The basics of US patent litigation

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US patent litigation is protracted, expensive, unpredictable, intrusive, and exhausting. And it is worth every effort put into it. It changes individual businesses and entire industries. It promotes capitalism and investment. It impacts history. Properly handled, it achieves justice in a patent dispute in perhaps unparalleled ways.

Living organisms are patentable because of US patent litigation. Genetic engineering is a race largely because of the patent incentives. Chakrabarty is a recognised name. Amgen is a billion dollar company. Business methods are patentable. Microsoft is becoming a patent powerhouse. Medtronic is a world leader in implantable electronics, but with Guidant as a competitor for defibrillators. The computer of Atanasoff, not the ENIAC, is the first electronic computer.

Time-consuming and complex
US patent litigation takes years. It begins with a complaint in a US court and typically ends at the end of a first appeal (to a single court of appeals, the Court of Appeals for the Federal Circuit in Washington DC). It may involve returns to the trial courts, other appeals courts, and rarely, an appeal to the United States Supreme Court. Patent re-examination by the US Patent and Trademark Office may also be involved.

Pendences in the trial courts vary widely. A few courts scattered around the country run ‘rocket dockets’. Most are burdened, and slow. A few are glacial. The time from filing of the complaint to final judgment in a trial court may typically take three to five years. With appeals and returns to the trial courts, some cases may take seven to 10 years. In the ‘rocket dockets’, cases may take a year. Appeals typically take a year to two years.

Properly handled, cases are filed in the ‘rocket dockets’. Infringers can be sued essentially wherever their products can be found. For companies with national distribution, a ‘rocket docket’ can usually be found. With the cases managed well, trials are held when first scheduled, and kept short. From filing to final decision,
these cases can take no more than two years. In the interim, in situations of irreparable injury, and under actions by the best advocates, products are kept off the market, or patent owners are blocked from interfering with customers.

US patent litigation is complex. After an initial, perfunctory, pleadings stage, a period of discovery begins, and lasts for months or years. Secret, internal business records and other documents are exchanged. There can be hundreds of thousands of pages – massive exchanges of papers. Interrogatories – written questions – are exchanged. Depositions – recorded, sworn, pretrial sessions of questioning by attorneys – follow. Except for conversations with attorneys, no relevant subject, and no form of question, is off limits. Corporations may be required to speak through designated spokespersons. Experts will prepare and file extensive expert reports. They may also be questioned at depositions. Discovery problems may require the involvement of the court. There may be complex motions asking the court to compel exchanges of documents, answers to questions, and the like.

After discovery, a case typically moves into periods for requests for judgment without a trial, final pretrial, trial, and post-trial motions. The motions for judgment without trial – summary judgment – may be thick. They may include the recorded depositions, witness statements, the expert reports, and many of the documents that have been exchanged. The summary judgment motions may be on any topic of patent law – infringement or non-infringement, validity or invalidity, and enforceability or unenforceability, among others. Final pretrial proceedings include exchanges of lists of expected trial exhibits, expected trial witnesses, and theories of the case.

The structure of a trial
As typical of US trials, most US patent trials include juries, the judges who hear many other types of cases, and opening statements, witness testimony, expert testimony, and closing arguments. Most also include the use of many of the exchanged documents, and the use of the transcripts of the depositions. Some include professional witness preparation, professionally prepared exhibits, shadow juries, and jury consultants. The patent owner has the burden to prove infringement as more likely than not. Any challenge that the patent is not valid must be proved by clear and convincing evidence – evidence without serious doubt. Whatever the outcomes of the trials, most cases include post-trial motions asking the court to reverse the jury decisions because of errors or misconduct at trials, because the jury verdicts are not supported by the weight of the evidence, and because no reasonable jury could decide as the actual juries did. A substantial portion of these motions succeed.

Somewhere in the midst of these activities, the court may schedule a court hearing to determine the meaning of the patent terms. This ‘Markman’ hearing may occur at the start of the case, in its middle, just before trial, in the midst of trial, or post-trial. The timing and the manner in which the issues are presented is in the discretion of the court. There may be a ‘mini-trial’. The Markman hearing can be a critical juncture in the case, since the outcome of the case can depend on the meaning of a few words in the patent claims.

