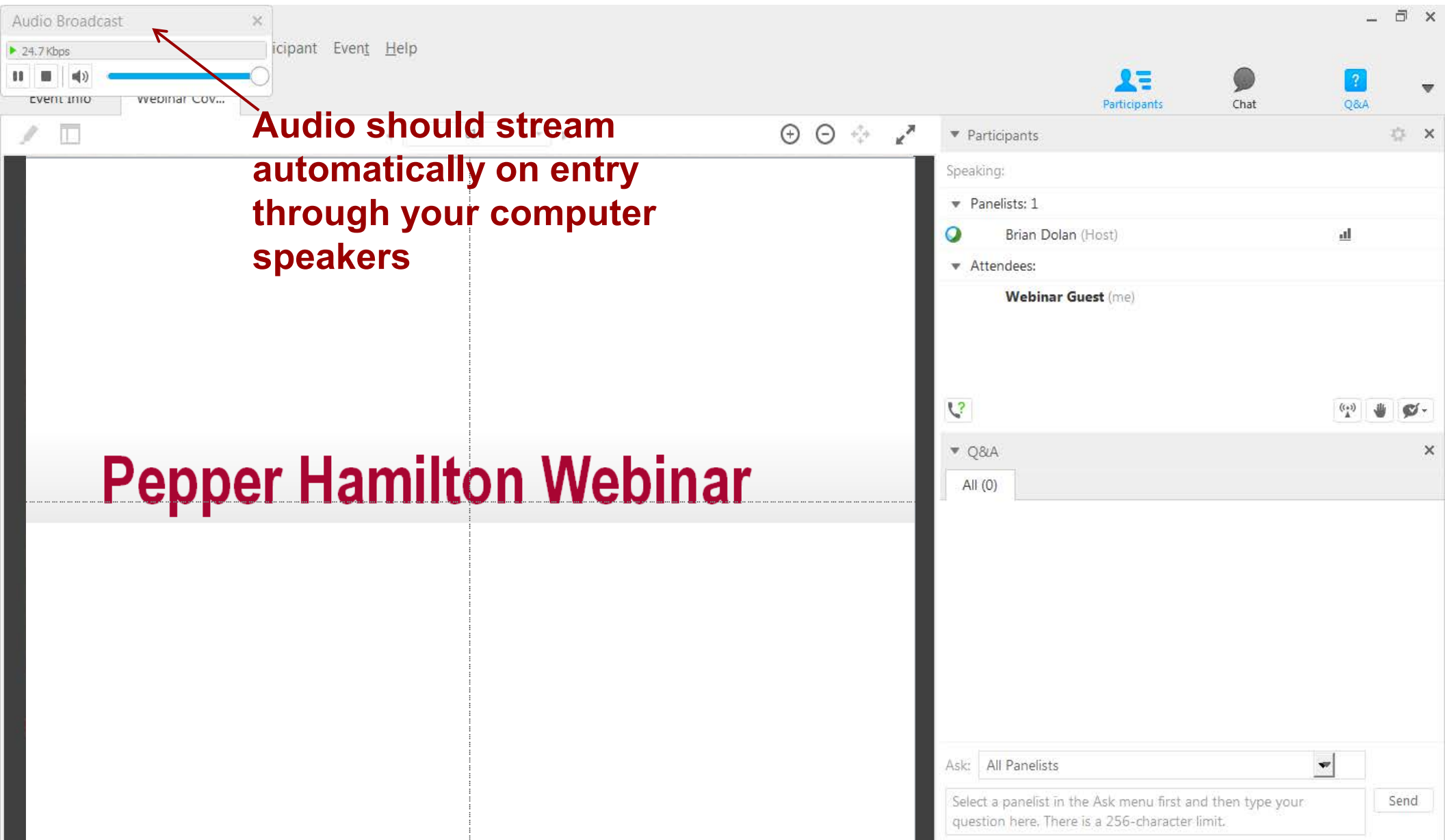
February 20, 2018 | Webinar

Audio



Audio should stream automatically on entry through your computer speakers

Pepper Hamilton Webinar



Audio

The screenshot displays the Cisco WebEx Event Center interface. At the top, there is a menu bar with 'File', 'Edit', 'View', 'Communicate', 'Participant', 'Event', and 'Help'. Below the menu bar, there are tabs for 'Event Info' and 'Webinar Cov...'. The main content area is mostly blank, with a red text overlay that reads: 'If you cannot stream audio, click phone icon and a phone number will be sent to you'. A red arrow points from this text to a phone icon in the 'Participants' panel on the right. The 'Participants' panel shows a list of participants: 'Brian Dolan (Host)' and 'Webinar Guest (me)'. Below the list, there is a 'Q&A' section with a dropdown menu set to 'All (0)'. At the bottom of the interface, there is a 'Send' button and a 'Connected' status indicator.

File Edit View Communicate Participant Event Help

Event Info Webinar Cov... x

01

Participants

Chat

Q&A

Participants

Speaking:

Panelists: 1

Brian Dolan (Host)

Attendees:

Webinar Guest (me)

Q&A

All (0)

Ask: All Panelists

Select a panelist in the Ask menu first and then type your question here. There is a 256-character limit.

Send

Connected

If you cannot stream audio, click phone icon and a phone number will be sent to you

Pepper Hamilton Web

Audio Connection

I Will Call In

Call Using Computer

[Test computer audio](#)

Q&A

The screenshot displays the Cisco WebEx Event Center interface. The main content area shows a slide titled "Pepper Hamilton Webinar" with the text "Send us questions" overlaid in red. The right-hand sidebar contains a "Participants" list with "Brian Dolan (Host)" and "Webinar Guest (me)". Below this is a "Q&A" section with a "Send" button and a text input field labeled "Type question here...". A red arrow points from the "Send us questions" text to the "Q&A" icon in the top right corner of the interface.

Cisco WebEx Event Center

File Edit View Communicate Participant Event Help

Event Info Webinar Cov... x

01

Participants

Chat

Q&A

Speaking:

Panelists: 1

Brian Dolan (Host)

Attendees:

Webinar Guest (me)

Q&A

All (0)

Ask: All Panelists

Type question here...

Send

Connected

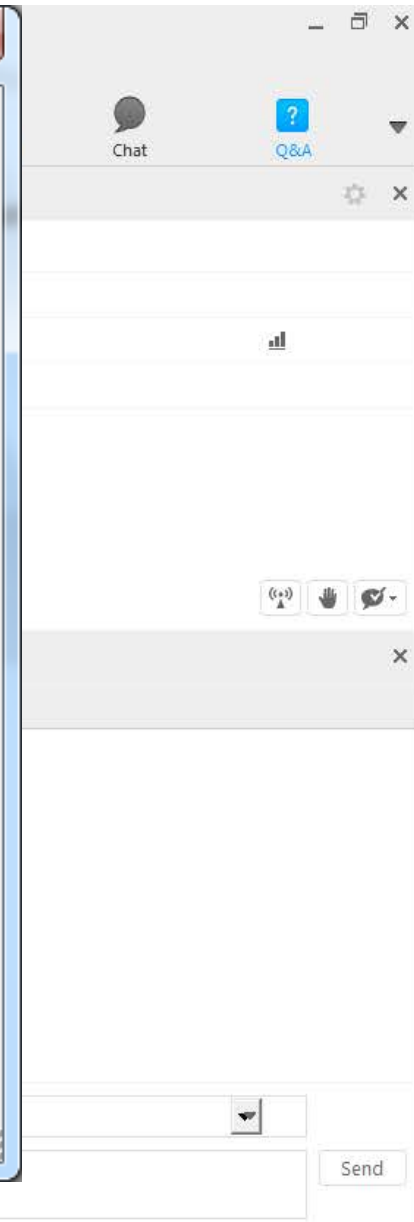
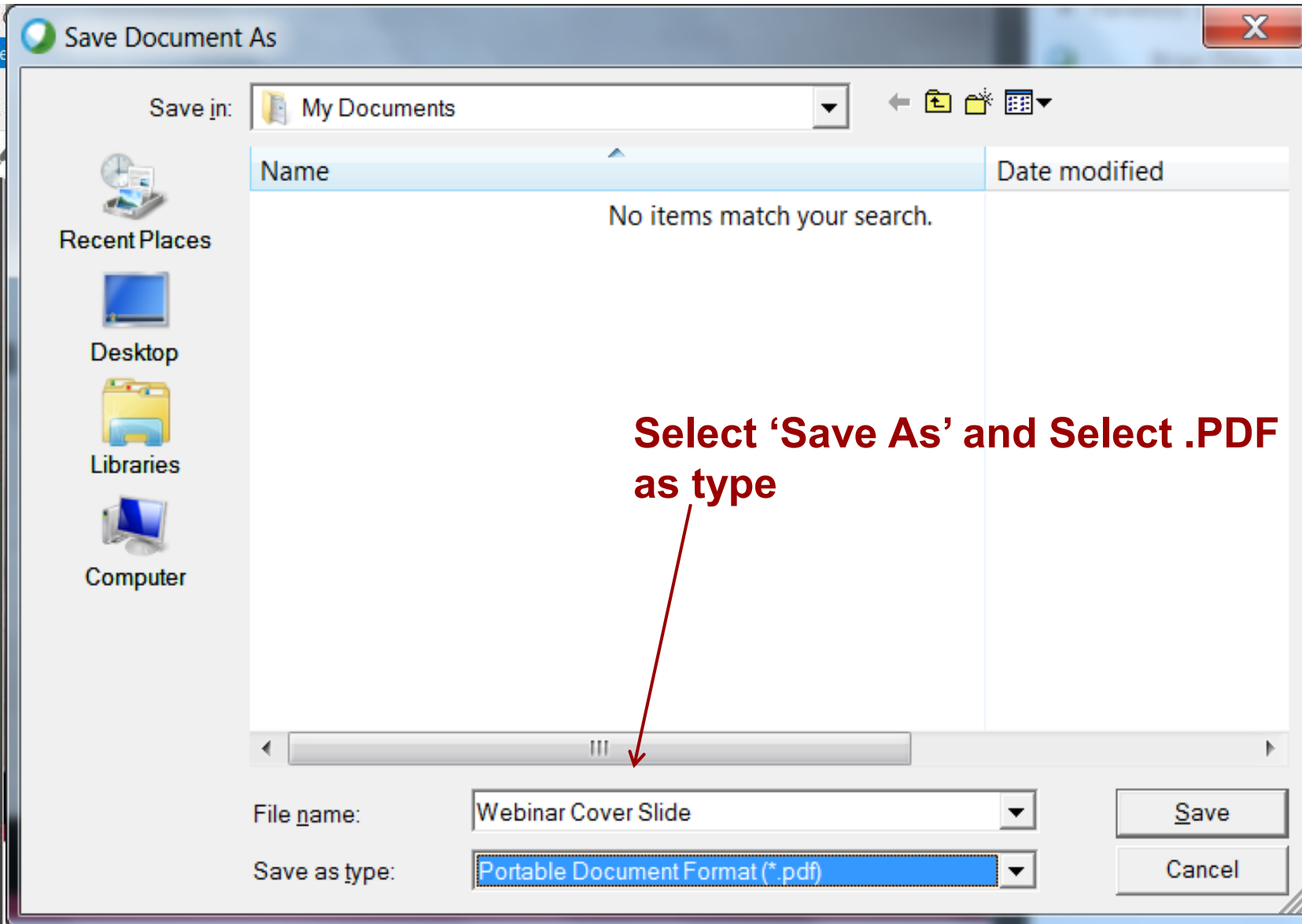
Download PPT Slides

The screenshot displays the Cisco WebEx Event Center interface. At the top, the title bar reads "Cisco WebEx Event Center". Below it is a menu bar with "File", "Edit", "View", "Communicate", "Participant", "Event", and "Help". The "File" menu is highlighted in blue. A red arrow points from the text "Click 'File'" to the "File" menu item. The main content area shows a slide titled "Pepper Hamilton Webinar" with a slide number "01" in the top right corner. On the right side, there is a sidebar with "Participants" and "Q&A" sections. The "Participants" section shows "Speaking:" with "Panelists: 1" (Brian Dolan (Host)) and "Attendees:" (Webinar Guest (me)). The "Q&A" section shows "All (0)" and a "Send" button. At the bottom right, there is a "Connected" status indicator.

Click 'File'

Pepper Hamilton Webinar

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LIFE SCIENCES
MEDIA, COMMUNICATIONS AND ENTERTAINMENT
NONPROFIT ORGANIZATIONS AND FOUNDATIONS
PHARMACEUTICAL AND MEDICAL DEVICE
RETAIL
TECHNOLOGY
TRANSPORTATION

Locations

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BOSTON
DETROIT
HARRISBURG
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Firm for
Pennsylvania

We will be starting at 12pm ET. There is currently no audio until we start.

Welcome and Introduction

M. Kelly Tillery

Partner | Intellectual Property Litigation Practice Group

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tilleryk@pepperlaw.com

- ▶ A national authority, speaker, author and litigator of intellectual property disputes and anti-counterfeiting protection
- ▶ Focuses his practice on IP litigation and is known for his work in anti-counterfeiting actions, especially injunctions and seizure orders and securing and defending against injunctions in patent, copyright, trademark, trade secret and non-compete cases
- ▶ Has long been in the forefront of obtaining individual, national and facility injunctions to protect the trademarks and copyrights of performing artists as well as major software, novelty, jewelry and designer manufacturers from around the world.



Thomas F. Fitzpatrick

Partner, Intellectual Property Litigation Practice Group

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- ▶ Co-chair of the Intellectual Property Litigation Practice Group
- ▶ Focuses his practice on all aspects of intellectual property, including litigating patent, trade secret, trademark, technology licensing and other related disputes
- ▶ Has represented both patent owners and patent defendants in federal courts throughout the country
- ▶ Most recently has successfully represented internationally based and publicly traded companies in the computer database, telecommunications, semiconductor, Internet and power supply industries.



Gregory D. Len

Partner, Intellectual Property Litigation Practice Group

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- ▶ Concentrates his practice in intellectual property, focusing primarily on patent litigation, patent prosecution, and patent transactions
- ▶ Routinely handles many aspects of patent litigation from discovery disputes, to claim construction issues, to trial
- ▶ Has participated in multiple trials before the International Trade Commission representing plaintiffs in patent-based Section 337 investigations.



Bradley T. Lennie

Partner, Health Sciences Department

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- ▶ Has substantial patent litigation experience, including representing patent holders and accused infringers in the U.S. Patent & Trademark Office and federal district courts throughout the United States
- ▶ Has extensive experience representing clients in appeals before the Court of Appeals for the Federal Circuit and he has additional litigation experience in state and federal courts involving trademark, trade secret and trade dress claims
- ▶ Focuses primarily on the life science and medical device industries.



