New York Law Journal
A NEW YORK LAW JOURNAL SPECIAL SECTION
Intellectual Property
An ALM Publication
WWW.NYLJ.COM
VOLUME 255—NO. 63
MONDAY, APRIL 4, 2016

Breaking Down Four Big Changes In Patent Litigation

BY MICHAEL A. JACOBS
AND RICHARD S.J. HUNG

The patent landscape arguably has never undergone so much change so quickly as in the last few years. Some of the intense judicial scrutiny of patents is reminiscent of a bygone era. But in other ways, today's patent landscape is unlike anything we've seen, involving new doctrines, procedures and forums.

All of these changes make for some pretty lively cocktail conversations—for patent trial lawyers at least. Here are our thoughts on four of the big issues:

Software Patents Under Siege

A movement to rid the patent system of overly broad software patent claims has been steadily gaining momentum in the courts. In a vivid example, the full Federal Circuit U.S. Court of Appeals issued a decision last June in *Williamson v. Citrix Online* that reversed its prior precedent on functional claiming and made it easier for defendants to invalidate claims on definiteness grounds. Critics of broad functional claims—those that describe what an invention does rather than how it works—cheered the decision as a step toward restoring credibility to the patent system.

For some software companies, the decision had serious consequences. They had spent significant sums of money assembling patent portfolios under pre-*Williamson* law. Now, some are wondering whether that investment was worth it.

Their options may be limited. If the software patents at issue remain in prosecution, the holders may have a chance to rewrite the claims to satisfy *Williamson*. They also might try to put their patents into re-issue to obtain more narrowly focused claims. Executing those options won't be easy. In any case, those patent holders probably would be wise to be very thoughtful about asserting their patents.

While it's clear the pendulum has swung away from software patent holders, the question now is how far it will continue to swing.

So Long, East Texas?

Patent trial lawyers around the country are intimately familiar with the courtrooms (and hotels) in the Eastern District of Texas, home to the highest concentration of patent infringement suits. The reason for the district's popularity, of course, is simple: Plaintiffs perceive an advantage with court rules, judges and juries there. And under current law, plaintiffs have been relatively free to shop for the forum of their choosing.

But a pending case addressing jurisdictional jurisprudence could change that and diminish the Eastern District's importance. In a case before the Federal Circuit, *In re TC Heartland*, the question is which venue provision should prevail in patent cases.

MICHAEL A. JACOBS *and* RICHARD S.J. HUNG *are partners at Morrison & Foerster in San Francisco. They are co-chairs of the firm's intellectual property litigation practice group.*

Under the current standard, articulated by the Federal Circuit in a 1990 decision called *VE Holding v. Johnson Gas Appliance*, a permissive definition of where a defendant "resides" allows plaintiffs to file suit in just about any district they choose. But amendments to the venue statute made in the Federal Courts Jurisdiction and Venue Clarification Act of 2011 arguably nullify *VE Holding* and restrict venue to a narrower set of permissible locations.

If the Federal Circuit finds that its precedent from 1990 still stands, plaintiffs likely will continue to have the upper hand in venue fights. Under that scenario, corporate defendants will have to pin their hopes on Congress if they want to change the venue rules.

But if the court reverses itself, the consequences for the practice of patent litigation will be far reaching. At the very least, expect to see patent litigation cluster in districts where industries are heavily concentrated—and away from the Eastern District of Texas.

Patent Trial Lawyers of the Future?

Patent jury trials, once a dependable feature in the practice of patent law, are facing significant threats. For one, we see more and more cases decided on motions. On top of that, of course, is the inter partes review process that was initiated in 2012 as a fast and more efficient way to challenge the validity of a patent than in federal court.

In some respects, fewer trials is a welcome development. It may signal that the patent system is becoming more efficient.

But we in the patent trial bar often wonder: Where will the next generation of patent trial lawyers come from? For years, patent cases represented some of the best opportunities for young lawyers to get experience presenting arguments and cross-examining live witnesses. But those opportunities may not be as plentiful in the future. Like some other firms, Morrison & Forester is seeking trial training for our young attorneys by seconding them to district attorneys' offices and other government agencies.

Despite the pressures on patent trials, we see at least a couple of factors that may push cases to trial in the short term. The first is the doctrine of equivalents, which seems to be making a comeback after a long dormant period.

The doctrine allows a party to be liable for patent infringement even if the infringing product or process falls outside the literal language of a patent claim. For a decade, the doctrine of equivalents was in eclipse, partly because lawyers didn't know how to develop it, and partly because the Federal Circuit made it so difficult to assert. But it's now creeping into more cases. And because the doctrine presents issues of fact, juries often are needed to weigh in.

Practicing patent litigation today is often like playing multi-dimensional chess. It's not enough to know your next move in one case. You have to see the whole board of litigation, which increasingly includes multiple suits and multiple fora spanning multiple countries.

Another issue that could continue to drive more trials is divergent views on damages. While damages have always been important in patent cases, the numbers seem to keep getting bigger, and often, so does the gulf between damages claimed by a plaintiff and those estimated by a defendant. While courts have applied stricter "gatekeeping" standards on competing damages presentations, damages remain essentially a jury question. And so there will continue to be patent trials, and opportunities for trial training.

It's Complicated

Practicing patent litigation today is often like playing multi-dimensional chess. It's not enough to know your next move in one case. You have to see the whole board of litigation, which increasingly includes multiple suits and multiple fora spanning multiple countries.

The pharmaceutical industry has long been familiar with the internationalization of patent litigation. For decades, pharmaceutical companies have filed for patents in jurisdictions around the world and stood by ready to defend them if needed.

But as other countries have realized the importance of patent enforcement, more industries are being affected. Today, for example, we see non-practicing entities filing patent litigation in Germany and the United Kingdom because they want to diversify their litigation strategies and because they see opportunities in other jurisdictions. A new layer of complexity and additional strategic questions will appear when the Unified Patent Court of the European Union opens.

The increasing number of important jurisdictions puts a premium on having a global strategy. The most effective teams are able to harmonize companies' positions across continents. On the other hand, a clever adversary can take advantage of a disorganized party. And that can cause a serious hangover.