2016 NAPABA CONVENTION

Global Litigation: Views from Top GCs and Senior IP Counsel on Managing Cross-Border Disputes

Moderator:

Rudy Kim  
Partner  
Morrison & Foerster LLP

Speakers:

Andrew Kim  
General Counsel, SVP Corporate Development, and Company Secretary  
NETGEAR, Inc.

Bryan Ko  
General Counsel and Corporate Secretary  
Logitech, Inc.

Diana Luo  
Associate General Counsel  
Walmart Global eCommerce

Michael Shen  
Deputy Director, Managing Counsel – Patent Litigation  
TSMC, Ltd.

Salle Yoo  
General Counsel  
Uber Technologies, Inc.

Session Description:

With the increasing globalization of our economy, technology is increasingly being developed, manufactured, implemented and/or sold across international borders. For multi-national companies whose businesses are impacted by these activities, global commercial and IP litigation is an increasingly important tool for protecting business and IP assets within the U.S. and abroad. This is particularly true for global companies whose current or would-be competitors engage in substantial business activities overseas. This panel will provide unique insight from top GCs and senior IP counsel from the world’s leading technology companies who will provide advice on how to develop and manage a successful global litigation strategy – to protect your company’s business interests here and abroad.
Global Litigation: Views from Top GCs and Senior IP Counsel on Managing Cross-Border Disputes

CLE Materials

Strategic Considerations and Experiences in International Venues / Forums

- Patent litigation trends in the United States
  - Approximately 5,600 cases filed in 2015, a 2% decline from 2014
  - Number of patents granted by USPTO declined for the first time since 2008, with 2% decrease
  - Median damages award rose to $7.3M

- Considerations for litigation outside the U.S.
  - Growing markets outside the United States
  - Global supply chains with manufacturing/distribution chokepoints
    - Example: Netherlands – major port of importation for Europe
  - Speed, cost, patentee win rates

- Discovery
  - Large scope of discovery in U.S., but new Federal Rule of Civil Procedure 26(b)(1) imposes “proportionality” standard
  - Under 28 U.S.C. § 1782, U.S. district courts can order discovery for use in foreign or international tribunal, but applications rare
  - Limited discovery in international venues/forums
    - Example – Chinese plaintiffs may ask court to take discovery, but lack right to demand production
    - International privacy laws (e.g. German data protection law), China state secrets law

- Challenging validity
  - USPTO Patent Trial and Appeal Board statistics (7/31/2016):
    - 51% of IPR petitions are instituted
    - 44% of trials instituted (70% of final written decisions, excluding settlements/dismissals) find all instituted claims unpatentable
  - Example – Germany: Validity determined separately in Federal Patent Court or German Patent Office, slower than infringement courts. Agreement on a Unified Patent Court not yet ratified by Germany or United Kingdom.

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2 Source: Bloomberg BNA, GLOBAL PATENT LITIGATION: HOW AND WHERE TO WIN, Section 6.V.A-(2d ed. 2014)


Hiring and Managing Outside Counsel

- Selection strategy:
  - Hire a single firm with international offices or multiple firms based in different jurisdictions?
  - For plaintiffs: select outside counsel first, or select forum first?

- Coordination between U.S. and international counsel
  - Taking consistent positions across jurisdictions and dropping arguments when necessary
  - Open communication with and between outside counsel
  - Handling local sensitivities through local counsel

Working with Internal Client

- Communicating risks and exposure in litigation

- Cultural sensitivities when dealing with international employees/witnesses based outside the U.S.
  - Securing cooperation for discovery, deposition preparation
  - Translation/language issues

- Managing expectations from business side
### Sample Intercountry Comparison

<table>
<thead>
<tr>
<th>Country</th>
<th>Avg time (to first-instance decision on merits)</th>
<th>Avg cost (of first-instance proceeding)</th>
<th>Patentee win rate (to first-instance decision on merits)</th>
<th>Combined infringement/validity win rate (only applicable if patent is at issue in both proceedings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States⁵</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>--ED Tex</td>
<td>35.1 months to trial</td>
<td></td>
<td>56.8% jury win rate</td>
<td>N/A</td>
</tr>
<tr>
<td>--D. Del</td>
<td>33.5 months to trial</td>
<td></td>
<td>58% jury win rate</td>
<td>N/A</td>
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<tr>
<td>--N.D. Cal</td>
<td>38 months to trial</td>
<td></td>
<td>43.8% jury win rate</td>
<td>N/A</td>
</tr>
<tr>
<td>China⁷</td>
<td>Infringement: 9.9 months</td>
<td>$50,000-$200,000</td>
<td>Invention patents 67.8%</td>
<td>Invention patents 33% Utility models 32% Design patents 38%</td>
</tr>
<tr>
<td></td>
<td>Validity est. &lt; 12 months</td>
<td></td>
<td>Utility models 72.7%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Design patents 86%</td>
<td></td>
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<tr>
<td>Japan⁸</td>
<td>15.7 months</td>
<td>$200,000-$300,000</td>
<td>22%</td>
<td>N/A</td>
</tr>
<tr>
<td>South Korea⁹</td>
<td>Infringement: 9.9 months</td>
<td>$100,000-$400,000</td>
<td>26%</td>
<td>Est. 8% for invention patents; 8% for utility models</td>
</tr>
<tr>
<td></td>
<td>Validity: 7-11 months</td>
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<tr>
<td>Germany¹⁰</td>
<td>Infringement: 10-14 months</td>
<td>$100,000--$500,000 (infringement action and parallel validity action)</td>
<td>66%</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>Validity: 22 months</td>
<td></td>
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</tbody>
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⁵ Source: Bloomberg BNA, GLOBAL PATENT LITIGATION: HOW AND WHERE TO WIN, Section 3.I – 3.IV-(2d ed. 2014)


⁷ Source: Global IP Project Case Summaries. Time to merits decision based on 2011 data from 6 sample courts. Patentee win rate from 2006-2012

⁸ Source: Global IP Project Case Summaries. Time to merits decision based on 2012 data. Patentee win rate from 2006-2012


¹⁰ Source: Global IP Project Case Summaries. Time to merits decision based on 2006-2011 data, FPC. Patentee win rate from Düsseldorf only, 2007–2012