Patent Venue Post-*TC Heartland*

Statutory Basis For Patent Venue

“Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”

28 U.S.C. § 1400(b)

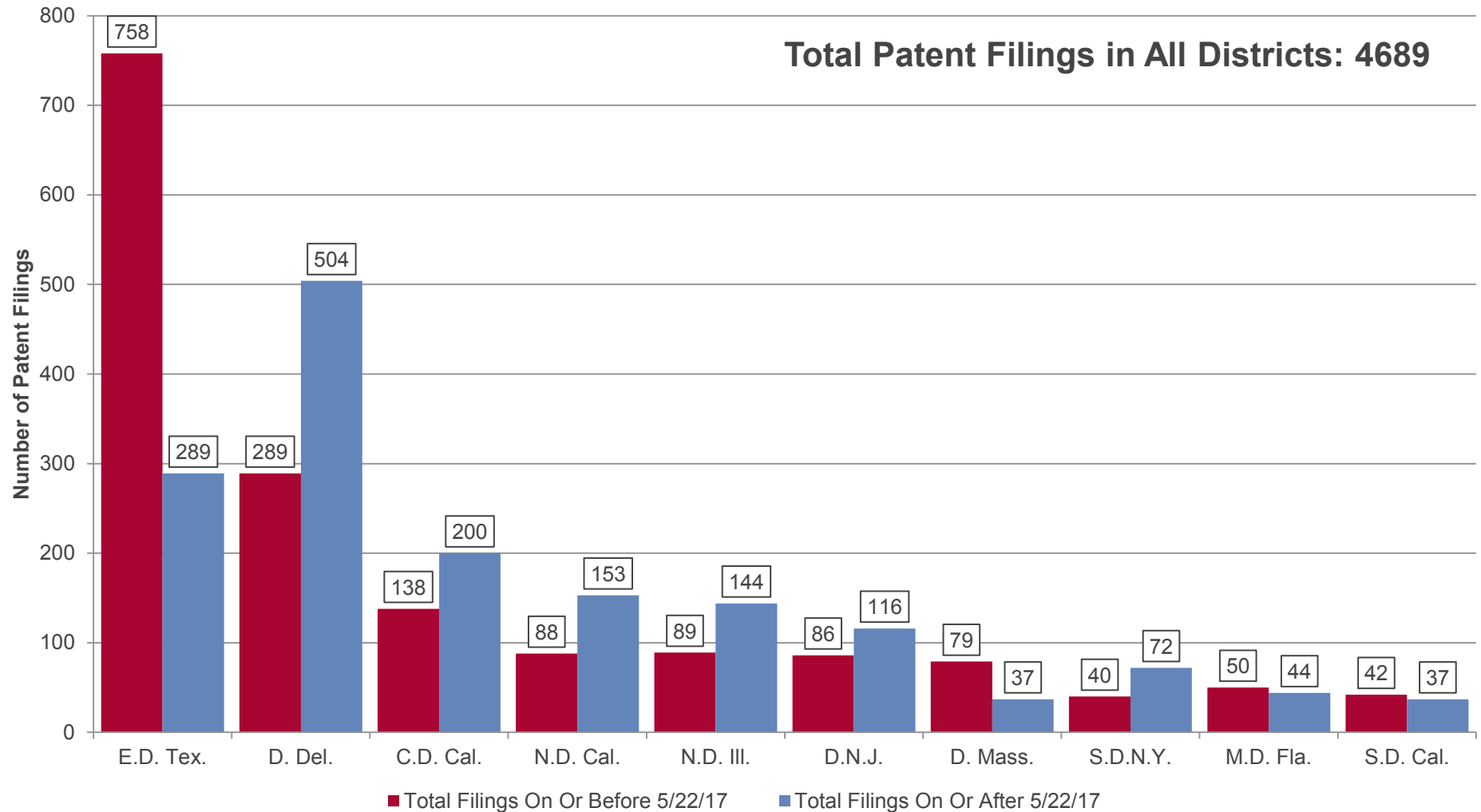
The *TC Heartland* Decision

TC Heartland LLC v. Kraft Foods Grp. Brands LLC, 137 S. Ct. 1514 (May 22, 2017).

- ▶ Held that, as applied to domestic corporations, “reside[nce]” in §1400(b) refers only to the State of incorporation. The amendments to §1391 did not modify the meaning of §1400(b) as interpreted by *Fourco*.

