

Patent Litigation: Mapping a Global Strategy

JOSEPH M. CASINO AND MICHAEL J. KASDAN, WIGGIN AND DANA LLP,
WITH PRACTICAL LAW INTELLECTUAL PROPERTY & TECHNOLOGY

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A Practice 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 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:

- 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.

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 has 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;
 - 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 (Federal Circuit or CAFC), the appellate court for all patent cases, has well-developed procedural rules and patent law precedent.

However, if a patentee has the financial resources and 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.
- Restrictions to forum shopping in the US as recently confirmed by the US Supreme Court in *TC Heartland, LLC v. Kraft Foods Group Brands, LLC*, which may make selecting favorable courts in the US more difficult.
- 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.
- Potential remedies.

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*).

Standard-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 Wi-Fi wireless Ethernet and 3G/4G mobile phone communication standards (that is, a standard-essential patent (SEP)). 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, 1327-28 (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*).

Before asserting a SEP, counsel should determine whether the client or the patent's previous owner promised to license the patent on

fair, reasonable, and non-discriminatory (F/RAND) terms. In the few decisions concerning appropriate F/RAND rates, courts have set low royalty rates and considered:

- The asserted patent's importance to the technical standard, including:
 - the value of the underlying technology, as opposed to the value of having a standard in general;
 - the ease of incorporating the patented technology into the standard;
 - the total royalties a party would have to pay to practice the entire standard and whether that cost would prohibit its adoption;
 - the incentive that the F/RAND rate provides to inventors to invest in new technologies and disclose those technologies to standard-setting organizations (SSO); and
 - the utility and advantages of the patented technology over alternative technologies.
- The need to base royalties calculations based on the smallest saleable unit that practices the patent, rather than the full cost of the device.
- The differences between standard damages calculations and calculations based on SEP assertions.
- The importance of the patent portfolio to the accused products.
- Patent licenses that are technologically and economically comparable to the asserted patent.

(*Commonwealth Sci. & Indus. Research Organisation v. Cisco Sys., Inc.*, 809 F.3d 1295, 1304 (Fed. Cir. 2015); *In re Innovatio IP Ventures, LLC*, 2013 WL 5593609 (N.D. Ill. Oct. 3, 2013); see also *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1230-33 (Fed. Cir. 2014).)

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.

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).

All European Union (EU) member states except Poland, Spain, and Croatia have signed the Unified Patent Court (UPC) Agreement. While the UPC Agreement still requires full ratification by individual states, once implemented, it may improve European patent litigation by:

- Allowing applicants to obtain a single patent that is effective in all participating EU states.
- Providing a pan-European process for infringement and validity determinations.

Various committees are currently working to implement the UPC so that it is fully operational after the last-required member ratification. While the UPC is anticipated to make patent litigation in Europe more efficient and cost-effective, various rules and procedures must be established to resolve current uncertainties about the system, including the standards for:

- Separate infringement and validity determinations.
- Preliminary injunctions.
- Appeals from procedural decisions.
- Opting out existing European patents from the UPC’s exclusive jurisdiction.

For more information on the UPC, see *The Unified Patent Court and the Unitary Patent: latest developments*.

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* ([2-505-6571](#)).

- Similarly, an alleged infringer may challenge a patent’s validity at the US Patent and Trademark Office (PTO) and receive a decision within 12-18 months. The Leahy-Smith America Invents Act (AIA) created the Patent Trial and Appeal Board (PTAB), which conducts, among other challenges, *inter partes* reviews (IPR), covered business method patent reviews (CBM), and post-grant reviews (PGR) of patent claims. The AIA requires that the PTAB issue a final written decision on the patentability of any challenged claim within one year of instituting a trial, though it may, for good cause, extend this period by up to six months. For more information on the typical timing and procedures of IPR, CBM, and PGR patentability challenges before the PTAB, see *Understanding PTAB Trials: Key Milestones in IPR, PGR, and CBM Proceedings* ([3-578-8846](#)).
- 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. Also, *TC Heartland* recently restricted the forum for bringing a case to where a defendant is incorporated or has a regular and established place of business. The standard for “regular and established place of business” is being developed and can impede forum selection.

There are also certain slower US courts. For example, the US District Court for the District of Massachusetts, while having a very strong reputation for good judges, has an average time to trial around three and a half years in patent cases, which is approximately one year longer than the overall average time to trial in the US (see PricewaterhouseCoopers LLP, 2016 Patent Litigation Study, at 15 (2016 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. 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 \$3 million to trial for a case valued at over \$25 million (American Intellectual Property Association, 2017 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 attorneys' fees are generally set by a standard table. These fees can be quite reasonable. For example, if the value of the dispute is EUR5 million, the court costs may be approximately EUR50,000 and legal fees about EUR85,000. 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 (see 2016 Patent Litigation Study, at 2). 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 and PTO are heard by specialized judges and there is no jury right in those forums.