Complex issues of patent law are presented to and decided by the judges and juries. These are typical US juries and judges. The jury may decide any factual issue of the cases not reserved to the judge. The judge decides pure issues of law or equity.
A jury’s infringement issues may include whether the patent claims read on the devices, methods or other items accused of infringement. The jury may decide if the claimed invention and the accused things are equivalent – whether there is no substantial difference between them. The judge may decide if the patent owner is blocked from claiming equivalence by the positions taken in getting the patents to issue in the Patent and Trademark Office.

Validity issues for the jury may include:

- Whether the patent adequately proves the inventors had the claimed invention in their minds at the time of their patent application.
- Whether the inventors described the invention so that a person of ordinary skill in the field of the invention could make and use it.
- Whether the inventors described the best mode of practising the invention.
- Whether the invention was on sale, in public use, patented elsewhere, or described in printed publications, at times that would cause the patent to be invalid.
- If the invention was obvious in having insubstantial differences from the old devices on sale, in public use, in patents, and in printed publications, such that a person of ordinary skill would have considered the invention obvious at the time of invention.

On damages, the jury may decide if profits have been lost, and if so, how much. They may decide if a royalty should be awarded, and how much.

**Nothing off-limits**

No technology is off-limits. The judge and jury may decide all these issues for every technology known to man. The jury may decide what would or would not have been obvious to Ph.D. microbiologists in genetic engineering. They may decide whether nanotechnologists could have made a nanotechnology invention from the information in a patent application. They may decide if nuclear scientists derived their inventive ideas from others. There is no ‘complexity’ exception to the right to trial by jury. Juries will decide complex issues of patent law in complex issues of technology. Absent gross mistake, their decisions will resolve the patent litigation.

With US patent litigation being properly handled, this complexity is properly handled. In discovery, the amount of information exchanged will be limited. Important documents, questions, and witnesses will be targeted, and unimportant matters will not be pursued. Co-operation by the opponent will be negotiated. If possible, the case will be settled. If not, every effort will be made to reduce its complexity.

Complex matters of patent law and technology will be stripped of their complexity insofar as possible. Expert witnesses at trials will teach the judge and jury as university professors teach in their classrooms. Lawyers will help witnesses put scientific vocabularies into words juries are familiar with. Visual aids will be used extensively to help juries organise complex information and comprehend it. Judges will break trials up into segments in which the issues are more manageable. Issues that clutter the cases and do not matter will be eliminated. Documents will be
indexed and imaged, and be available by quick computer searching. Important points will be developed progressively in trial, at a speed leading to jury comprehension.

Cost
US patent litigation is expensive. As reflected by the complexity of its procedures and subject matters, US patent litigation is frequently multi-million dollar litigation. The lawyers are usually paid by their hourly rates. Working in groups of senior and junior lawyers, they require thousands and tens of thousands of hours to handle cases. Some lawyers share risk with their clients in special arrangements, including contingent fee arrangements, but the number is relatively few and the contingent fee percentages relatively high.

A reliable bar association of American lawyers surveys patent litigation expenses frequently. Their conclusion in 2001 was that for a US patent case involving US$1 million to US$25 million in controversy, the median estimated total cost, inclusive of all costs, was US$1.5 million per side, the 75th percentile was US$2.5 million, and the 25th percentile was US$800,000. About half of these costs occurred through the discovery period, and half occurred in the later stages of the cases.

With US patent litigation being properly handled, the costs are controlled. Some lawyers have all of the wiles of jury trial practice, substantial experience in the nuances of patent law, and deep-seated knowledge of technologies as a result of engineering and scientific educations. Their clients gain from the economy of their capabilities. These lawyers are selective in their efforts. They select winning issues for trials. In the absence of such issues, they counsel for and cause settlements. They are shrewd in discovery, taking limited numbers of depositions and focusing on limited numbers of business records. They are also creative. They see dispositive issues, strategies and tactics, and pursue them to successful conclusions before full expenses are incurred.

Unpredictable and intrusive
US patent litigation is unpredictable. The complexity of the issues in patent cases leads to unpredictable results from judges and juries. The unpredictability of what witnesses will say until they are under oath in court is notorious. Juries can also react to emotions, although this possibility is overstated. Also, many important issues in US patent litigation are issues of law. Perhaps the most important is patent claim interpretation. These issues of law are decided by the judges, and sometimes not decided until after jury trials. As a result of the variabilities in the system, some enormous jury verdicts are reversed by trial judges.