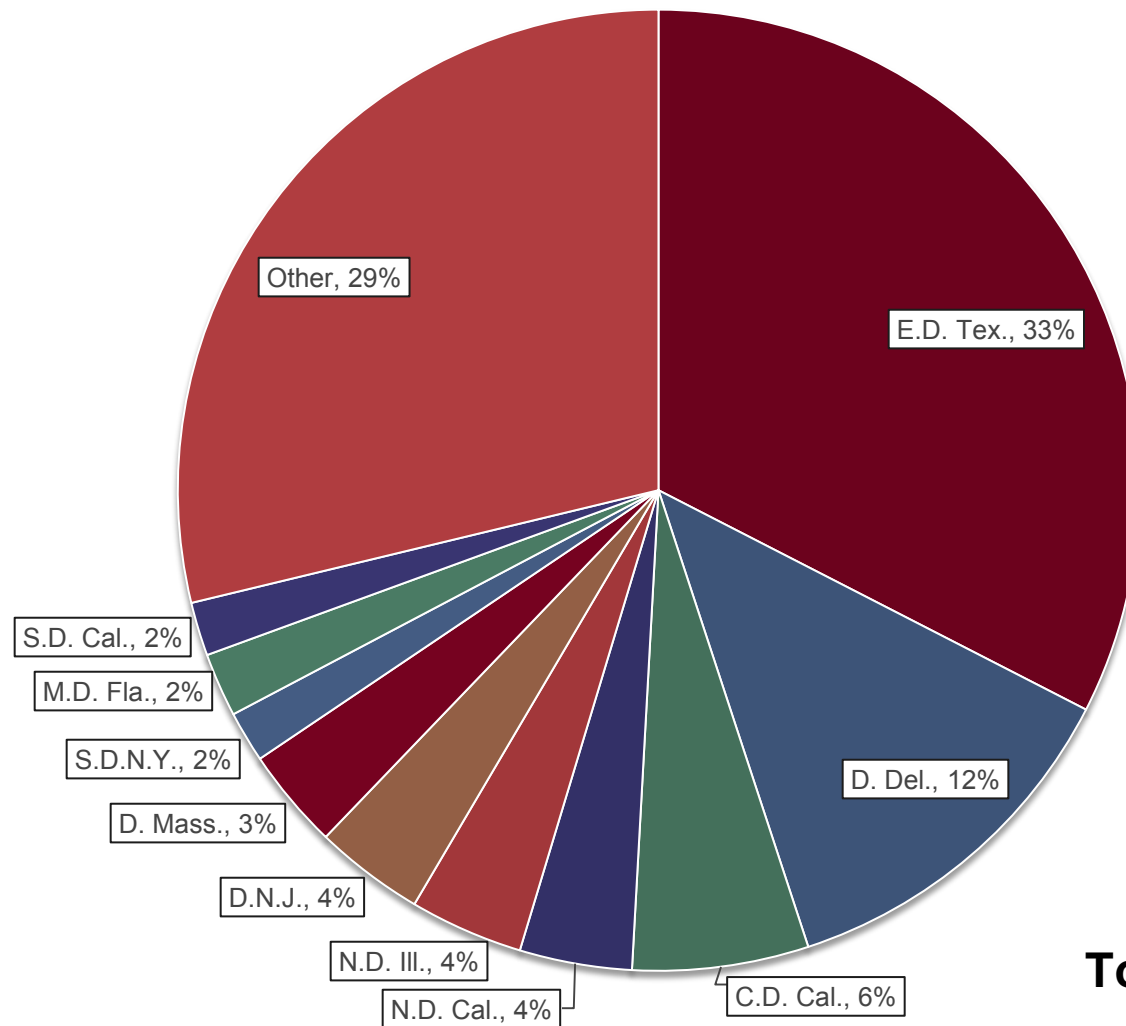
Impact on Location of Patent Filings

Patent Filings By District
6 Months Pre- and 6 Months Post-*TC Heartland*



Impact on Location of Patent Filings

Location Of Patent Filings In 6 Months Before TC Heartland

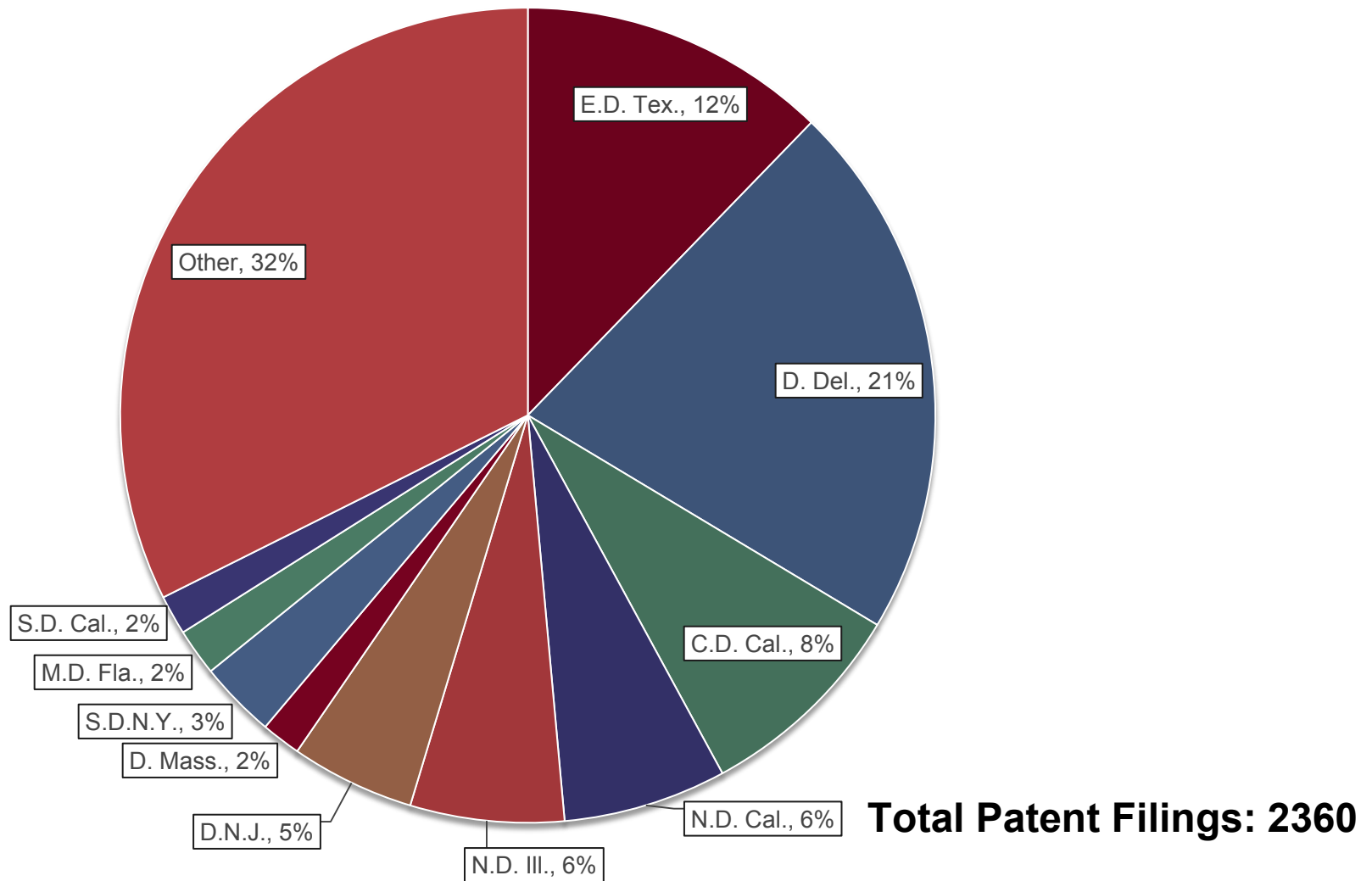


Total Patent Filings: 2329

Data From Docket Navigator

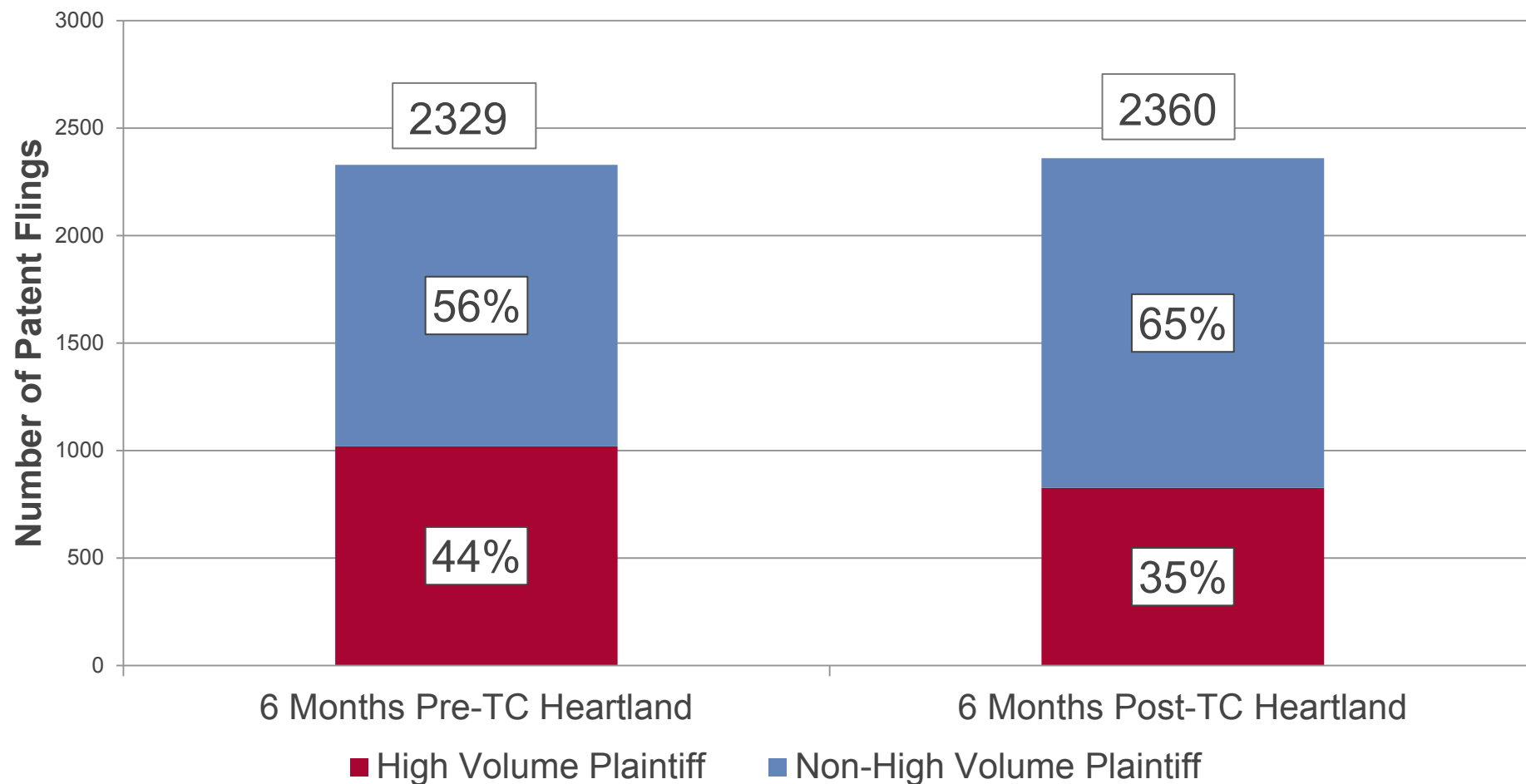
Impact on Location of Patent Filings

Location Of Patent Filings In 6 Months After *TC Heartland*



Impact on High Volume Plaintiff Behavior

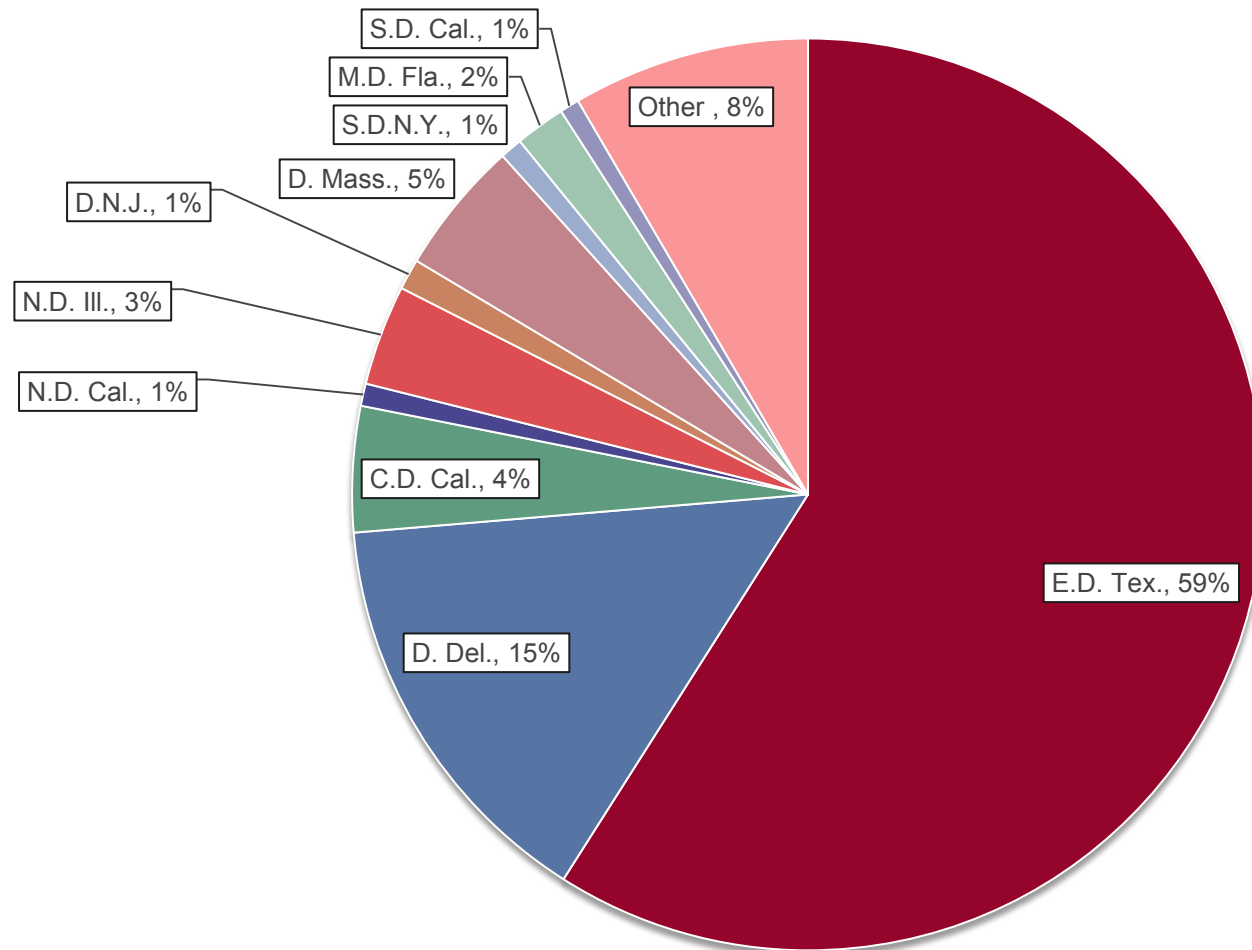
Patent Filings By Plaintiff Type
6 Months Before and 6 Months After *TC Heartland*



High Volume Plaintiffs – Plaintiffs that make 3 or more patent case filings in a week.

Impact on High Volume Plaintiff Behavior

Location Of Patent Filings Filed By High Volume Plaintiffs In 6 Months Pre-TC Heartland



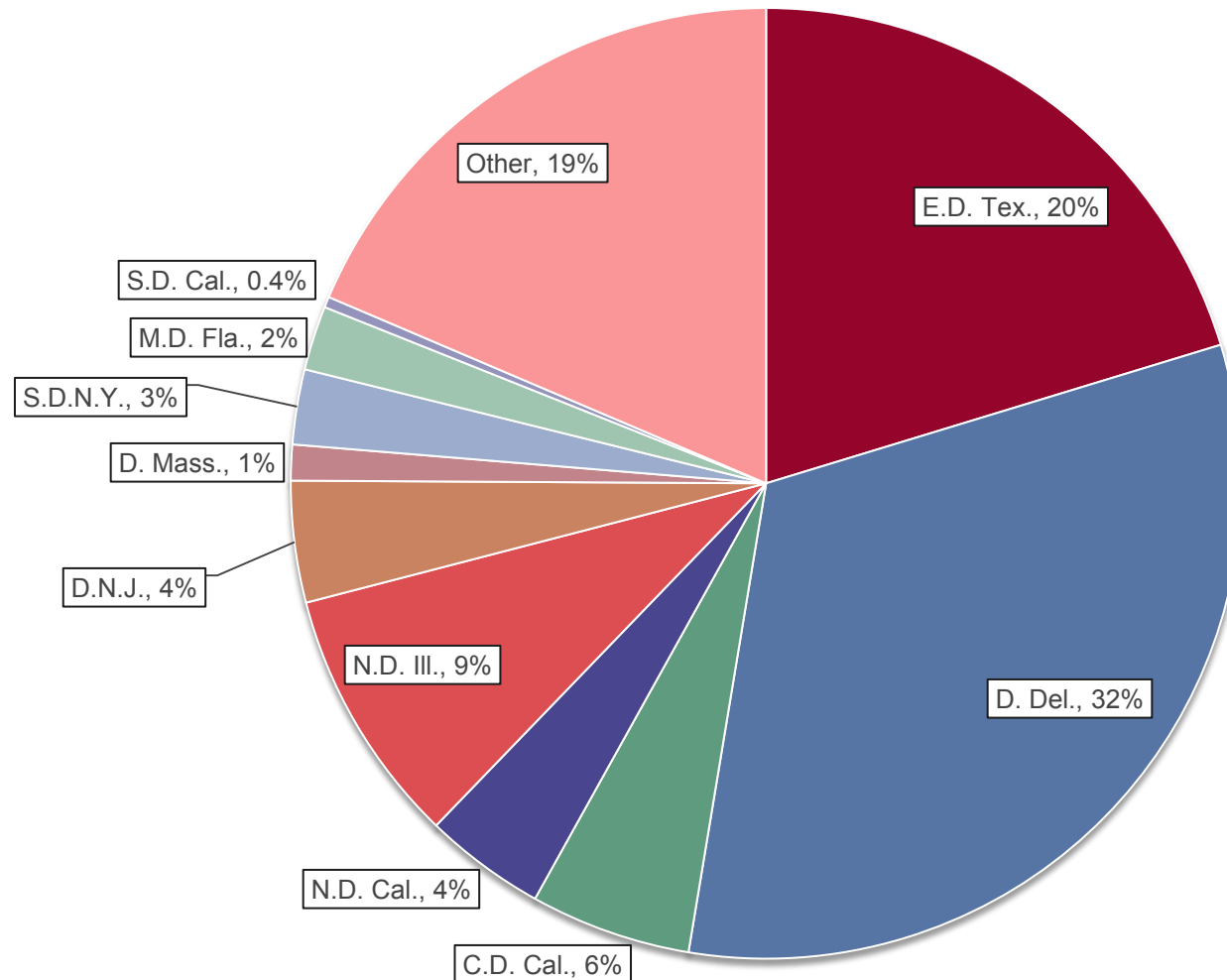
High Volume Plaintiffs – Plaintiffs that make 3 or more patent case filings in a week.

Total Patent Filings: 1010

Data From Docket Navigator

Impact on High Volume Plaintiff Behavior

Location Of Patent Filings Filed By High Volume Plaintiffs In A Single District In 6 Months Before TC Heartland



High Volume Plaintiffs – Plaintiffs that make 3 or more patent case filings in a week.

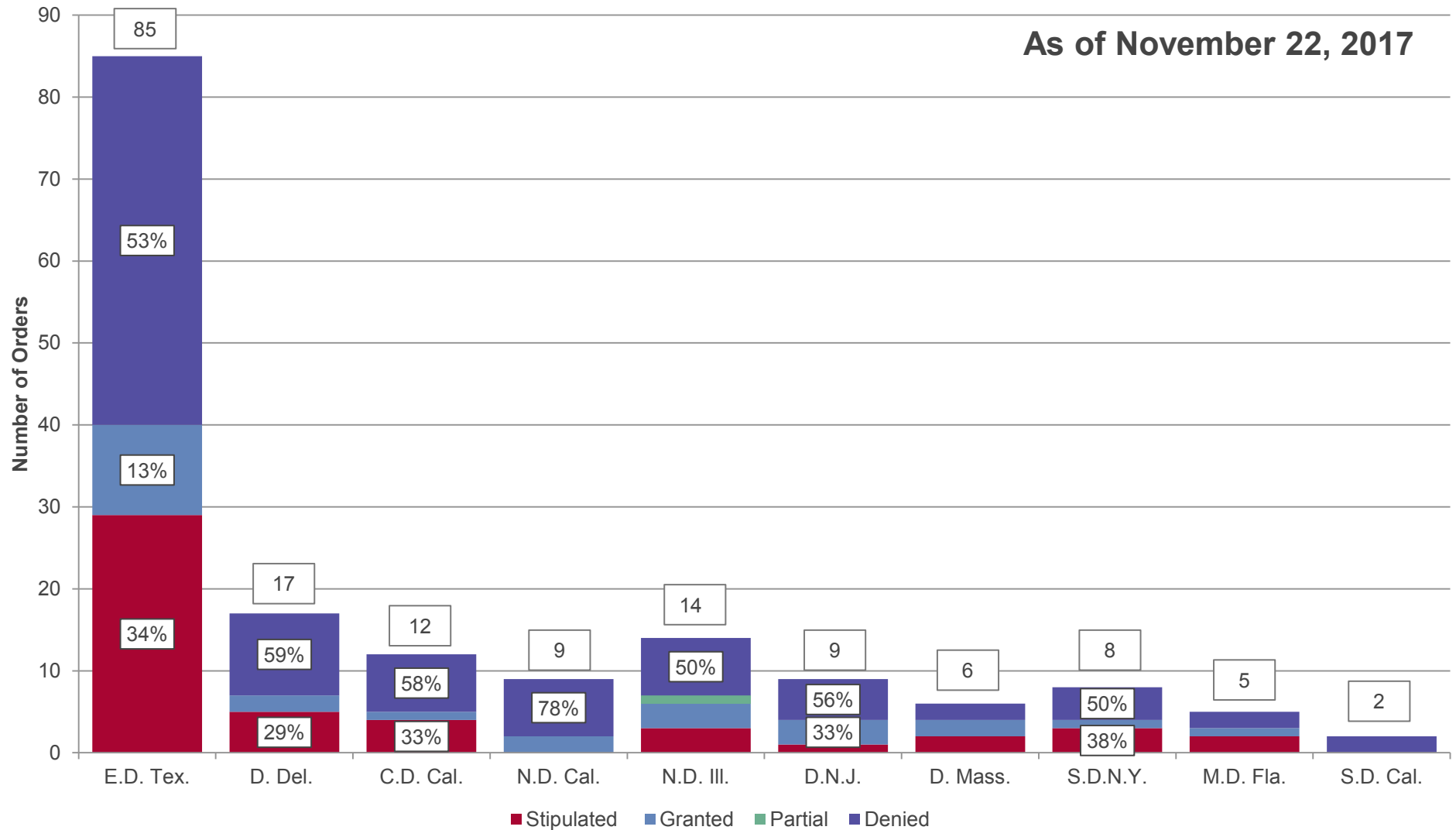
Total Patent Filings: 864

Data From Docket Navigator

Impact on Improper Venue Motions

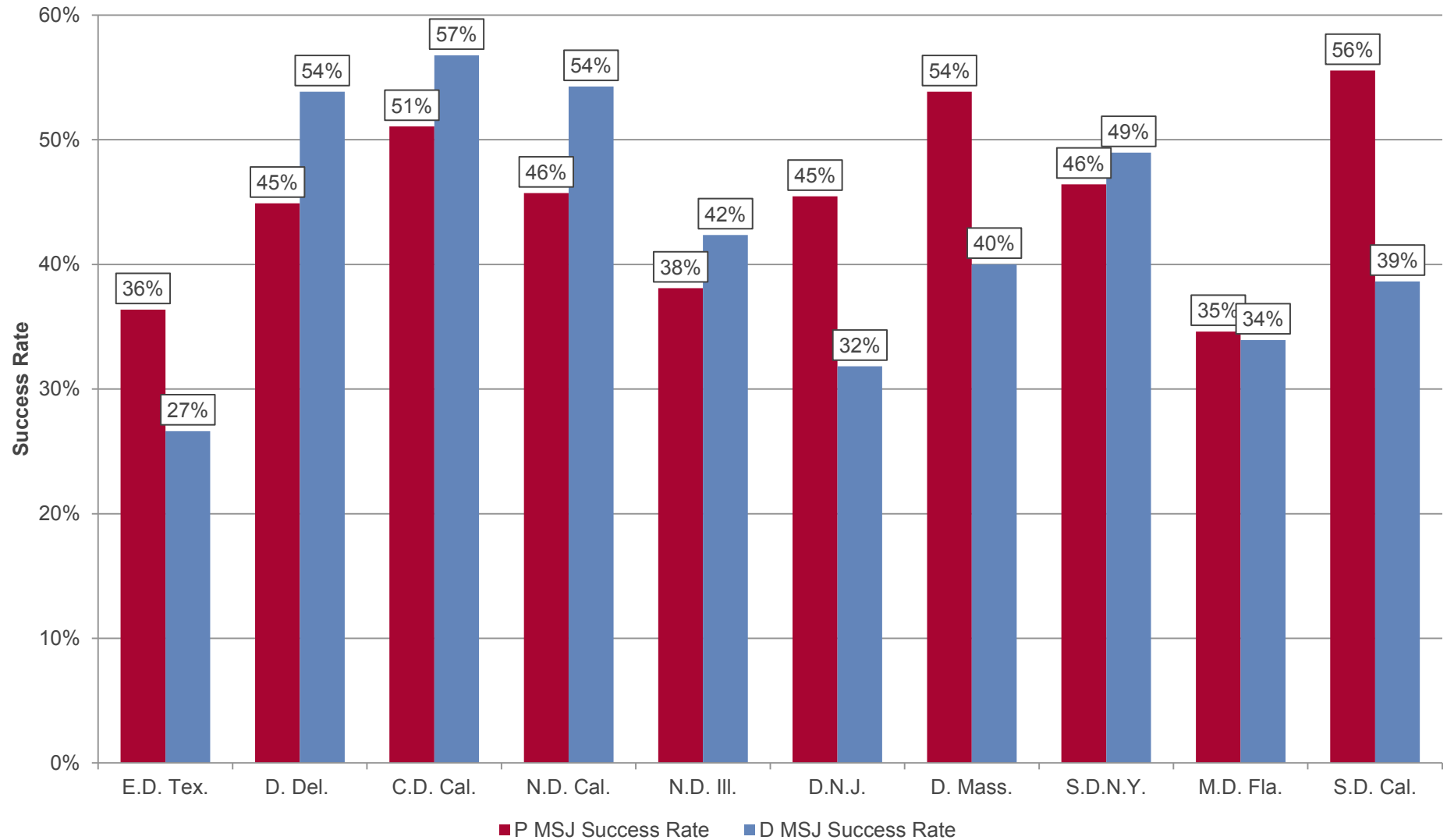
Disposition of Improper Venue Motions After *TC Heartland*

