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Pulling the preemptive trigger

Being a declaratory judgment plaintiff can be one of the most important trial tactics you have in a patent case, explain

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So you've just received a threatening letter from a patentee requesting that you immediately cease your infringing activity and provide an accounting of past sales, or else. Of course you have some immediate work to do: investigate the implication of infringement, consider the validity and/or enforceability of the patent, obtain an opinion from an outside patent counsel, and canvass your own portfolio for any patents that you might be able to assert against the patentee.

But at some point in your investigation you will undoubtedly contemplate filing a declaratory judgment (DJ) action against the patentee. Pulling the trigger on a DJ action is a bold move indeed, but if you're convinced that a lawsuit is imminent anyway, filing a DJ action can make a lot of sense. If you end up climbing the courtroom steps on the first day of trial and you've handled your DJ action appropriately, you'll be the first one that the jury hears in opening argument. And if you attempt to settle the case before trial, a sophisticated adversary will respect the advantage you have obtained.

A DJ action can be one of the most important trial strategy issues available to you and your litigation counsel, as it is the only way to tell your side of the story to the jury first; that advantage alone is monumental. By telling your story first, you can shape the entire theme of the trial – instead of a patent infringement action, the trial becomes a story about your high quality and important products that are needed by consumers and that have been wrongly accused. You'll also benefit from the old adage that juries are pre-disposed to think that the plaintiff must have a good case, as otherwise he/she would not have filed a lawsuit in the first place. If handled properly, by the time the patentee gets to put on their case, they will be on the defensive. (Many of the advantages expressed in this article are by nature not expressly supported by case law, but are instead the views of the authors based on personal experience in jury trials and mock jury sessions, as well as feedback from jurors in both.)

How to be first at trial

If your ultimate goal is to be positioned as plaintiff at trial, you must first ensure that your DJ action is not bounced in favour of a lawsuit filed by the patentee. Step one in this exercise is often filing your lawsuit first (see *Abbot v Mead*, 1998 US Dist LEXIS 12317; 47 USPQ2D 1305 (SD Oh 1998)). In order to do that, you must be able to establish jurisdiction based on the existence of an “actual controversy” (28 USC 2201; *DuPont Merck Pharmaceutical Co v Bristol-Myers Squibb Co*, 62 F 3d 1397, 1401 (Fed Cir 1995) citing *Aetna Life Insurance Co v Haworth*, 300 US 227, 239-41, 57 S Ct 461, 463-64, 81 L Ed 617 (1937)). To do this, the Federal Circuit requires an objective showing of a reasonable apprehension of imminent suit by the patentee (*BP Chemicals Ltd v Union Carbide Corp*, 4 F 3d 975, 978 (Fed Cir 1993)).

Even if you can satisfy the jurisdictional test, the decision to hear a DJ action is within a court’s discretion (*Serco Services Co LP v Kelley Co*, 51 F 3d 1037, 1039 (Fed Cir 1995) citing *Minnesota Mining & Manufacturing Co v Norton Co*, 929 F 2d 670, 672 (Fed Cir 1991)). For example, some courts do not follow the first to file rule where the accused infringer simply filed an anticipatory suit. In such situations, courts have ignored the first to file rule in favor of a later filed patent infringement action in a more logical forum (*Alaris Medical Systems Inc v Filtartek Inc*, 2001 US Dist LEXIS 24976 (SD Cal 2001)).

But even if you are not the first to file, you might still be able to pursue the DJ advantage. For example, if your company is a manufacturer and the patentee has sued your customers, courts often allow even later filed DJ actions involving manufacturers to proceed while staying the related customer suits (*Precise Exercise Equipment Inc et al v Kmart Corporation et al* 2000 US Dist LEXIS 21500 (CD Cal 2000)).

Odds on your side

Assuming you get your DJ action to stick, you are far from guaranteed a seat at the plaintiff’s table at trial. The conduct and order of presentation at trial is within the judge’s discretion, and usually not determined until the pre-trial phase of the case. In fact, some courts are predisposed to let a patentee go first because it seems like a more intuitive and less confusing story for the jury (*Biosite Inc v Xoma Ltd et al*, 168 F Supp 2d 1161 (ND Cal 2001)). The uphill battle continues. Anyone who has litigated a DJ action or a case that contains a counterclaim has witnessed at least one courtroom appearance where the parties’ attorneys jockey for positioning at the plaintiff’s podium. Leaving your entire trial schedule to such chance would be ill-advised, so here are some substantive steps a DJ plaintiff can take to increase its odds of going first.

Act like a plaintiff

One approach that has proven successful is to act like a plaintiff throughout the entire case. Instead of the popular and sometimes helpful strategy of resisting discovery from the patentee, be proactive during the discovery phase of the case. Bring your deposition witnesses and documents to the forum of the case, and remind the judge and/or magistrate of your proactive conduct at all appropriate times. In a similar vein, catalogue any episodes of the defendant’s resistance to discovery and especially anytime the defendant relied on its title of ‘defendant’ during the discovery phase. If you pay attention to this during discovery, you will be surprised at how many times the patentee will act like a resistant defendant. Document such occurrences as it could help sway the judge to allow you to go first at trial.

