

Federal Trade Commission
Workshop: Recent and Proposed
Changes in Remedies Law

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Overview

- Since

Patent Remedies

- Injunctions
- Declaratory Judgment Actions
- Willful Infringement: enhanced damages
- Damages

Injunctions

- In 2003 virtual award of permanent injunctions in almost every patent litigation where patent found to be not invalid and infringed
- Concerns were raised by practicing entities that threat of injunctions in litigation with non practicing entity patent holders created distortion

Injunctions

- Supreme Court decision in *eBay v. MercExchange* requires application of the four factors when determining whether permanent injunction should be granted
 - (1) the likelihood of the patentee's success on the merits; (2) irreparable harm if the injunction is not granted; (3) the balance of hardships between the parties; and (4) the public interest

Injunctions

- After the federal courts have refined the contours of when permanent injunctions should be granted when the patent holder is:
 - A practicing entity
 - A non practicing entity other than a university or research institute
 - A university or research institute

Permanent Injunctions



Declaratory Judgment Actions

- In 2003 it was difficult for some parties to qualify for DJ action standing in patent case
- Some ANDA filers and licensees without the threat of suit by the patent owner could not pursue a DJ action to establish that they were non infringing or that the patent in question was invalid or unenforceable

Declaratory Judgment Actions

- The Supreme Court in
clarified the law of DJ

Declaratory Judgment Actions

- The Federal Circuit has begun to delineate the limits of federal court jurisdiction in patent declaratory judgment actions under the new standard.
- In the wake of the Supreme

Declaratory Judgment Actions

- The Federal Circuit has enumerated several types of behavior that could create jurisdiction, including the following:
- Creating a reasonable apprehension of suit
- "A reasonable apprehension of suit" "Circuit"

Declaratory Judgment Actions

- Immediately after the Supreme Court's *Winter* decision, there appeared to be very few ways to avoid declaratory judgment jurisdiction
- However, as the Federal Circuit has begun to address varying fact patterns, it has begun to delineate the limits of federal court jurisdiction in patent declaratory judgment actions under the new standard
- While the standard is still more permissive than it was before *Winter*, the federal courts are not open to any and all "disputes."
- A careful factual analysis of each particular case is

Willful Infringement

- In 2003 concerns were raised regarding standard for proving willful infringement
- Many sectors of the patent user community advocated for revising the standard both as to the notice requirement given to third parties and use of good faith defenses available to avoid a finding of willful infringement

Willful Infringement

- The Federal Circuit in its en banc decision in *Grain Processing* has served to raise the bar in the standard for proving willful infringement
- In *Grain Processing*, the *Grain Processing* decision was overruled, eliminating the duty of due care imposed on accused infringers
- Furthermore, an “objective recklessness” standard was established, making it more difficult for patent owners to prove willful infringement

Solutions

I agree with Judge McKelvie's recommendations that:

1. Federal Circuit decisions that impose predictability by confirming that willfulness claims should be tested by an early summary judgment motion.
2. Change in the law to provide willfulness can not be plead until after the defendant's liability has been established.
3. Make willfulness as an issue for the judge rather than the jury.

Consequences of Recent Decisions

- Harder to obtain permanent injunctions
- Harder to obtain enhanced damages
- Raising of section 101 and 103 bars in *Alice* and *Myriad* is making harder to obtain and enforce patents
- How will this trend affect the “damages” no less than a reasonable royalty calculation debate?

Taking Stock: Questions We Should Consider

- What are the remaining problems in need of solving?
- What is the best approach to solving these problems?
- In view of legislative stalemates on patent reform should the focus be on improving the USPTO and leaving it to the courts to further clarify the law?

Damages

- Damages in patent cases are governed by section 284 of the statute, which states in relevant part:
“Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.”

Damages

Observations: Excerpted from "Reform of Patent Damages" by William C. Rooklidge
http://www.patentsmater.com/press/pdfs/Patent_Damages_Reform_Rooklidge.pdf

complex,

- Even though some reasonable royalty cases have refused apportionment and applied the entire market value rule proves nothing; other reasonable royalty cases have applied apportionment and denied application of the entire market value rule.
- The area of law is complex, the scope of the royalty applied
6270 Total 100%

Is there Need for En Banc Decisions by Federal Circuit?

- Chief Judge Michel has encouraged the patent bar to tee up good cases worthy of en banc consideration by the Federal Circuit
- En banc cases with active brief filings by all segments of the patent community can serve to sharpen the law
- Careful selection of cases for en banc review may serve as the best approach to clarify the law of damages as well as enforceability

Thank You

- For inviting me to participate on this panel
- I would be pleased to provide more expansive testimony on this subject, if requested
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