As of November 22, 2017



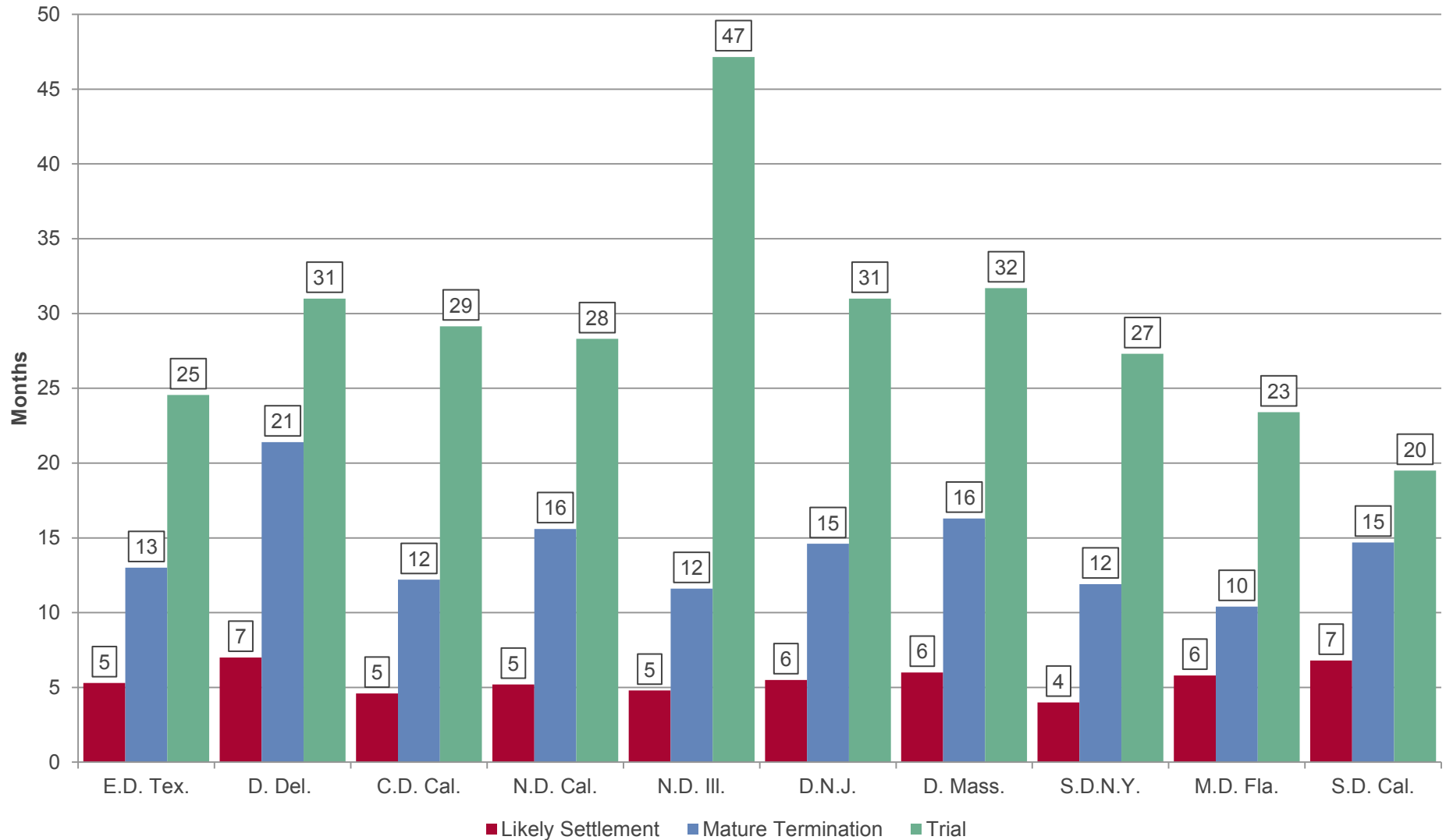
Summary Judgment Success Rates by District

Summary Judgment Success Rates, Orders Dated 2012-2016



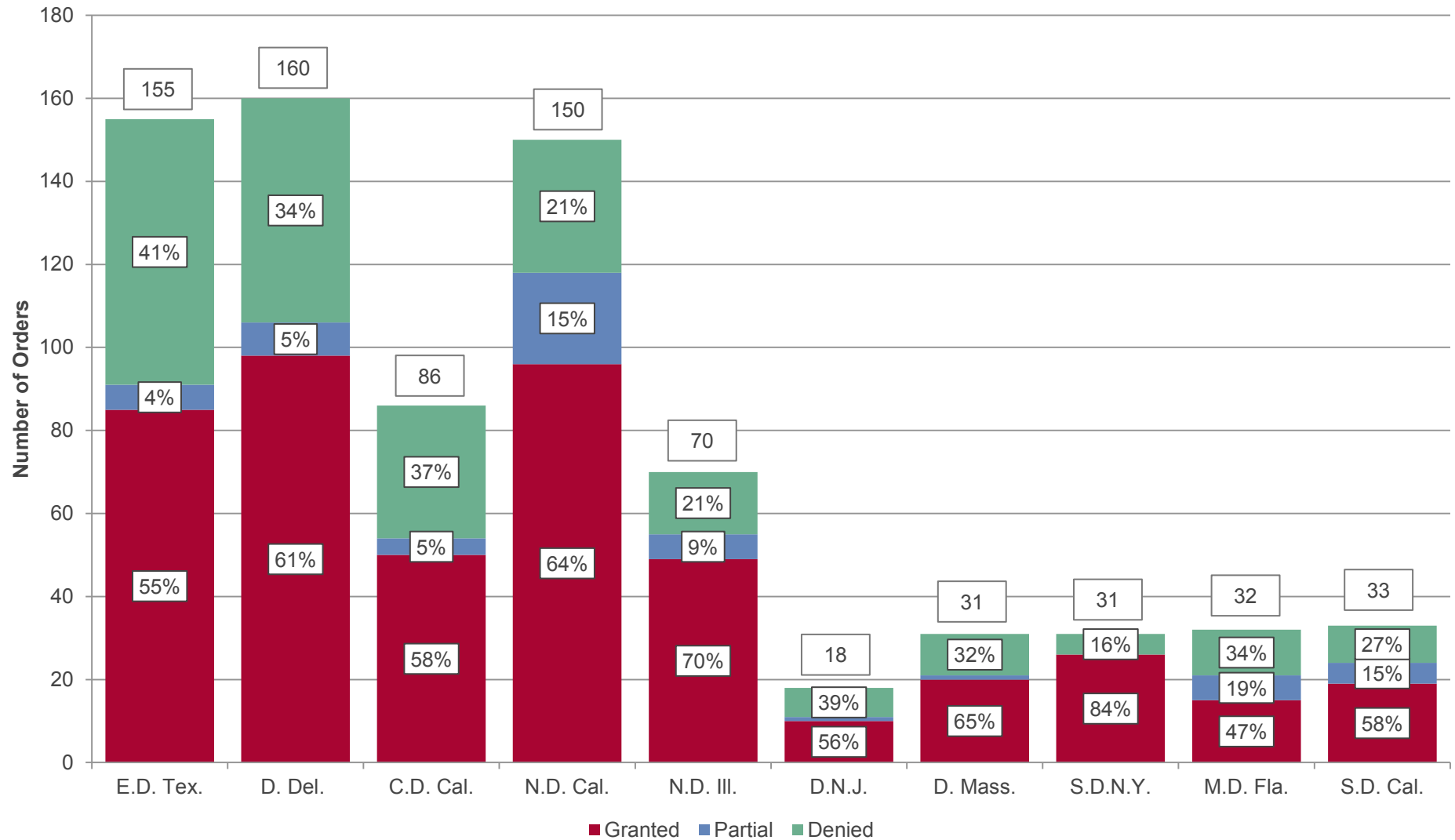
Duration of Cases by District

Median Time to Settlement, Termination, and Trial, Cases Filed 2012-2016



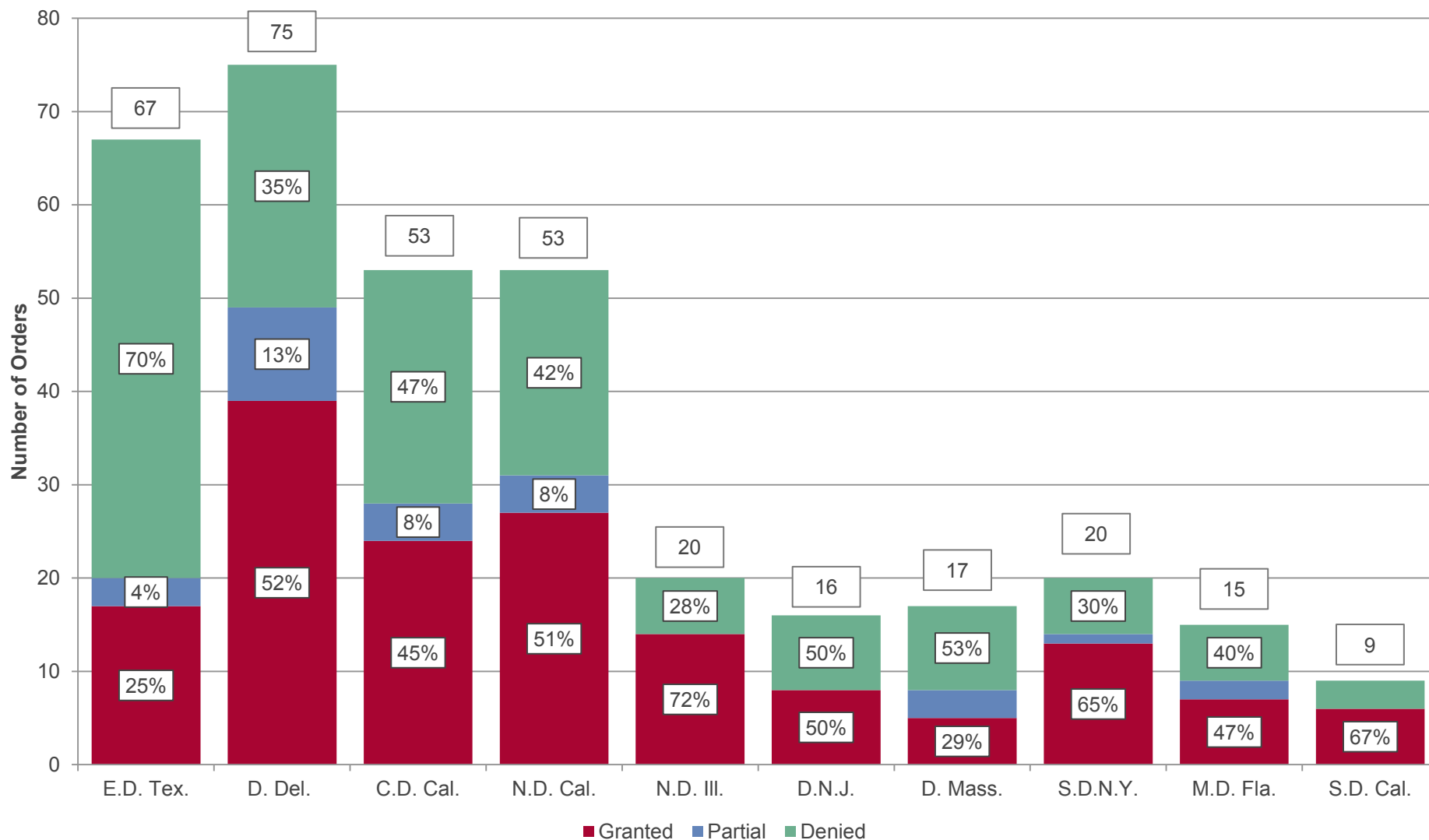
Motions for Stay Pending PTAB Action Success Rates by District