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 (although 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 Shengping 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. But injunctive relief may be limited because a patentee will be required to show both that:

- It will suffer irreparable harm absent the injunction.
- A causal relationship exists between the alleged harm and the infringement.

(*Apple Inc. v. Samsung Elecs. Co., Ltd.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012).)

Preliminary Relief in Non-US Forums

Major forums, including Germany, Japan, and the UK, also allow for preliminary injunctions in appropriate situations. Many other significant forums for patent litigation, including China, Taiwan (with bond), Korea, France, and Italy, have rarely granted preliminary injunctions historically, despite their availability. Recent

developments in China in particular suggest preliminary injunctions may become a more viable option over time.

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 US Forums

Infringement and validity are considered together in US courts and the ITC. An alleged infringer may also challenge patents in the PTO. These PTO proceedings, including IPR, PGR, and *ex parte* reexamination, typically 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.

District courts have broad discretion to stay litigation pending the outcome of related PTO proceedings. Some district court judges are willing to stay cases prior to institution, and others have postponed deciding whether to stay cases until the PTAB institutes the case. Through a stay, discovery and other litigation costs can be delayed and eventually eliminated, or at least limited, by a positive resolution at the PTAB.

For more information on the interplay between district court litigation and validity challenges in the PTO, see Practice Notes, PTAB Trial Practice Rules ([7-518-0120](#)), Coordinating PTAB and District Court Litigation: Motions to Stay District Court Litigation ([1-588-7507](#)), and USPTO Post-Prosecution Patentability Proceedings ([9-553-6247](#)).

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.
- The patentee may be able to assert different claim interpretations in the separate infringement and validity proceedings.

AVAILABLE REMEDIES

While the scope and availability of damages varies between the US and non-US forums, all of the countries discussed herein 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 and trade commissions, 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. 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 ([6-508-1601](#)). 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 ([8-509-4160](#)) and Patent-Eligible Subject Matter: Overview ([1-525-8503](#)).

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 SEPs 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*, 2008 WL 258308 (F.T.C. Sept. 22, 2008) (accepting consent agreement and ordering the patent owner to follow a nondiscriminatory licensing commitment by the patents' prior owner); *In re Dell Computer Corp.*, 121 FTC 616 (1996)). More recently, at Apple's urging, the DOJ launched an investigation into whether Samsung misused its wireless SEPs. This investigation was closed after the US Trade Representative overturned an exclusion

order against Apple resulting from a Samsung ITC complaint (see Feb. 7, 2014 Statement of the Department of Justice Antitrust Division on Its Decision to Close Its Investigation of Samsung's Use of Its Standards-Essential Patents). In some cases, the relevant patents have been rendered unenforceable (see *In re Dell Computer Corp.*).

However, in many cases, SEP owners remain free to seek royalties because courts find that the owner's conduct was not exclusionary or otherwise culpable (see, for example, *Rambus, Inc. v. FTC*, 522 F.3d 456, 459 (D.C. Cir. 2008) (finding no violation on appeal); *Rambus Inc. v. Infineon Techs. AG*, 318 F.3d 1081 (Fed. Cir. 2003) (finding no fraud by SEP owner based on nondisclosure of patents to SSO)).

In the US, authority has been mixed about whether a company that makes a F/RAND licensing commitment to a SSO may seek an injunction against an alleged infringer. However, recent decisions support allowing the infringer to resist an injunction based on the patent owner's alleged failure to comply with a F/RAND licensing commitment (*Ericsson*, 773 F.3d at 1230-33; *Microsoft Corp. v. Motorola Inc.*, 696 F.3d 872, 885 (9th Cir. Sept. 28, 2012); *Apple, Inc. v. Motorola Mobility, Inc.*, 869 F. Supp. 2d 901, 915 (N.D. Ill. June 22, 2012), *aff'd in part by, Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1294 (Fed. Cir. 2014)). Some courts and administration officials have even enjoined a party from seeking, or refused to enforce, injunctive relief based on alleged infringement of SEPs (*Microsoft*, 696 F.3d at 889; *Realtek Semiconductor Corp. v. LSI Corp.*, 946 F. Supp. 2d 998, 1009 (N.D. Cal. 2013); Letter from Ambassador Michael Froman to Hon. Irving Williamson (Aug. 3, 2013)).

