



The Legal 500 & The In-House Lawyer
Comparative Legal Guide
United States: Patent Litigation

This country-specific Q&A provides an overview of the legal framework and key issues surrounding patent litigation law in the United States.

This Q&A is part of the global guide to Patent Litigation.

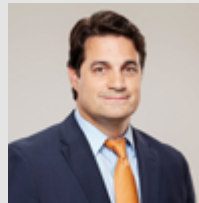
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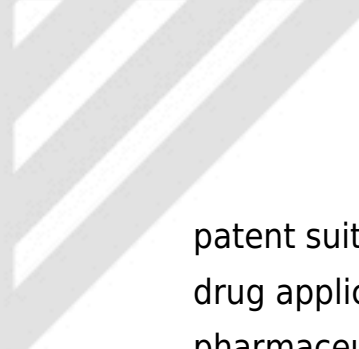


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1. **What is the forum for the conduct of patent litigation?**

In the United States, patent suits are often initiated in a federal district court. There are 94 federal district courts in the United States. Each

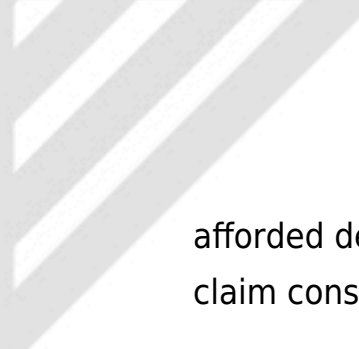


patent suit is assigned to a single judge and, except in abbreviated new drug application (“ANDA”) litigation (a proceeding specific to pharmaceutical patents), a party to the litigation may request a trial by jury. While some jurisdictions have specified judges to handle patent suits, most judges are generalists and handle any cause of action that can be filed in a federal court.

In addition to the federal district courts, there are three specialty forums for patent disputes. The Court of Federal Claims (“CFC”) hears patent infringement actions against the federal government. The International Trade Commission (“ITC”) is an administrative agency through which a patent owner may request an exclusion order blocking imports of infringing products. The Patent Trial and Appeal Board (“PTAB”), which is part of the United States Patent and Trademark Office (“USPTO”), hears post-grant patentability challenges like inter partes review (“IPR”). Unlike the federal district courts, CFC, and ITC, the PTAB does not decide issues of infringement.

2. What is the typical timeline and form of first instance patent litigation proceedings?

For litigation in a federal district court, the time from filing a complaint to a trial decision varies across the 94 district courts. Typically, the time to a decision is 24-36 months. That decision usually includes a single verdict covering infringement, validity, and damages. Many courts have patent “local rules,” which set deadlines before a trial for each side to disclose their infringement and invalidity contentions, and their positions on claim construction. Claim construction is usually decided through a specific briefing and hearing process during the litigation. However, judges are



afforded deference in managing their own dockets, and so the process for claim construction in each case may vary.

Proceedings in the ITC are fast-paced and typically take 12-15 months to reach an initial determination. No damages are available at the ITC. The main remedy is an exclusion of the infringing goods. PTAB proceedings are limited to rulings on patentability, and must be completed within 12 months of the date the PTAB institutes a proceeding.


3. Can interim and final decisions in patent cases be appealed?

Appeals based on substantive patent law from the district courts, CFC, ITC, and PTAB are all heard exclusively by the United States Court of Appeals for the Federal Circuit (“CAFC”), which is located in Washington, D.C.

Typically, a decision must be part of final judgment in order to be appealable. If a party does not preserve their rights on the issue in the court of first instance, an appeal may be waived. While a final judgment is usually required for an appeal to be ripe, exceptions are made by statute for particular issues, such as decisions on injunctive relief. With respect to the PTAB, it is notable that a decision on whether to institute or deny a petition for IPR is not appealable to the CAFC.

4. Which acts constitute direct patent infringement?

Direct infringement occurs when a single actor or party performs all of the actions needed to establish infringement of a particular claim. Those



acts can include making, using, offering for sale, or selling the invention protected by the patent in the United States, or importing the invention protected by the patent into the United States.