Motions for Stay Pending Post-AIA PTAB Action, Orders Dated 2012-2016



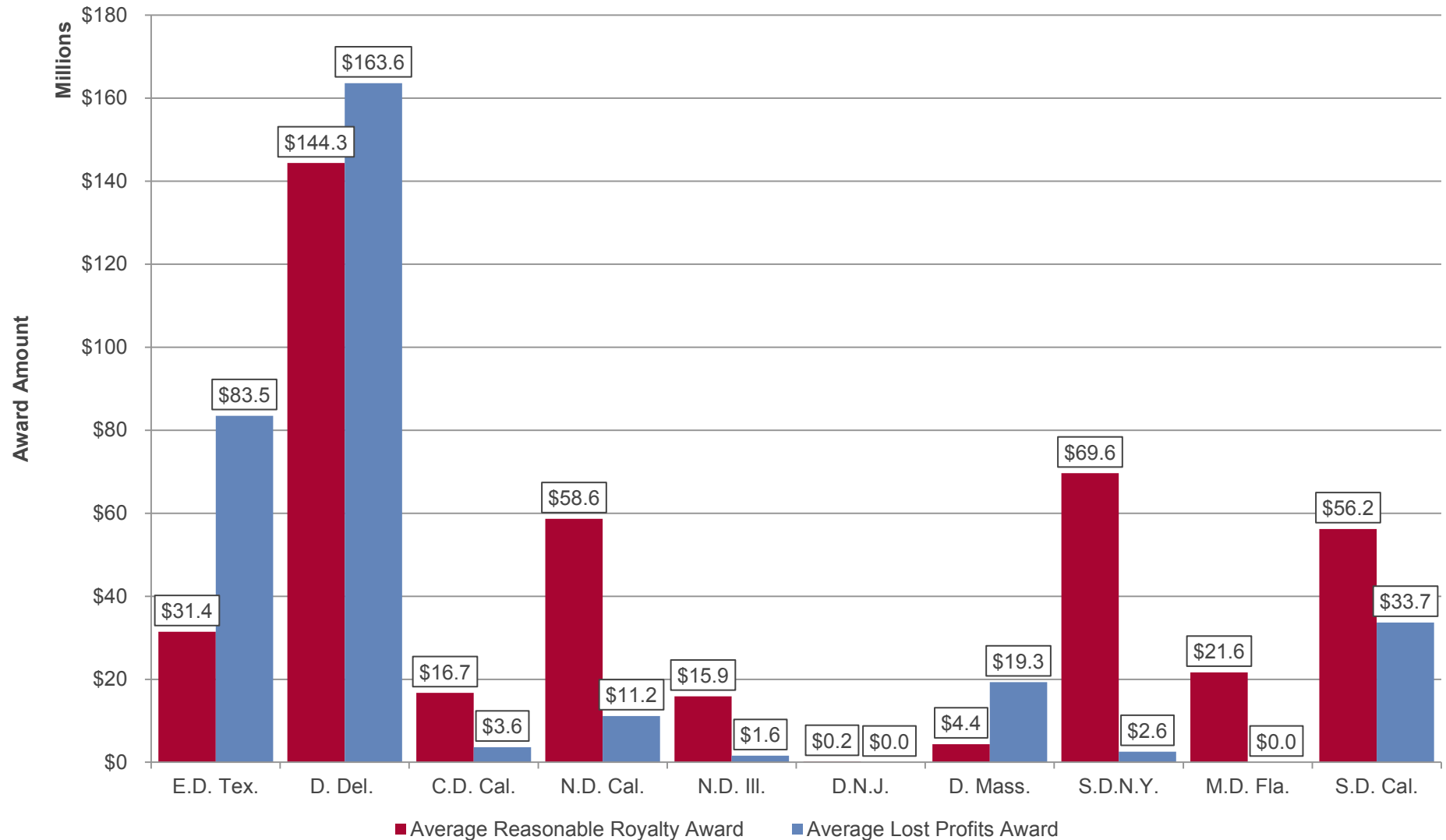
§ 101 Motion Success Rates by District

Post-Alice § 101 Motions, Orders Dated 2012-2016



Patent Damage Awards by District

Average Patent Damage Awards, Cases Filed 2012-2016



In re Cray

871 F.3d 1355 (Fed. Cir. Sept. 21, 2017)

- ▶ Granted petition for writ of mandamus and directed transfer of case out of E.D. Tex.
- ▶ Found that E.D. Tex. erred in denying motion to transfer based on presence of a Cray sales executive in E.D. Tex.
 - Rejected E.D. Tex.’s test for “regular and established place of business in the modern era” considering the factors:
 - (1) physical presence
 - (2) defendant’s representations
 - (3) benefits received, and
 - (4) targeted interactions with the district.
 - Held that E.D. Tex. erred as a matter of law in holding that “a fixed physical location in the district is not a prerequisite to proper venue”
 - Reiterated the factors for venue:
 - (1) a physical place in the district;
 - (2) the place must be a regular and established place of business; and
 - (3) the place must be the place of the defendant.

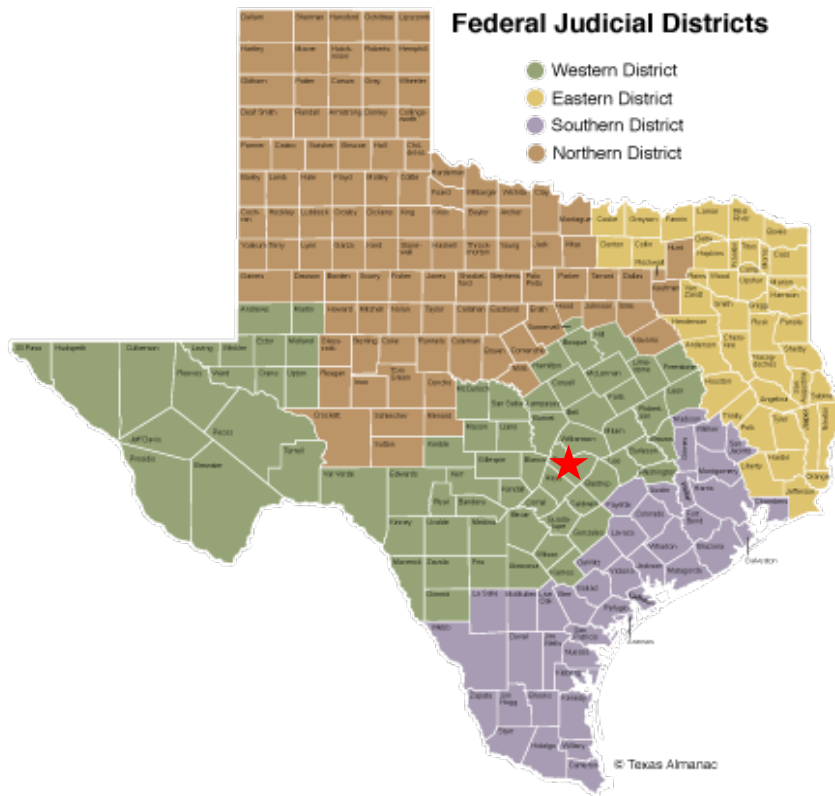
In re Micron

875 F.3d 1091 (Fed. Cir. Nov. 15, 2017)

- ▶ Granted petition for writ of mandamus and remanded.
- ▶ Held that *TC Heartland* was a change in law under FRCP 12, so that alleged infringers did not waive their improper venue defense by failing to object pre-*TC Heartland*.
- ▶ But, separate from FRCP 12, district courts still have authority to find forfeiture of a venue objection under the inherent power to manage own dockets.
 - A major factor in a forfeiture analysis is the timeliness of the challenge respect to
 - (1) when the venue defense became available and
 - (2) the stage of litigation at which the venue defense was presented.

In re BigCommerce

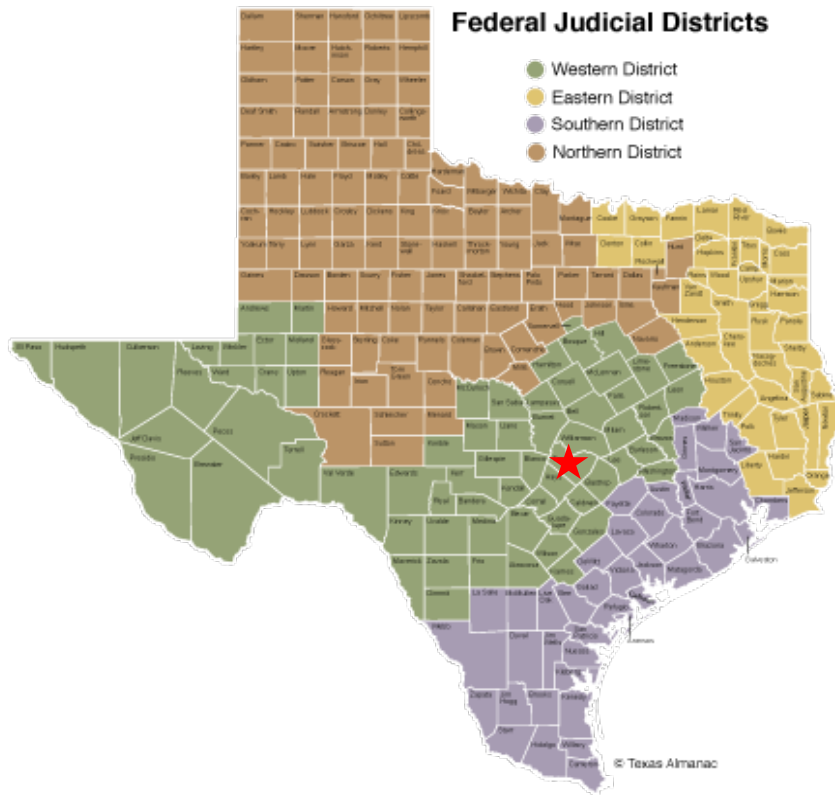
No. 18-120 (Fed. Cir. filed Dec. 21, 2017)
No. 18-122 (Fed. Cir. filed Dec. 27, 2017)



- ▶ **BigCommerce, Inc.**
 - ▶ HQ in Austin, Texas (W.D. Tex.)
 - ▶ Incorporated and registered to do business in Texas.
 - ▶ No E.D. Tex. place of business.
- ▶ **Diem LLC and Express Mobile, Inc.** separately sued BigCommerce in E.D. Texas.
- ▶ E.D. Tex. declined to dismiss BigCommerce for improper venue because, due to its incorporation and registration in Texas, BigCommerce properly resided in all 4 Texas Judicial Districts.

In re BigCommerce, Inc.

No. 18-120 (Fed. Cir. filed Dec. 21, 2017)
No. 18-122 (Fed. Cir. filed Dec. 27, 2017)



- ▶ **Same Question Presented In Both Petitions for Writs of Mandamus**
- ▶ **BigCommerce Arguments**
 - Plain Meaning of § 1400(b)
 - Dicta in *TC Heartland* Not Dispositive
 - Supreme Court Precedent (*Stonite* and *Galveston*)
 - Analogy to Individual Litigants
- ▶ **Diem/ Express Mobile Arguments**
 - Borrowed E.D. Tex.'s rationale
 - Possible Waiver of Venue Arguments Under the *Deitz* framework
 - Mandamus Requirements Not Met
- ▶ **No Oral Arguments Scheduled For Either Case**

RealTime Data LLC v. Nextena Systems, Inc.

No. 2:17-cv-07690, (C.D. Cal. Jan. 23, 2018)

- The C.D. Cal. court granted defendant's motion to dismiss or transfer case based on improper venue and transferred the case to N.D. Cal.
- The C.D. Cal. court adopted BigCommerce's reasoning based on *Stonite* and squared *Stonite* with the seemingly contradictory language in *TC Heartland*:

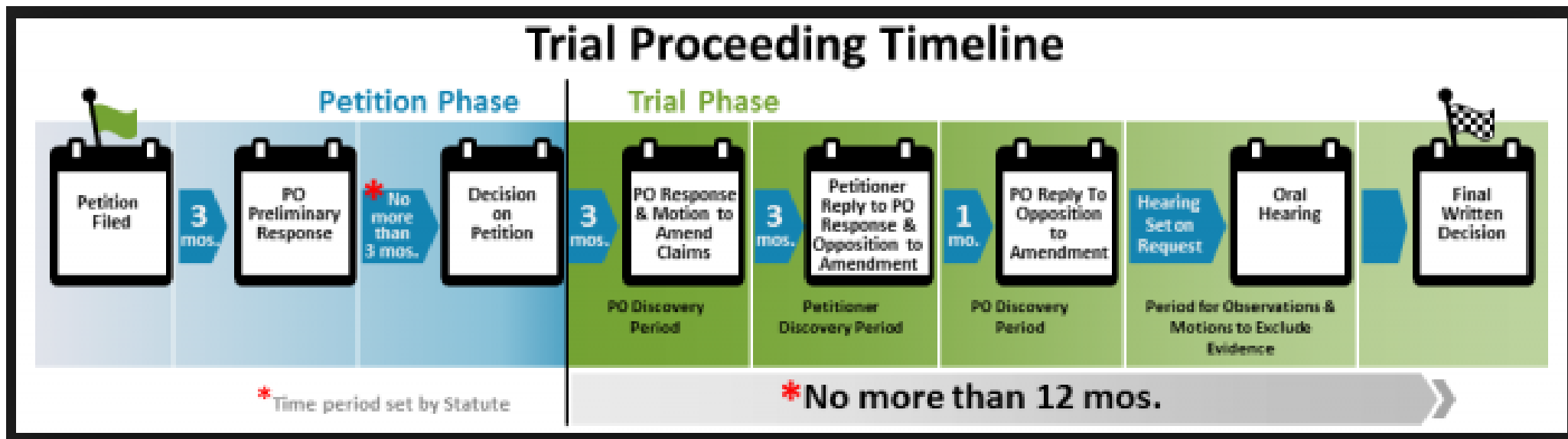
“The statement that a corporation resides ‘only in its state of incorporation’ merely provides a *necessary* condition for venue, not a *sufficient* condition. While venue may *only* be proper within the state of incorporation, a patent case must *also* be brought in the judicial district containing a corporation's principal place of business.”