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 F/RAND obligations to a SSO 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). Additionally, the Court of Justice for the European Union has subsequently held in Case C-170/13, *Huawei Technologies Co. Ltd v ZTE Corp., ZTE Deutschland GmbH*, ECLI:EU:C:2015:477 (July 16, 2015), that a party asserting an SEP must take several steps in order to seek an injunction, including:

- Giving prior notice to the alleged infringer.
- Expressing willingness to engage in licensing discussions on F/RAND terms.
- Providing a specific written offer of a license on F/RAND terms.

The *Huawei* decision also gives specific guidelines for alleged infringers for conducting negotiations with the SEP holder. The guidelines in the *Huawei* decision will now be implemented by EU member states' national courts, including those of Germany and the Netherlands, where prior decisions cast doubt on the ability of an accused infringer to avoid an injunction by engaging in F/RAND negotiations with an SEP holder.

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: 1.0 years US District Court for the Western District of Wisconsin: 1.1 years US District Court for the Middle District of Florida: 1.9 years US District Court for the District of Delaware: 2.0 years US District Court for the Central District of California: 2.3 years US District Court for the Eastern District of Texas: 2.3 years US District Court for the Southern District Court of New York: 2.5 years US District Court for the District of Massachusetts: 3.6 years (Source: 2016 Patent Litigation Study, at 15.)	Same as infringement trial	US District Court for the Eastern District of Virginia: 28% US District Court for the Western District of Wisconsin: 37% US District Court for the Middle District of Florida: 52% US District Court for the District of Delaware: 40% US District Court for the Eastern District of Texas: 54% US District Court for the Central District of California: 27% US District Court for the Southern District Court of New York: 31% US District Court for the District of Massachusetts: 30% (Source: 2016 Patent Litigation Study, at 15.) These are overall win rates. If case goes to trial, win rates are higher.
US International Trade Commission	12 to 18 months by law	Same as infringement trial	47% (Source: Xiaoguang Cui, Michael Elmer & James Haynes, The New Order of Forum Shopping: How China's Patent Litigation Win Rate Data Is Influencing Global Strategies (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: New Order of Forum Shopping, 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: New Order of Forum Shopping, at 9.)
Japan	13.5 months (Source: David W. Hill & Shinichi Murata, Patent Litigation in Japan, 1 Akron Intell. Prop. J. 141, 147 (2007) (Patent Litigation in Japan).)	Same as infringement trial (Source: Patent Litigation in Japan, at 147.)	20% (Source: New Order of Forum Shopping, 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 recent 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, Samsung eventually reduced the number on retrial. The Supreme Court then overturned the award, and the Federal Circuit has ordered a retrial. The battle between Apple and Samsung also extends to:

- Other US district courts.
- The ITC.
- Foreign 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 the NDCA jury verdict was by far the biggest blow to Samsung, Apple has had additional victories, though over time those victories have been substantially reduced:

- Courts in Germany and Australia banned imports of certain Samsung Galaxy tablets, though those courts did not implement subsequent bans on newer tablets and smartphones, limiting the impact of those rulings.
- A Dutch court granted a preliminary injunction banning certain Samsung smartphones from importation into the Netherlands. The highest Dutch court subsequently overturned the verdict, however, allowing Samsung to import its newer products.
- The ITC issued an initial determination that Samsung infringed four of Apple's utility and design patents. The products that were banned, however, were no longer on sale by the time an injunction was issued.
- The US Trade Representative vetoed an ITC ruling that would have banned the importation of certain Apple products that infringed a Samsung SEP.

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

- Apple has not succeeded in barring any of Samsung's currently on-sale or key products from the U.S. market via injunction for any length of time.
- A second U.S. trial initially resulted in a verdict of \$120 million against Samsung, instead of the \$2 billion in damages Apple sought. The Federal Circuit then overturned the \$120 million judgment on appeal and held that the asserted Apple's patents were either not valid or not infringed, a decision that was overturned in part after rehearing *en banc*. Samsung also succeeded in convincing the jury Apple infringed one of the patents it asserted.
- The PTO has issued numerous final and non-final reexamination rulings that the claims of various Apple patents asserted against Samsung are invalid, including patents underpinning Apple's damages verdict in the first Samsung trial. Apple patents in other jurisdictions, such as the UK, have similarly been invalidated in patent office proceedings.
- UK and Dutch judges ruled that the Samsung Galaxy Tab tablet did not infringe, and subsequently ordered Apple to publish a disclaimer that Samsung did not copy the iPad.
- 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.
- A US district court found that Samsung's infringement was not willful in both cases.

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.

In August 2014, Apple and Samsung agreed to drop all of their non-US litigation. The parties' agreement did not include any licensing or affect the parties' US-litigation, including appeals.

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 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 video game 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 German court in Dusseldorf 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.

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