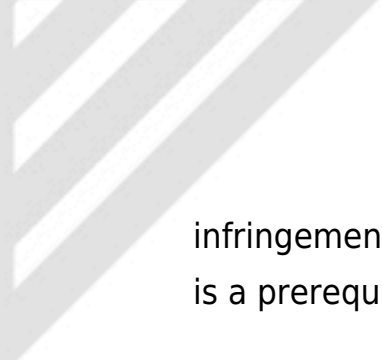
Direct infringement may also be committed by more than one actor or party, but only when that party directs or controls another's performance, such as when there is a principal-agent relationship, in a contractual arrangement, or in a joint enterprise.

5. **Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?**

Yes, indirect infringement may take the form of either inducement to infringe or contributory infringement. A party may be liable for inducing infringement if they knowingly induce another to directly infringe a patent. For example, providing instructions on how to use a product which, when performed, will infringe the patent can be an element of inducement.

A party may be liable for contributory infringement if they provide a component or material especially made or adapted to be used in an infringing manner. For example, if a party provides a part that is not infringing by itself but is especially made to be combined with a different part to form an infringing device, that can be an element of contributory infringement.

It is important to note that, for both inducement and contributory



infringement, an underlying instance of direct infringement by someone is a prerequisite.

6. How is the scope of protection of patent claims construed?

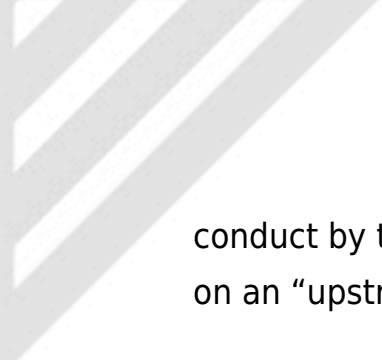
Literal infringement occurs when the accused product or process falls within the scope of a properly construed claim. Claim construction is determined by the court, usually through a specific hearing and briefing schedule before trial.

Where there is no literal infringement, infringement can still be found under the doctrine of equivalents. According to this doctrine, infringement occurs if a product or process does not fall within the literal scope of the properly construed claim but is the substantial equivalent of the patented invention. To determine equivalence, a judge or jury analyzes whether the differences between the two are insubstantial to one of ordinary skill in the art.

7. What are the key defences to patent infringement?

The primary defences to patent infringement claims are noninfringement and invalidity. The burden rests on the patent holder to prove infringement, while the burden rests on the accused infringer to prove invalidity. These two defences are litigated in most actions.

In addition to these, there are a number of other defences available in specific circumstances. Examples include laches (based on delay bringing suit), equitable estoppel (based on misleading conduct by the patent owner toward the defendant), inequitable conduct (based on misleading



conduct by the patent owner toward the USPTO), and exhaustion (based on an “upstream” license or sale by the patent owner).

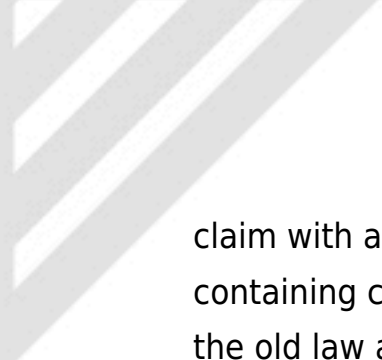
8. What are the key grounds of patent invalidity?

Issued patents are presumed valid by statute. In order to show a patent is invalid, the accused infringer needs to prove by clear and convincing evidence that the patent fails one of the requirements for patentability found in 35 U.S.C. §§ 101, 102, 103, and 112.

Section 101 deals with subject matter eligibility. A patent must claim a new and useful process, machine, manufacture, or composition of matter, or an improvement thereof, and may not be directed solely to an abstract idea, natural phenomenon, or law of nature. Section 102 deals specifically with novelty, or whether all the claimed elements are present in a single piece of prior art. Section 103 deals with obviousness. If no one piece of prior art discloses the claim elements, the claim may still be invalid if it was obvious before the effective filing date in light of a single reference or a combination of references. And finally, Section 112 deals with the supporting disclosure, as the elements claimed by the patent must be sufficiently described in the patent’s specification.