The IPR-Litigation Interplay Post-*TC Heartland*

IPR: Summary and Requirements

- ▶ IPR became available on September 16, 2012
- ▶ Governing Statutes and Rules
 - 35 U.S.C. §§ 311-319
 - 37 C.F.R. § 42
 - *Office Patent Trial Practice Guide*, 77 Fed. Reg. 48756 (Aug. 14, 2012)
- ▶ Evidentiary Standard:
 - IPR: preponderance of the evidence (37 C.F.R. § 42.1(d))
 - District Court: clear and convincing evidence (presumed valid)
- ▶ Claim Construction Standard:
 - IPR: broadest reasonable construction (37 C.F.R. § 42.100(b))
 - District Court: plain and ordinary meaning (*Phillips*)

IPR Timeline



~ 6 months

IPR: The Petition

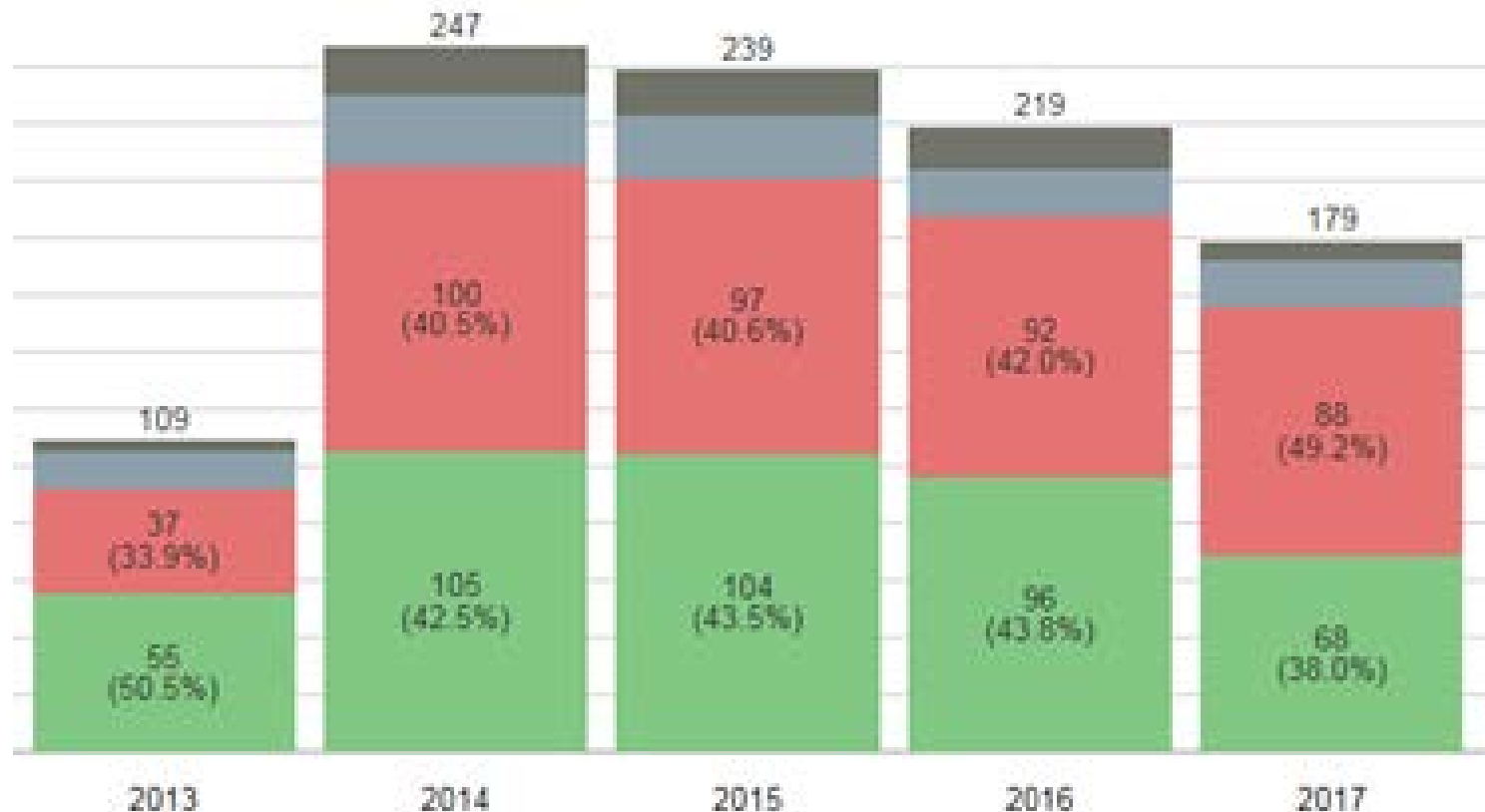
- ▶ IPRs initiated by a Petition (and partially-refundable \$25k fee):
 - 35 U.S.C. § 312 and 37 C.F.R. § 42.104
 - must identify challenged claims & recite all grounds for review
 - must identify all real parties in interest
 - 60 pages or less, 14pt. font, double spaced
- ▶ Must be accompanied by all supporting evidence:
 - What is the proper construction of a claim term?
 - What does a reference disclose?
 - What does the reference mean to a person skilled on the art?
 - Why is a feature inherent in the prior art?
- ▶ Petition's evidence often includes an expert declaration
 - ~86% of IPR petitions attach expert testimony
 - Not possible as a 3rd party requester in reexamination

IPR: Identification of Real Party in Interest

- ▶ 35 U.S.C. § 315(b) – One-Year Time Limitation
 - Petition must be filed within one year after service of an infringement complaint against Petitioner or a real party in interest or privy of Petitioner
- ▶ 35 U.S.C. §315(a) – Declaratory Judgment Rule
 - Petition cannot be filed after Petitioner or a real party in interest files a court action alleging invalidity of a claim of a patent
- ▶ 35 U.S.C. §315(e) – Estoppel Provisions
 - Applies to Petitioner or a real party in interest or privy of Petitioner

Motions for Stay

All Districts 2013-2017 (excluding stipulated motions)

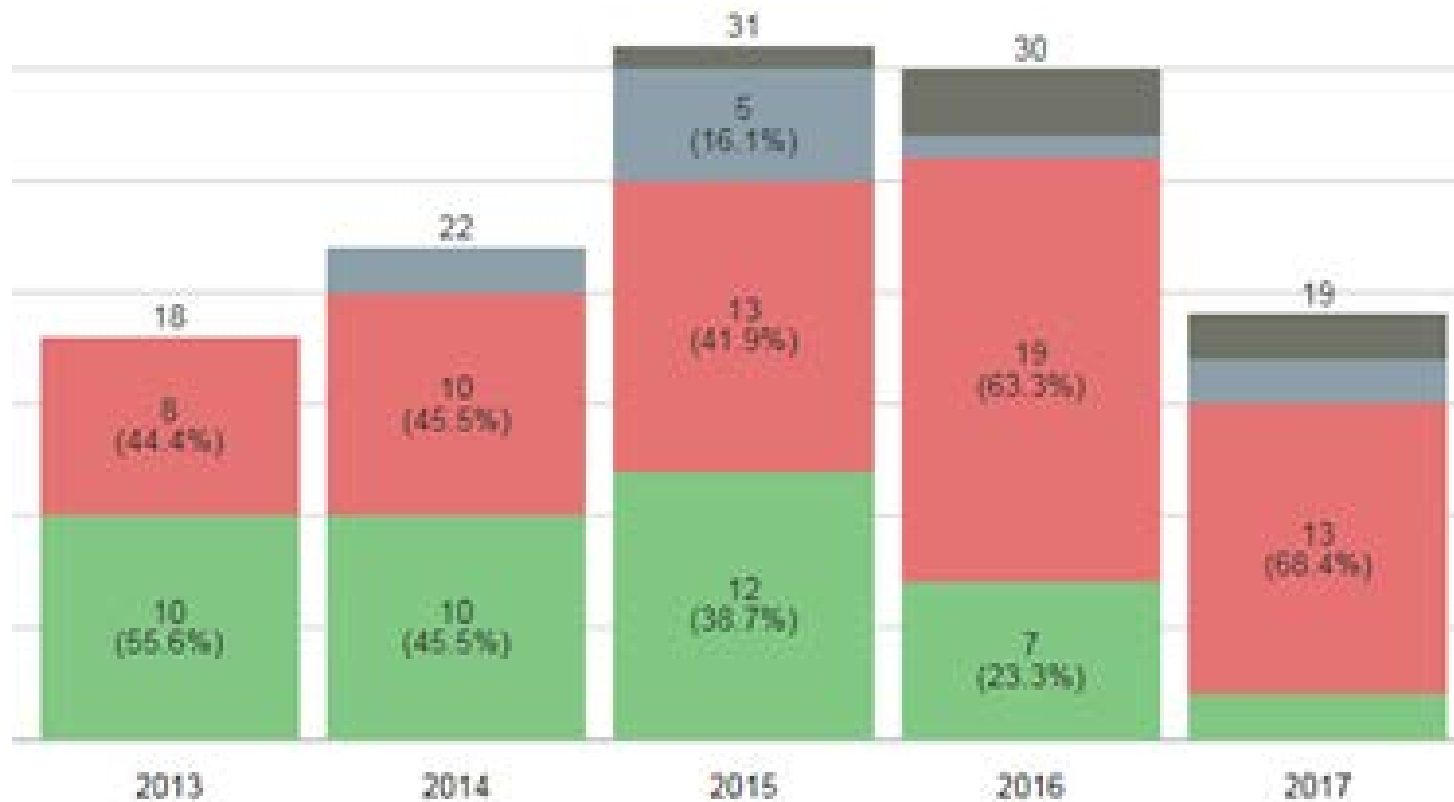


Granted: ■ Denied: ■ Partial Grant: ■ Other: ■

Source: Docket Navigator

Motions for Stay

D. Del. 2013-2017 (excluding stipulated motions)

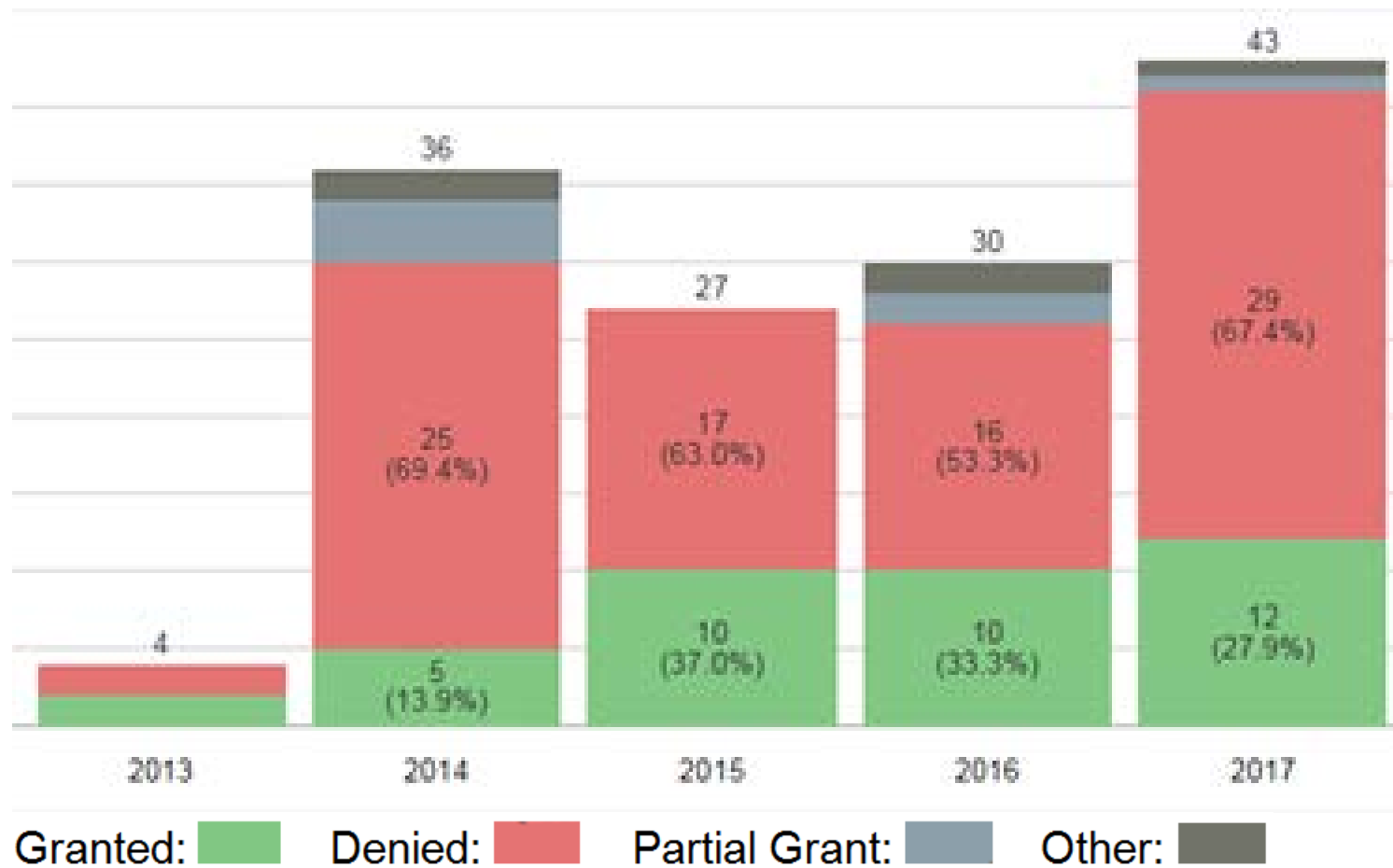


Granted: ■ Denied: ■ Partial Grant: ■ Other: ■

Source: Docket Navigator

Motions for Stay

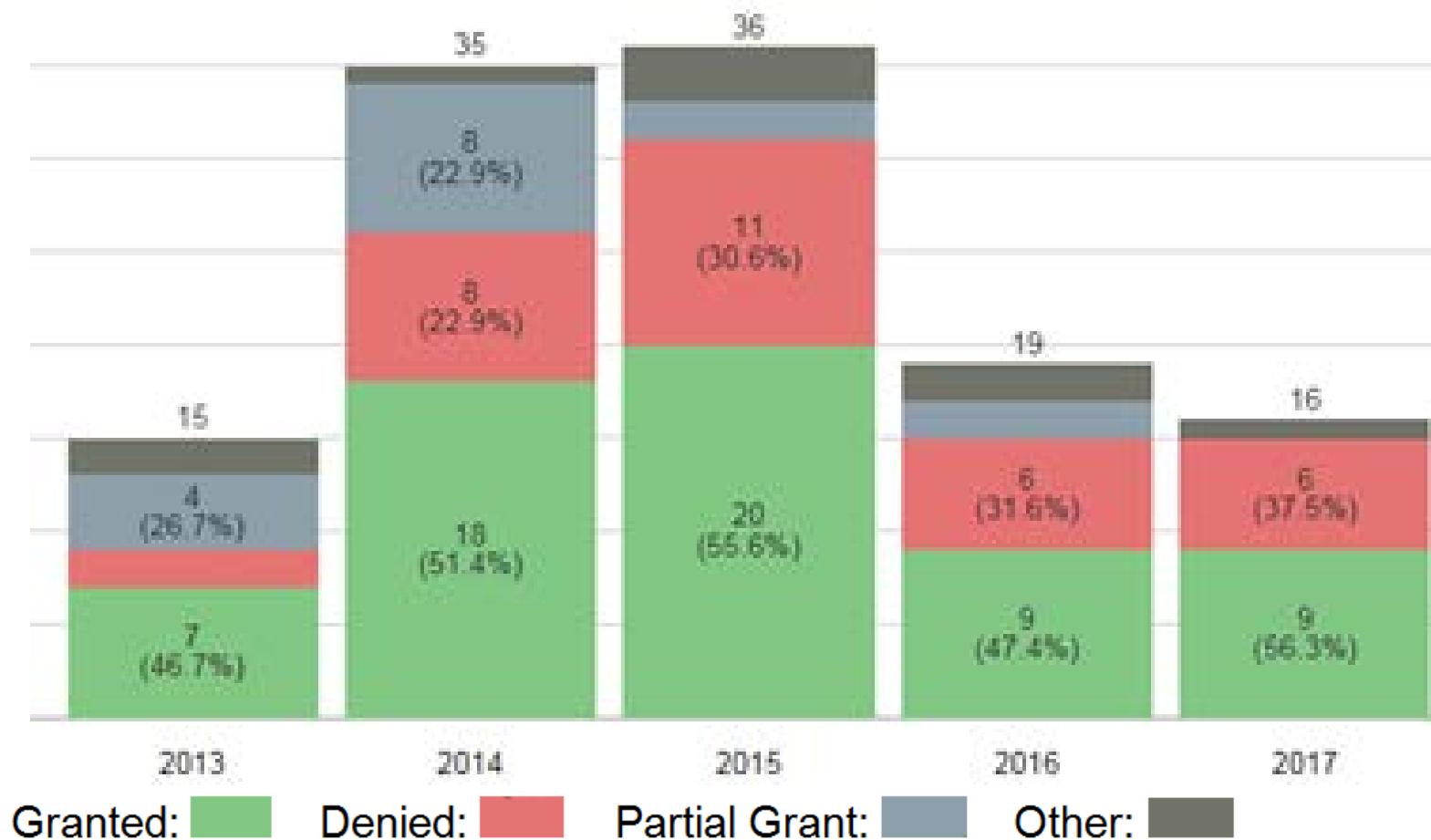
E.D. Tex. 2013-2017 (excluding stipulated motions)