The issues of law are also decided on appeal without deference to their decision in trial. One nationwide court in Washington, DC, the Court of Appeal for the Federal Circuit, decides all patent appeals. It was created in 1982, and part of its mandate was to unify US patent law. Implicitly, its mission in part is to change the law, especially in some areas of the country. Thus, some decisions by judges are dramatically and unpredictably reversed on appeal. In cases that have lasted years, a party that has won through trial and in post-trial motions may lose everything on appeal.

Properly handled, unpredictability is minimised. Complex issues are reduced to the understanding of jurors. Witnesses are prepared for trial so that their testimony is more predictable. Emotional arguments are countered to minimise their effect. Judges are aided toward correct legal decisions, and wrong decisions are caused to
be reconsidered. Trends in the law as the law changes are perceived. Actions are taken to maintain results even in the event of change.

**Aggressive, exhausting and intrusive**

US patent litigation is intrusive. It invades inner secrets and records. Sensitive financial records, strategic plans, and research and development activities are proper subjects for inquiry. Financial dealings never revealed outside the company may become known to at least the lawyers of arch competitors and expert witnesses. Unless protected at trial, the records may become public. A recent court trend is to limit the ability to keep these records out of public records. Outspoken courts view exposure of these matters as appropriate to the traditions of the American legal system.

US patent litigation is contentious. The expression ‘Rambo litigator’ has come into existence in recognition of the number of US lawyers who are as aggressive as Rambo, the movie figure. These lawyers accuse other lawyers and their clients of devious behaviours, and attempt to win by intimidation. They request discovery of every document they can think of, and every potential witness. They are uncompromising in the smallest matters. In worst cases, a few hide critical business records and argue known untruths. Judges often do not see these behaviours, as discovery, and especially depositions, usually occur without court involvement. The attitudes of these lawyers frequently infect opponents to engage in matching actions.

Properly handled, these lawyers’ tactics can be turned on them and exposed to judges and juries. Consistency in rational, limited and appropriate responses to abuse puts opposing lawyers on the high ground, where they can win with professionalism and credibility.

US patent litigation is, finally, exhausting. Over the course of several years, the litigation deeply involves business management and employees, and significantly impacts finances with its costs. It can exhaust people and companies.

**Value for money**

In spite of its issues, US patent litigation is worth every effort put into it. Judgments have been as high as a billion dollars. In a situation of damage of this magnitude, the litigation is worth every effort. Properly handled, US patent litigation achieves justice. This justice involves a full exposure of otherwise unknown, secret, internal, documents. Intentional infringers cannot hide their intentions internally. The great engine of truth, cross-examination, is central to US patent litigation, through unrestricted questioning of all relevant witnesses. Through its mechanisms of discovery, jury trial, and appeal, US patent litigation achieves justice in a patent case in a way perhaps unparalleled.

In addition, US patent litigation changes history. Living organisms were not patentable until US patent litigation drove the Chakrabarty case to the US Supreme Court. Because of that case, genetic engineering is a patent race as well as a laboratory race. Chakrabarty is a recognisable name because his was the first living thing held patentable in court. Amgen is a billion dollar company because it won a patent infringement case against its arch competitor shortly after its founding. Business methods became widely known to be patentable, again through US patent litigation. Microsoft began patenting its inventions, and is on its way to being a patent powerhouse. Many companies are industry leaders on the strengths of their inventive efforts and patent portfolios, including, as an example, Medtronic in
implantable electronic devices for human illnesses. The company Guidant is a competitor for Medtronic for defibrillators because Dr. Michel Mirowski’s patent was upheld in court. History now recognises Atanasoff in Iowa as the inventor of the first electronic computer, not the inventor of the ENIAC computer. All these effects on individual business, industries and history are the result of US patent litigation.

As said by Abraham Lincoln of the US patent system, US patent litigation, with all its flaws, adds fuel to the fire of genius. While its fuel is volatile, that makes it powerful as well as hazardous. In the right hands, its power vastly exceeds its hazards.

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