9. How is prior art considered in the context of an invalidity action?

The scope and content of prior art is defined in 35 U.S.C. §102. This section was amended by the America Invents Act (“AIA”) in 2011, and the new definition of prior art applies to applications containing at least one



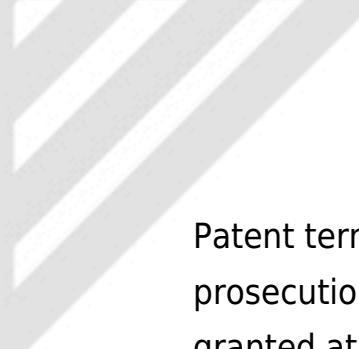
claim with an effective filing date after March 15, 2013. For applications containing claims only with effective filing dates before March 16, 2013, the old law applies.

The principal difference is that the AIA moved the United States from a first-to-invent system to a first-inventor-to-file system. It also removed geographic and language restrictions from the previous definition of prior art. Disclosures outside of the United States before the effective filing date may now serve as invalidating prior art. There are exceptions, however, such as the one-year grace period for an inventor's own work, which remains an exception under the AIA. This is in contrast to the absolute novelty standard mandated by the patent laws of other countries.

10. **Can a patentee seek to amend a patent that is in the midst of patent litigation?**

A patent owner cannot amend a patent claim through a litigation proceeding. Nevertheless, a patent challenged at the PTAB may be amended during the PTAB proceeding. Because PTAB proceedings are adversarial, any proposed amendments may be challenged by the party that commenced the proceeding. Claim amendments at the PTAB may only narrow claims and may not broaden claims in any respect. When amendments are made, the patent owner may potentially forfeit past damages that may otherwise have been available for the original claims.

11. **Is some form of patent term extension available?**



Patent term extensions may be granted as a result of delays in prosecution which are the fault of the USPTO. These extensions will be granted at issuance and are not typically subject to challenge without a civil action.

Patent owners can also apply for term extensions due to delays by other regulatory agencies. A typical example is a patent for a drug which needs FDA approval in order to be sold. These extensions are governed by 35 U.S.C. § 156.

12. **How are technical matters considered in patent litigation proceedings?**

In addition to documents and factual testimony, which are collected during fact discovery, patent litigation in the U.S. often involves expert witnesses to address issues such as infringement and validity. Competing expert witnesses will usually be retained by the patent owner and accused infringer. During expert discovery, these witnesses are required to submit a report describing their opinions and the facts which support them, may optionally submit a rebuttal report addressing the opinions of the opposing side's experts, and must be offered for deposition to the opposing side.

While expert witnesses are retained by the parties and tend to advance the parties' respective positions, ultimately their duty is to provide impartial evidence to the court.

13. Is some form of discovery/disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

The United States does not have a *saisie-contrefaçon* procedure. Nor do United States courts allow for compulsory pre-complaint discovery. Patent owners have a duty to make a reasonable investigation on their own into the facts underlying their claims before bringing a patent suit.

After a complaint is filed, fact discovery in the United States is broad and more intensive than in other countries. Parties may serve on each other requests for documents, requests for admission, requests to inspect property or other items, interrogatories, and requests for deposition. Parties may also serve subpoenas on third parties, requiring the production of documents, inspection of premises, or witness testimony. In addition, if a party can be shown to have destroyed relevant documents either during a litigation or when a litigation is reasonably foreseeable, they may be subject to sanctions by the court.

14. Are there procedures available which would assist a patentee to determine infringement of a process patent?

The burden of proof for patent infringement always lies with the patent owner in the United States. As the scope of fact discovery in the United States is broad, the use of a process can be established through discovery tools, such as requests for production of documents, witness testimony, inspection of premises or things, and interrogatory responses.