Source: Docket Navigator

Motions for Stay

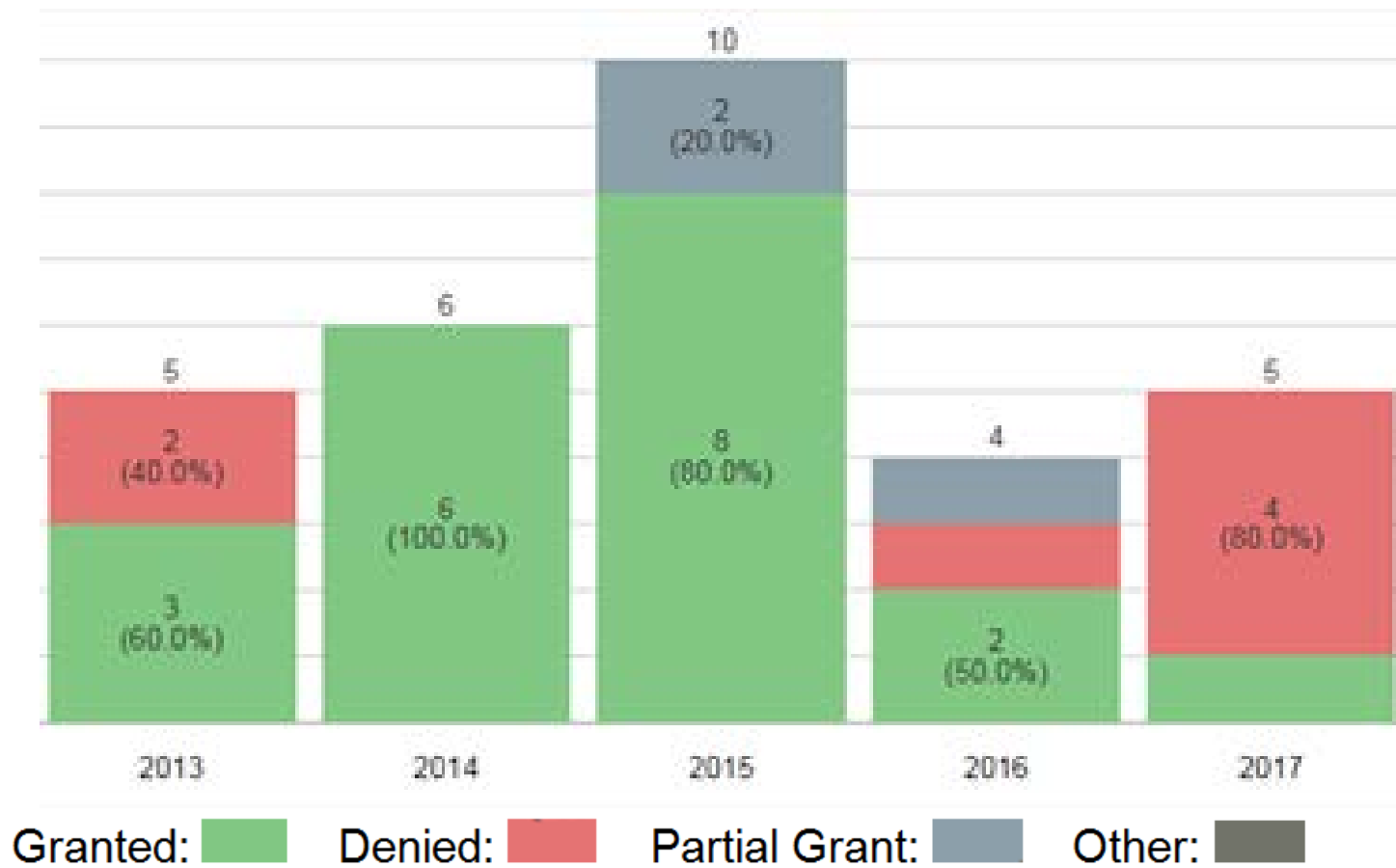
N.D. Cal. 2013-2017 (excluding stipulated motions)



Source: Docket Navigator

Motions for Stay

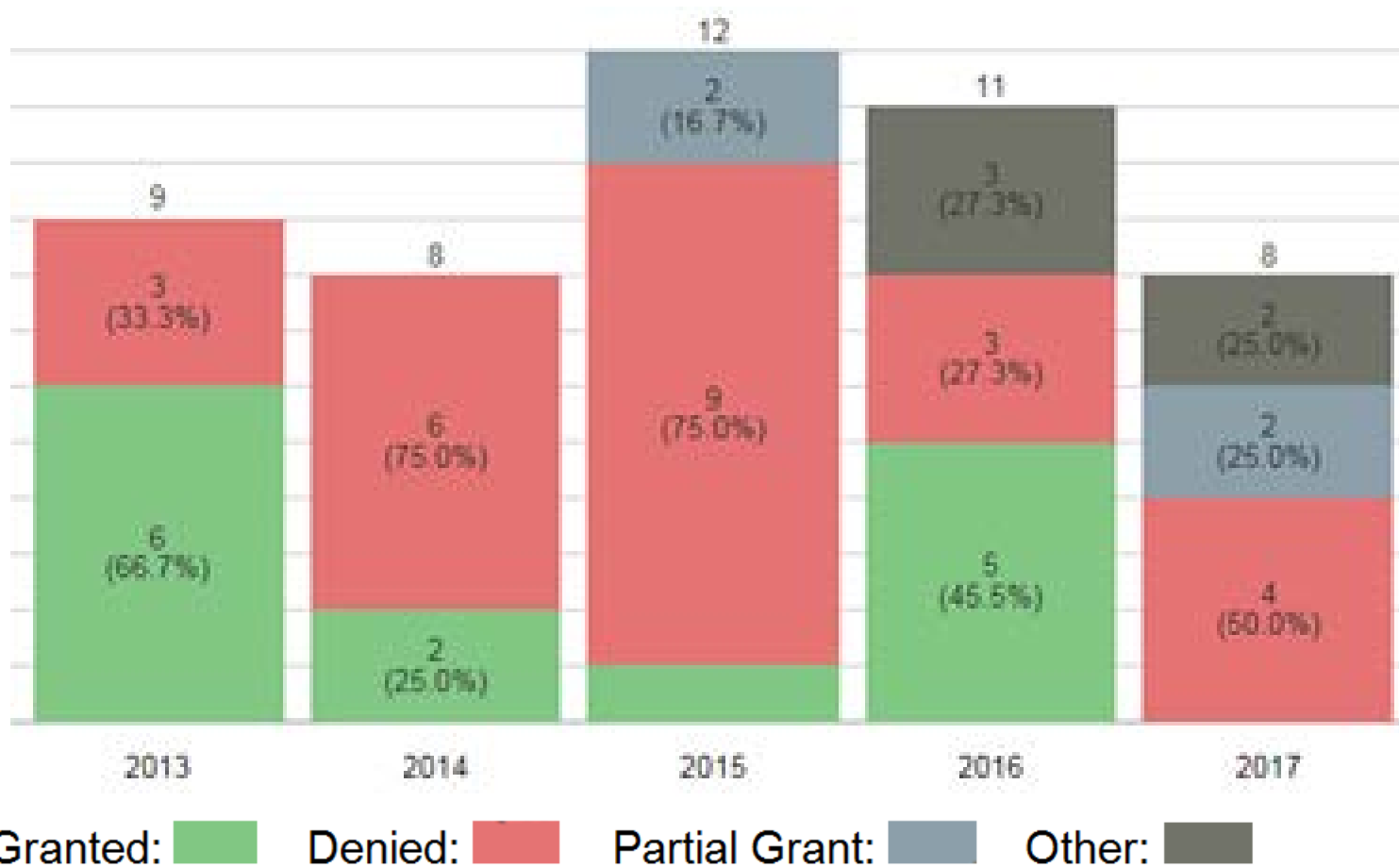
Judge Sleet 2013-2017 (excluding stipulated motions)



Source: Docket Navigator

Motions for Stay

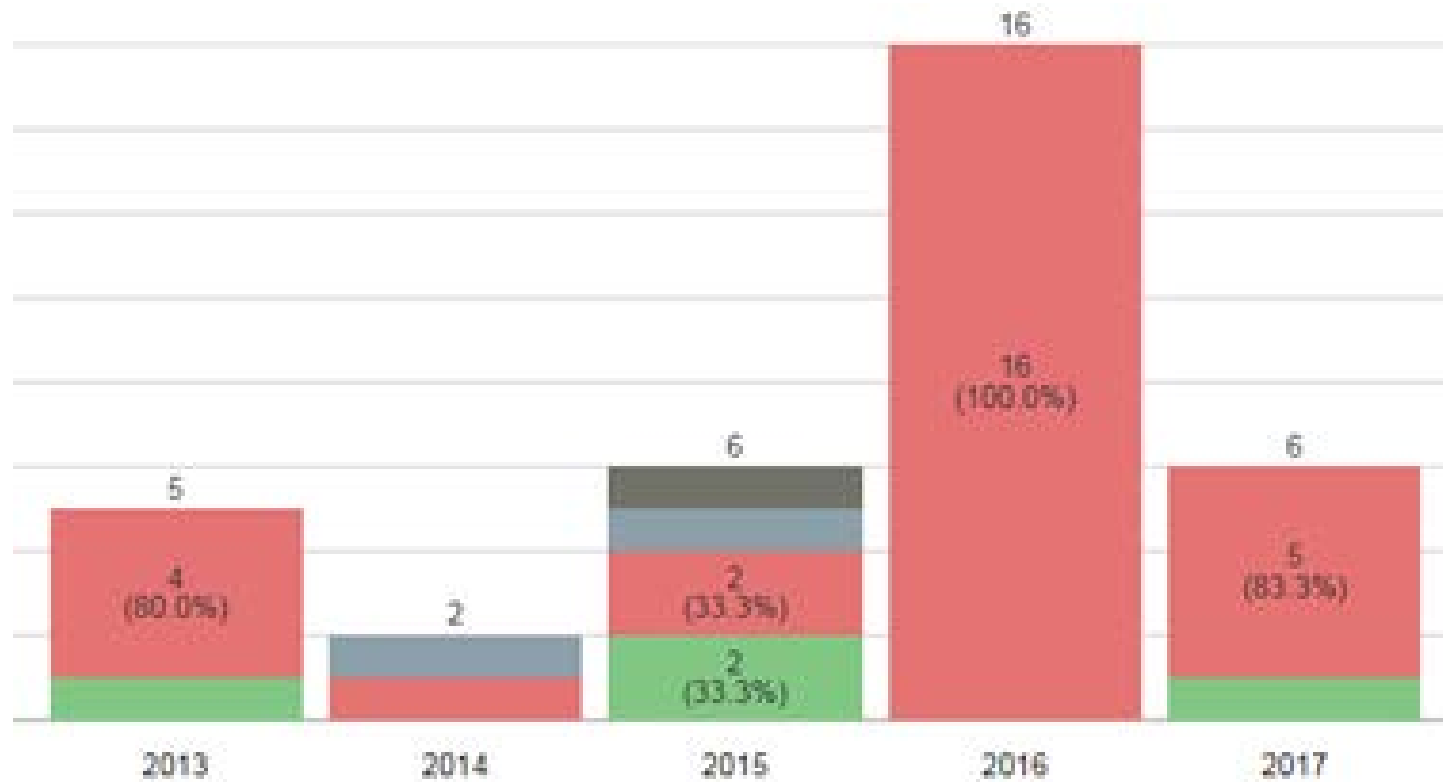
Judge Stark 2013-2017 (excluding stipulated motions)



Source: Docket Navigator

Motions for Stay

Judge Andrews 2013-2017 (excluding stipulated motions)



Granted: ■ Denied: ■ Partial Grant: ■ Other: ■

Source: Docket Navigator

Factors Affecting Motions For Stay Pending IPR In Delaware

- ▶ Courts in this District typically examine three factors when deciding whether to stay a case pending IPR: “(1) whether a stay will simplify the issues for trial; (2) the status of the litigation, particularly whether discovery is complete and a trial date has been set; and (3) whether a stay would cause the non-movant to suffer undue prejudice from any delay or allow the movant to gain a clear tactical advantage.” *454 Life Sci. Corp. v. Ion Torrent Sys., Inc.*, C.A. No.15-595-LPS, 2016 WL 6594083, at *2 (D. Del. Nov. 7, 2016).

Insights on Judge Stark's Stay Opinions

1. Simplification

- ▶ If all asserted patents/claims are instituted, that weighs in favor of a stay.
 - **But** where a patent would remain to be litigated, that does not favor a stay (See *Plastic Omnium Advanced Innovation and Research v. Donghee America, Inc.*, C.A. No.16-00187, D.I. 196 (Oct. 27, 2017))
 - Even if only one claim is excluded from IPR, (even recognizing that claim is dependent on claims for which IPR has been instituted and that Plaintiff alleges infringement of this claim only under the doctrine of equivalents), that could favor a denial of stay. (See *President and Fellows of Harvard College v. Micron Tech., Inc.*, C.A. No.17-1729-LPS-SRF, D.I. 213 (Jan. 8, 2018))

2. Stage of the Litigation

- ▶ He often finds that advanced litigation – particularly where case will be substantially complete before IPRs – favors denial of a stay.
 - “trial date has been set (for some time) and the claim construction process ... is nearly completed”(*Plastic Omnium Advanced Innovation and Research v. Donghee America, Inc.*, C.A. No. 16-00187, D.I. 196 (Oct. 27, 2017))
 - “a trial date has been set for ... around the same time as the IPR petition may be finally decided”; “parties have engaged in a substantial amount of discovery and are set to complete claim construction briefing shortly” (*Copy Protection LLC v. Netflix, Inc.*, C.A. No. 14-365 (D.I. 73 June 17, 2015))

Insights on Judge Stark's Stay Opinions

2. Stage of the Litigation (cont.)

- **Converse:** where “action is far further away from conclusion than IPR” or IPRs over before dispositive motions, favors stay (*General Electric Co. v. Vibrant Media, Inc.*, C.A. No. 12-00526, D.I. 91 (Dec. 4, 2013); *Softview LLC v. Apple Inc.*, No. 10-00389, D.I. 1105 (Sept. 4, 2013))

3. Prejudice to Non-movant

- “[S]taying a case pending PTO review risks prolonging the final resolution of the dispute and thereby may result in some inherent prejudice to the plaintiff.” (*Copy Protection LLC v. Netflix, Inc.*, No. 14-365, D.I. 73 (June 17, 2015))
- ▶ A claim for injunction favors denial.
 - See *Pregis Innovative Packaging Inc. v. Sealed Air Corp.*, C.A. No. 13-01084, D.I. 77 (June 5, 2014) (no preliminary injunction, but permanent injunction in claimed competitor case).
 - **Converse:** “given that Softview is a non-practicing entity and not seeking injunctive relief, the limited delay (of about seven months) ... should not severely prejudice Softview” (*Softview LLC v. Apple Inc.*, C.A. No. 10-00389, D.I. 1105 (Sept. 4, 2013))

Insights on Judge Sleet's Stay Opinions

Granted stay in 6 of 9 cases since 2015 with written opinions, but denied in 3 of the last 4

▶ Simplification:

- In 2015, stayed a case despite only about half of the claims being challenged in IPR, and with no institution decision
 - *AT&T Intellectual Property I, LP v. Cox Comms., Inc.*, C.A. No. 14-1106-GMS (Sept. 24, 2015)
- Most recently, denied a stay for no stated reason other than that IPR were filed on 6 of 11 patents, with no institution decisions yet
 - *Koninklijke Philips N.V. v. Asustek Computer Inc.*, C.A. No. 15-1125 (Mar. 30, 2017) (consolidated cases)

* There aren't enough data points for robust analysis, but it appears that he has changed his approach recently.