Consider additional non-patent claims against the patentee

Also consider including in your complaint any applicable business tort claims, such as unfair competition, antitrust, tortious interference of business practice, abuse of process, etc. These

claims can distance your case from a pure patent infringement action and put you closer to the plaintiff's seat.

Putting on your case

If you successfully make it to trial as the plaintiff, you have overcome some of the most difficult challenges. The rest of the DJ advantage should fall into place easily, as long as you style your trial theme to fit the fact that you are proceeding first.

In a patent infringement action filed by the patentee, the patentee-plaintiff presents its case first and through its witnesses tells a chronological story of the invention activities followed by the infringing company using the inventor's idea. A typical witness schedule starts with the inventor testifying as to how he/she thought of and developed the great idea behind the patent. Next up would be an executive from the patentee company to explain how important R&D is to the company, and how the patent-in-suit is the most critical patent in the company's portfolio. The executive could also introduce the concept of how the patentee learned that the defendant is infringing. The final witness category would include the infringement and damages experts to explain why the defendant infringes and how much the defendant should pay.

This type of trial schedule does not necessarily present well from a DJ plaintiff's (accused infringer's) perspective. For example, usually a DJ plaintiff would be ill advised to call one of the patentee's witnesses (for example, the inventor) during its case in chief in order to explain the patent. A DJ plaintiff also should not style the case as a patent dispute. Instead, a DJ plaintiff should make the trial about the DJ plaintiff's high quality products and the value these products provide to the general public.

The story goes like this: X company was founded long ago and built from the ground up by Mr X with hard work and strong values. The DJ defendant then came along, and noticing X's success tried to coerce X (or X's customers) into paying large sums of money based on a false allegation.

A typical witness order for a DJ plaintiff would start with a company executive to explain the history of the company, followed by a product manager to discuss the accused product. At this point, questions and answers can be carefully woven into the testimony to later support non-infringement and invalidity positions. If necessary, a company engineer can also be called to fill in gaps about the product that are beyond the knowledge of the product manager. Towards the end of the direct testimony of any or all of these witnesses, the examiner can throw in a few short questions regarding the harassment, such as "have you ever heard of the defendant's technology before they first started writing to you?" or "did you copy/use the defendant's technology?".

Next, the technical expert is called to explain what the patent is about, what the defendant's accusations are, and why those accusations are without merit. Here is one of the significant advantages of being a DJ plaintiff – the first description of the patent comes from your witness, not the inventor/patentee. Thus for at least the first half of the trial, the jury learns of the patent the way you want them to learn it.

Typically, your defences will include positions of non-infringement and invalidity. Many of these defences are presented in much the same manner as in a non-DJ case (for example, non-infringement and prior art invalidity defences). However, certain invalidity defences require testimony or other evidence from the patentee and/or the inventor. These 'adverse witness defenses' (AWDs) include inequitable conduct, best mode, and inventorship, and without evidence from an adverse witness, they are subject to being thrown out at the close of the DJ plaintiff's case via motion for directed verdict.

Strategic advantage

One way to get your AWDs past the directed verdict threat is to introduce existing evidence in the form of documents or deposition testimony from these adverse witnesses, using your expert(s). Often, courts will not allow deposition testimony to be read into the transcript as testimony if the deposed witness is present in the courtroom (see Fed R Civ P 32). However, if your expert witness explains in his direct examination during your case in chief that he relied on certain deposition testimony of an adverse witness to reach his opinion, that could carry you past any directed verdict motion (see for example *Blanton v Mobil Oil Corp*, 721 F 2d 1207, 1219 (9th Cir 1983), *cert denied*, 471 US 1007, 85 L Ed 2d 166, 105 S Ct 1874 (1985)). In addition, when taking depositions during the discovery phase of a DJ case, the deposing attorney should keep this in mind.

Those deposition excerpts should at the very least be introduced and explained by your expert(s), and offered as admissions if appropriate that form the basis for his opinions. If the court does not enter the underlying testimony and you have no documentary evidence, then you could be faced with an expert opinion that is not supported by any admitted evidence. In that situation, you must resort to plan B – in response to any directed verdict motion for an AWD issue, request that the court defer judgment until after the cross-examination of the relevant patentee witness or grant you leave to call the adverse witness for that specific issue.

Of course this conundrum requires a judgment call by trial counsel based on the available evidence and insight on the particular judge. But as with the other challenges presented by pursuing a DJ action, if handled properly, the strategic advantages of being the plaintiff at trial will far outweigh the attendant hurdles.

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William Mandir is a partner at Sughrue Mion PLLC, focusing on intellectual property litigation including patent and trade dress litigation, counselling and appellate practice. William has developed an outstanding reputation as both a patent practitioner and a litigator with significant experience before the USPTO, district court, federal court and the International Trade Commission. His litigation experience includes acting as lead counsel in patent infringement jury trials. Recently named as an expert in the 2003 Patent Experts Guide, William also maintains a significant prosecution practice. His practice includes prosecuting patent matters in the electrical, software and mechanical arts, including re-examination and reissue applications before the USPTO. William is a graduate of Franklin Pierce Law Center. He received a bachelor's degree in electrical engineering from the University of Maryland. William joined the firm as an associate in 1987 and became a partner in 1993.

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