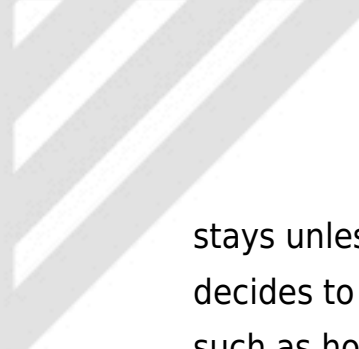
15. **Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?**

Confidential documents are typically produced pursuant to a “protective order” entered by the court. The protective order regulates who may access such documents and under what conditions. Most courts have a standard protective order, but these orders can be modified through negotiation between the parties and to address the particular needs of a case. Typically, the party seeking to protect their material must ensure that it is appropriately marked, and the party receiving the material must ensure access is limited as described in the protective order. Different levels of protection are usually available for different levels of confidential material. In addition, aligned parties (e.g., multiple co-defendants) may enter common interest agreements, which can provide protections for confidential and/or privileged information shared with each other.

16. **Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?**

There are two main types of post-grant challenges. First, parties may seek review in adversarial proceedings at the PTAB. These proceedings include IPR, post-grant review (“PGR”), covered business method (“CBM”) review, and derivations. Second, parties may file *ex parte* re-examination requests, which are not adversarial and essentially place the challenged patent back in examination at the USPTO.

Accused infringers often try to stay litigation proceedings pending the outcome of a post-grant validity challenge. Courts are reluctant to grant



stays unless and until the PTAB or re-examination branch of the USPTO decides to institute a review proceeding. Courts also look at other factors such as how soon the litigation will reach a trial, potential prejudice to the patent owner, and the accused infringer's diligence in seeking the post-grant challenge.

17. **To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?**

The United States follows the common law tradition of applying precedent. This means that the federal district courts, CFC, and ITC are bound by decisions of appellate courts, primarily the CAFC. They also generally follow prior decisions within their own jurisdiction. Decisions from other domestic jurisdictions (e.g., federal courts in other states) have persuasive authority but are not mandatory precedent. Decisions from outside the United States can also be noted, but tend to not be influential.

Exceptions include doctrines such as collateral estoppel and res judicata. These doctrines may bind particular parties to findings of law or fact in one jurisdiction to the same findings if the parties try to re-litigate the issues in the same or another jurisdiction.

The interplay between litigation and PTAB rulings on validity is also important. In general, courts are not required to adhere to PTAB rulings that a patent is invalid unless and until the PTAB ruling is final and all appeal rights have been exhausted.

18. **How does a court determine whether it has jurisdiction to hear a patent action?**

Jurisdiction for patent suits is automatic under 28 U.S.C. § 1338. Under this statute, a patent owner may file suit in any federal district court where the defendant is subject to personal jurisdiction and venue is proper. Venue is proper in judicial districts where the defendant is incorporated, or has some business presence and has committed acts of alleged infringement. Courts in the United States only address the merits of United States patents, not foreign patents. While courts are sometimes willing to transfer cases from one judicial district to another, based on convenience and other factors, anti-suit injunctions are exceptionally rare and very difficult to obtain.

19. **What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?**

Many courts require parties to engage in non-binding mediation at least once before a patent case goes to trial. Binding arbitration is an alternative to mediation, and is utilized in situations where, for example, the parties' contracts require arbitration as a mechanism to resolve disputes.

20. **What are the key procedural steps that must be satisfied before**

a patent action can be commenced? Are there any limitation periods for commencing an action?

Plaintiffs must perform a reasonable and good-faith pre-suit investigation into the facts and law underlying their claims. Failure to do so may result in sanctions. Plaintiffs also must file their suit in a court that has subject matter jurisdiction, has personal jurisdiction over the defendant, and has proper venue.

There is no formal statute of limitations for patent suits. Nevertheless, under 35 U.S.C. § 286 patent owners are unable to recover damages based on infringement occurring more than six years before they file suit.

21. Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?

Two categories of rights holders may file a patent suit: the patent owner or the exclusive licensee. A patent owner is an entity owning all rights and title in a patent. An exclusive licensee is an entity that, while not receiving legal ownership of a patent, receives all substantial rights (e.g., the rights to enforce and collect damages). By contrast, a bare licensee (i.e., an entity merely holding the right to practice a patent) has no right to enforce the patent and cannot be joined as a co-plaintiff.

22. Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?