▶ Stage:

- All of Judge Sleet's denials were "early" in the case, generally before claim construction and expert discovery
- Judge Sleet denied a stay where trial just one month away
 - *Astrazeneca AB v. Aurobindo Pharma Ltd.*, C.A. No. 14-664-GMS (Aug. 23, 2016)

▶ Prejudice:

- In 2015, Judge Sleet stayed a case despite a claim of competition, but where no injunction was brought
 - *AT&T Intellectual Property I, LP v. Cox Comms., Inc.*, C.A. No. 14-1106-GMS
- Most recently, Judge Sleet denied a stay primarily based on competition, evidenced by defendant's antitrust counterclaims
 - *F'real Foods, LLC v. Hamilton Beach Brands, Inc.*, C.A. No. 16-41-GMS (Mar. 9, 2017)

* It seems if there is actual evidence of competition he will be more inclined to deny the stay

Insights on Judge Andrews' Stay Opinions

Granted stay in both relevant cases with written stay opinions

- ▶ *Callwave Comms., LLC v. AT&T Mobility LLC*, C.A. No. 12-1701-RGA (Mar. 18, 2015) (consolidated cases)
 - all claims instituted; notes estoppel
 - case "more advanced than would be ideal," but no trial date, few depositions, no expert discovery
 - not a competitor
- ▶ *Miics & Partners Am. Inc. v. Toshiba Electric Co.*, C.A. No. 14-803-RGA (Aug. 11, 2015) (consolidated cases)
 - 32 claims over 10 patents; no institution, but all challenged or to be challenged
 - notes claim construction benefit
 - non-practicing entity / no competition
 - early in case

Takeaway – Factors Favoring a Stay

- ▶ Early filed *inter partes* review (IPR), before the court has invested significant time in the litigation.
- ▶ The plaintiff is not a direct competitor of the defendant.
- ▶ All of the asserted claims are at issue in the IPR.
- ▶ The institution decision has been made in the IPR.

Scope of Estoppel

Until recently, District Courts were not consistent in applying the AIA's estoppel provision.

Relying on dicta in the Federal Circuit's decision in *Shaw Industries Group, Inc. v. Automated Creel Systems, Inc.*, 817 F.3d 1293 (Fed. Cir. 2016), district courts often interpreted the estoppel provision in 35 U.S.C. § 315 narrowly to bar only those invalidity grounds that were instituted and addressed in a final written decision.

Judge Robinson followed this approach in *Intellectual Ventures I LLC v. Toshiba Corp.*, 2016 U.S. Dist. LEXIS 174699 (D. Del. Dec. 19, 2016) (Robinson, J.).

Scope of Estoppel

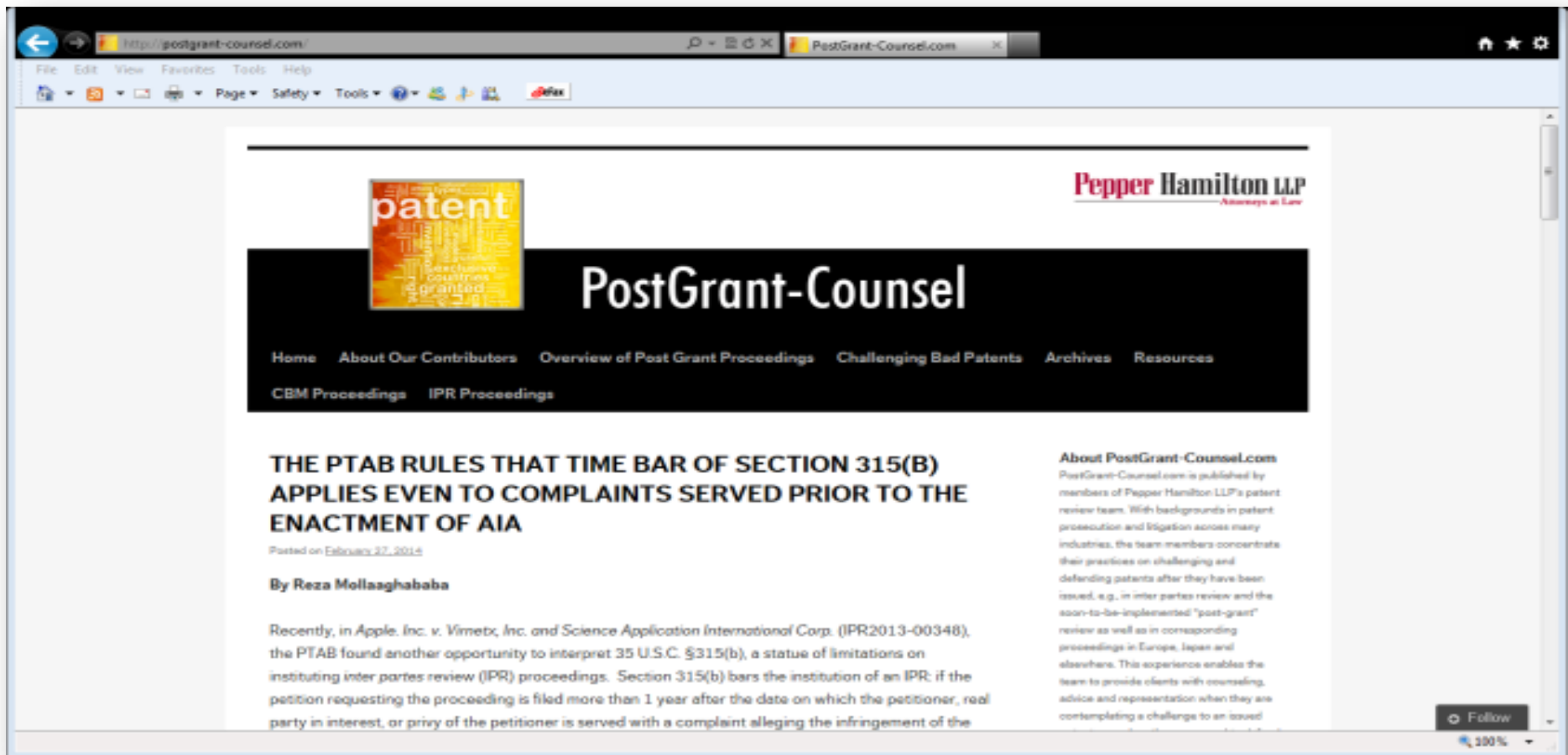
Most district courts now agree that the plain reading of the statute estops IPR petitioners from asserting invalidity “on any ground that the petitioner raised or reasonably could have raised” during the IPR. 35 U.S.C. § 315.

Sitting by designation, Judge Jordan from the Third Circuit declined to follow Judge Robinson’s decision in *Intellectual Ventures*.

Judge Jordan held that the estoppel provision should be broadly applied to bar invalidity positions based on prior art not even raised in an IPR petition if a prior art reference “could reasonably have been discovered by a ‘skilled searcher conducting a diligent search.’” *Parallel Networks Licensing, LLC v. IBM*, 2017 U.S. Dist. LEXIS 28461 (D. Del. Feb. 22, 2017) (Jordan, J.).

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Recovery of Legal Fees

Key Supreme Court Opinions

- ▶ Octane Fitness, LLC v. ICON Health and Fitness, Inc., 134 S.Ct. 1749 (April 29, 2014)
- ▶ Highmark, Inc. v. Allcare Health Management Systems, Inc., 134 S. Ct., 1744 (April 29, 2014)

The “Exceptional Case”

▶ STATUTORY AUTHORITY – THE PATENT ACT

- Title 35 U.S.C. §285 provides the statutory basis upon which attorneys’ fees may be awarded in a Patent Infringement case:
- “The Court in exceptional cases may award reasonable fees to the prevailing party.”

▶ INHERENT POWER OF THE COURT

- A District Court also has the inherent power to award fees. See *L.E.A. Dynatech, Inc. v. Allina*, 49 F.3d 1527, 1530 (Fed. Cir. 1995) (“District courts possess inherent power to assess attorney fees as a sanction when a party acts in bad faith, vexatiously, wantonly, or for oppressive reasons.”). Fed.R.Civ.P. 54 (d)(2)(B)(1) provides that any Motion for Attorneys’ Fees must be filed within 14 days of the entry of Judgment.

Patent Litigation is Expensive

- ▶ According to the 2017 AIPLA Report of the Economic Survey, the **median** litigation cost for litigating a patent infringement suit to verdict (with more than \$25M at risk) is **\$3 million**.

Purpose(s) of Attorneys' Fee Award – “To Prevent a Gross Injustice”

- ▶ The Act applies equally to plaintiffs and defendants
- ▶ An award of attorneys' fees is said to serve four (4) Basic Purposes:
 - To Punish The Losing Party/Respondent;
 - To Deter The Losing Party/Respondent;
 - To Deter Others;
 - To Compensate Prevailing Party/Movant.

Trial Court Has Wide Discretion

- ▶ “Exceptional” cases only;
- ▶ “Court” decides;
- ▶ “May” award;
- ▶ “Informed by the Court’s familiarity with the matter in the litigation and the interest of justice;”
- ▶ Requires specific finding of “exceptional” circumstances;
- ▶ Timing: Conduct making a case “exceptional” can occur either prior to OR during the suit, OR both.

“This Changes Everything” – The New Supreme Court Octane Fitness Test – April 29, 2014

- ▶ DOES THE CASE “STAND OUT FROM OTHERS?” “IS IT UNCOMMON?”; IS IT “NOT RUN OF THE MINE?”, WITH RESPECT TO:
 - Substantive Strength of Party’s Position, OR
 - Unreasonable Manner in which case was litigated.

Trial Court Can Consider These Nine Factors (A Non-Exclusive List)

- ▶ Frivolousness;
- ▶ Objective Unreasonableness – Factual and/or Legal;
[sufficient but not necessary]
- ▶ Closeness of the Question(s);
- ▶ Motivation;
- ▶ Non-Prevailing Party's Pre-Filing Investigation;
- ▶ Discussions with Prevailing Party;
- ▶ Litigation Behavior;
- ▶ Need to Compensate Prevailing Party;
- ▶ Need to Deter Non-Prevailing Party and Others in future.

Some Factors to be Considered When Evaluating Fee Claim Against Defendant Alleged Infringer (A Non-Exclusive List)

- ▶ Failure to Secure Opinion (Written) of Competent Patent Counsel and/or Expert, re: Non-Infringement
- ▶ Failure to Secure Opinion (Written) of Competent Patent Counsel and/or Expert, re: Invalidity of Patent and/or Other Defenses
- ▶ Closeness of the Question(s) – Factual and/or Legal
- ▶ Bad Faith/Willfulness/Deliberateness
- ▶ Inadequate Pre-Trial Investigation
- ▶ Failure in Other Similar/Related Litigation
- ▶ Unfavorable Claim Construction
- ▶ Unreasonable Manner of Litigation
 - Changing Factual/Legal Claims
 - Unnecessary/Unsolicited Filings
 - Discovery Abuses
 - Misrepresentations to Court
- ▶ Threat to Seek Legal Fees.

Some Factors to be Considered by Trial Court When Evaluating Fee Claim Against Plaintiff Patentee (A Non-Exclusive List)

- ▶ Closeness of Question(s) – Factual and/or Legal
- ▶ Motivation
- ▶ Infringement Claim Not Supported by Written Opinion of Competent Patent Counsel and/or Expert
- ▶ Inequitable/Bad Faith Litigation Acts/Unreasonable Manner of Litigation
 - Misrepresentation to Court
 - Changing Factual/Legal Claims
 - Discovery Abuses

Some Factors to be Considered by Trial Court When Evaluating Fee Claim Against Plaintiff Patentee (A Non-Exclusive List) (cont.)

- ▶ Fraud on Patent Office
- ▶ Losing on Defenses of Non-Infringement/Invalidity
- ▶ Inadequate Pre-Trial Investigation
- ▶ Failure or Success in Other Similar/Related Litigation
- ▶ Unfavorable Claim Construction
- ▶ Threats to Make Incur (“Bleed”) Attorneys’ Fees
- ▶ Nature of Business – “Non-Practicing Entity”
- ▶ Attempt to Secure Nuisance Settlements/Licenses
- ▶ Pattern of Other Litigation on Same Patent(s)

Delaware District Court Post-Octane Fitness Cases - 43

Judge	“Exceptional”	“ <u>NOT</u> Exceptional”	Fees % Awarded
Richard G. Andrews, J.	4	7	36% of cases
Leonard P. Stark, J.	3	6	33⅓% of cases
Sue L. Robinson, J.	3	7	30% of cases
Gregory M. Sleet, J.	2	2	50% of cases
Joel Schneider, M.J.	2	0	100% of cases
Renee M. Bumb, J. (By designation)	2	0	100% of cases
Mary Pat Thyngge, M.J.	2	1	66⅔% of cases
Kent A. Jonder, Cir. J. (By designation)	0	2	0% of cases
Christopher J. Burka, M.J.	--	--	--
Sherry L. Fallon, M.J.	--	--	--

Visiting District of Delaware Judges

- ▶ Judge Gerald A. McHugh (E.D.PA)
- ▶ Judge Joel Pisano (D.N.J.)
- ▶ Judge Mark A. Kearney (E.D.PA)
- ▶ Judge Mitchell S. Goldberg (E.D.PA)
- ▶ Judge Noel L. Hillman (D.N.J.)
- ▶ Judge Robert B. Kugler (D.N.J.)
- ▶ Magistrate Judge Joel Schneider (D.N.J.)
- ▶ Senior Judge Eduardo C. Robreno (E.D.PA)
- ▶ Senior Judge Joseph F. Bataillon (D. NEB.)

AWAITING CONFIRMATION BY SENATE

- ▶ Colin F. Connolly, Esq.
- ▶ Mariellen Noreika, Esq.

Questions & Answers

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