In order to initiate a patent lawsuit in a federal district court on the basis of invalidity, the plaintiff needs to demonstrate that it faces a definite and concrete allegation of infringement by the patent owner. Without this, the court may dismiss the case for lack of declaratory judgment jurisdiction and lack of subject matter jurisdiction.

Any entity (other than the patent owner) may initiate an IPR, CBM, PGR, or derivation proceeding. An IPR petition must be filed after nine months of the challenge patent's grant date, and a PGR petition must be filed within that nine-month period. A CBM challenge may be filed any time, but only if the challenger has been sued or charged with infringement. An *ex parte* re-examination proceeding may be filed any time by any entity, including the patent owner.

23. **Are interim injunctions available in patent litigation proceedings?**

Federal district courts can grant preliminary injunctions, but such injunctions are regarded as an extraordinary remedy. In order to obtain a preliminary injunction, a patent owner must demonstrate a substantial likelihood of success on the merits, the prospect of irreparable harm absent an injunction, that the balance of harms from an injunction supports granting the injunction, monetary damages would be inadequate, and the public interest favors the injunction. Preliminary injunctions are thus difficult to obtain and are generally only granted in suits involving direct competitors. *Ex parte* preliminary injunctions are even more rare and would arise if the accused infringer failed to make an appearance or defend the proceeding. When a court issues a preliminary injunction, it requires the patent owner (unless indigent) to post a bond

covering the economic harm that would befall the accused infringer if the injunction is later found to be erroneous.

24. **What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?**

A prevailing patent owner is entitled to monetary damages and may, if appropriate, also obtain a permanent injunction against future infringement. Where the patentee practices their patent, they may seek monetary damages in the form of lost profits or a reasonable royalty. If the patentee does not practice the patent, only a reasonable royalty may be available. Regardless of which form of monetary damages is recovered, the patentee may also recover prejudgment interest.

In a case between competitors, the patentee will usually seek the larger of either lost profits or a reasonable royalty. The patentee may also seek a permanent injunction. Where the patentee is a non-practicing entity (“NPE”), a reasonable royalty is usually the only available recovery, and an injunction is usually unavailable.

25. **On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?**

A reasonable royalty may be based on a variety of rationales, as long as they are economically sound. For example, the reasonable royalty may be based on profit or revenue increases for the infringer arising from the infringement, cost savings achieved by the infringer through the

infringement, comparable licenses (either the infringer's, the patentee's, or others'), the cost for the infringer to implement a non-infringing alternative, or other economic frameworks. Lost profits are based on the proven profits that the patentee lost to the infringer through the infringement.

Enhanced damages are available if the infringer engaged in egregiously infringing behaviour. This usually requires that the infringer knew of the patent, knew of the infringement, and affirmatively decided to proceed with the infringing conduct. While attorneys' fees are usually not recoverable, they may be available for the prevailing party (either patentee or accused infringer) if the other side's conduct during the litigation is egregious.

26. **How readily are final injunctions granted in patent litigation proceedings?**

Before the 2006 Supreme Court decision in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), final injunctions were regularly granted in the United States upon a judgment of infringement and validity. That decision, however, tightened the standard. Courts now consider the following factors in deciding whether to issue a permanent injunction: (1) the patentee's irreparable injury; (2) remedies at law being inadequate to compensate for the injury; (3) the balance of hardships favouring an injunction; and (4) the public interest not being disserved by the injunction. Under this test, direct competitors in a patent case are sometimes able to obtain a preliminary injunction. NPEs, on the other hand, rarely are able to do so. For NPEs, since monetary damages is usually adequate to compensate for the infringement, an injunction is

unwarranted.

27. **Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?**

Parties in patent litigation may seek declaratory relief on the issues of infringement and validity. In practice, accused infringers very often assert counterclaims asking the court to declare that the asserted patent is invalid or not infringed. For an accused infringer to file a first-instance complaint seeking declarations of invalidity or noninfringement, a case or controversy needs to exist. That is, the patentee must have made a real and concrete allegation of infringement, giving rise to a ripe dispute between the parties.

28. **What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?**

Costs in patent litigation include attorneys' fees and various types of disbursements. Disbursements may include expert witness fees, travel and lodging costs, document processing costs, court reporter and videographer costs, translation or interpretation costs, jury or witness consultants, and others. On appeal, the disbursements are much more limited. Costs for appeals mainly involve document printing and binding, travel, and lodging.

29. **Can the successful party to a patent litigation action recover its costs?**

The prevailing party in litigation (either patentee or accused infringer) may recover certain limited costs. Recoverable costs include document processing fees, court reporter and videographer costs, translation or interpretation costs, and basic witness fee amounts. Notably, attorneys' fees are not recoverable unless the losing party's conduct was egregious and the court orders an award of such fees, which is relatively rare. The recoverable costs are thus small in proportion to the overall cost of patent litigation. Consequently, parties usually do not engage in strategic decision-making with a goal of increasing recoverable costs in a case.

30. **What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?**

In recent years, the technological fields with the most patent litigation have been (from most to least) consumer products, biotech/pharmaceutical, computer hardware and electronics, software, industrial and construction, medical devices, telecommunications, business and consumer services, automotive, and chemical. Specific emerging areas of technology that may see more litigation in the future include cybersecurity, artificial intelligence/machine learning, autonomous transportation, machine vision, and robotics.

31. **What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve**

months?

Patent eligibility under 35 U.S.C. § 101 continues to be uncertain and evolving. Courts began invalidating many business method and financial services patents in 2008, and that trend continued through 2017. Nevertheless, during the last two years, courts have taken a more nuanced and flexible approach to § 101. The USPTO likewise liberalized its examination guidelines with respect to § 101 in January of 2019, which has led to increased allowances for patent applications that might previously have been rejected under § 101.

Venue also remains amorphous in several respects, even after the Supreme Court's 2017 decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), which clarified part of the standard for venue. The law of venue is now somewhat different in different district courts.

Appeals from PTAB decisions are another evolving area of law. While it is clear that appeals from initial decisions on institution are not appealable, exceptions to this rule (e.g., for appeals based on the statutory time-bar) are emerging and other aspects of PTAB-related appeals are still being clarified by the CAFC.

32. **Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?**

Patent eligibility under 35 U.S.C. § 101 has been a perennial source of legislative and policymaking attention in the United States since at least 2010, when the Supreme Court decided *Bilski v. Kappos*, 561 U.S. 593


(2010). Congress has considered proposed legislation to clarify the application of § 101, especially the exclusion for purely “abstract ideas.”

Venue, and forum shopping generally, are also issues ripe for reform. While *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017) confirmed that patent suits may be brought in districts where the defendant “resides” (i.e., their state of incorporation), venue remains uncertain beyond that. Specifically, there are diverging opinions addressing whether defendants can be sued in states where they have minor or fleeting business operations.

The law of damages for patent infringement is also unsettled in several respects. For example, there are often disputes around when a patentee can seek a royalty based on the “entire market value” of an accused product, how to identify the smallest saleable patent-practicing unit for purposes of determining a royalty, and how damages for standard-essential patents should be assessed.

33. **What are the biggest challenges and opportunities confronting the international patent system?**

From a global perspective, there remain differences regarding the perceived adherence to the “rule of law” and the independence of the courts. In countries where these principles are viewed with skepticism, there are fewer patent applications filed and fewer lawsuits commenced. Also, in emerging countries, the body of law concerning patents may be limited or spotty. This results in a lack of predictability and confidence for parties considering patent rights and enforcement in those countries. These issues present challenges for companies that compete



domestically and abroad. But opportunities also exist because as the legal systems of the world grow more mature and experienced, patents may play a greater role in a larger number of countries.

NPE litigation is also a phenomenon affecting more countries today and likely into the future. Ten years ago, NPE lawsuits were principally filed in the United States. Now NPE suits are being filed in Europe and Asia. In countries where the patent laws are well-established and a permanent injunction is the typical remedy for infringement, an NPE can implement a global enforcement strategy that reaches more entities. Consequently, the uptick in NPE litigation has led to policy debates and proposed legislative reforms.