

Patent infringement litigation

EM Lyon
June 16, 2005

Thomas Bouvet – Avocat à la Cour

VÉRON & ASSOCIÉS

53, avenue Maréchal Foch
F 69006 Lyon
Tel. + 33.4.72.69.39.39
Fax + 33.4. 72.69.39.49
E-mail: info@veron.com

6, square de l'Opéra Louis Jouvet
F 75009 Paris
Tel. + 33.1.53.05.91.91
Fax + 33.1.53.05.91.98
<http://www.veron.com>

Contents:

1. Pre-trial considerations
2. Patent litigation in France
3. Foreign patent litigation
4. Cross-border litigation
5. Alternative dispute resolution

1. Pre-trial considerations

M/TBO/80003/2005Patent infringement litigation

3

1.1. Estimate strength and weakness of the case

- The quality of the patent (validity, clarity, scope of protection, protected territory, etc.)
- The obviousness of the infringement (clear cut, necessity of technical analysis, expert investigations, etc.)
- Evidence matters (accessibility of accused device, accessibility of information on the patented feature/process, etc.)

M/TBO/80003/2005Patent infringement litigation

4

1.2. Estimate what is at stake

- Economical issues
 - ◆ Secure a new market
 - ◆ Delay arrival of generic drugs
 - ◆ Collect damages from competitor on mature market subject to heavy competition
 - ◆ Force a client to change supplier in very narrow market
- Psychological issues
 - ◆ Built an IP strategy and an IP reputation
 - ◆ Sue a client/competitor/supplier
 - ◆ Sueing small companies

M:\TBO\80003\2005\Patent infringement litigation

5

1.3. Define a strategy

- Starting talks?
- A lawsuit?

M:\TBO\80003\2005\Patent infringement litigation

6

1.4. Factors of « *forum shopping* »

- Economical factors:
 - ◆ Manufacturing countries
 - ◆ Main markets

M/TBO/80003/2005Patent infringement litigation

7

- Pros and cons of each country's procedure:
 - ◆ National case law
 - ◆ Means of evidence
 - ◆ Costs of the lawsuit
 - ◆ Duration of the lawsuit

M/TBO/80003/2005Patent infringement litigation

8

2. Patent litigation in France

M/TBO/80003/2005Patent infringement litigation

9

Contents:

- 2.1. Who can sue for patent infringement?
- 2.2. Who can be sued? Any infringer
- 2.3. When can the action be started?
- 2.4. How can the infringement be proved?
- 2.5. Which court is best suited for the case?
- 2.6. Typical defence
- 2.7. The proceedings
- 2.8. Remedies

M/TBO/80003/2005Patent infringement litigation

10

2.1. Who can sue for patent infringement?

- The patent holder
- The **exclusive** licensee, only after he has asked the patentee to bring the action (Article L. 615-2 of the French Intellectual Property Code), unless otherwise stipulated

M:/TBO/80003/2005Patent infringement litigation

11

- Any licensee can join the proceedings and claim compensation for its own damage (L. 615-2 IPC)

N.B. : A party can claim compensation only for its personal damage

M:/TBO/80003/2005Patent infringement litigation

12

How can rights be opposed to third parties?

- The action of the plaintiff is admissible only if the plaintiff's rights are registered in the National Patent Register (be careful to assignment of ownership, grant of licence, change of corporate structure)

M:/TBO/80003/2005Patent infringement litigation

13

Conclusion

Before any lawsuit, it is necessary to audit the patent's exploitation, the contracts and the registrations

M:/TBO/80003/2005Patent infringement litigation

14

2.2. Who can be sued? Any infringer

- For a **product patent**: anyone who makes, offers, puts on the markets or uses the patented product or who imports or hold it for such purposes (Article L. 613-3 a IPC)

M/TBO/80003/2005Patent infringement litigation

15

- For a **process patent**: anyone who:
 - ◆ uses the patented process or offers the process for use on the French territory (article L. 613-3 b IPC)
 - ◆ offers, puts on the market or uses the **product obtained directly** by the patented process or imports or holds it for such purposes (article L. 613-3 c IPC)

M/TBO/80003/2005Patent infringement litigation

16

■ A notice is sometime requiered:

Article L. 615-1 IPC provides that « *the offering, putting on the market, use, holding with a view to use or putting on the market of an infringing product*» imply liability only if committed in full knowledge

■ Contributory infringement

Article L. 613-4 provides that “1. *It shall also be prohibited, save consent by the owner of the patent, to supply or offer to supply, on **French territory**, to a person other than a person entitled to work the patented invention, the means of implementing, **on that territory**, the invention with respect to an essential element thereof where the third party knows, or it is obvious from the circumstances, that such means are suited and intended for putting the invention into effect.*

2. *Paragraph 1 shall not apply where the means of implementation are staple commercial articles, except where the third party induces the person supplied to commit acts prohibited by Article L. 613-3.*

3. *Persons carrying out the acts referred to in items (a), (b) and (c) of Article L. 613-5 shall not be deemed persons entitled to work the invention within the meaning of paragraph 1”.*

2.3. When can the action be started?

- In the case of an action for infringement of a French patent application, the Court must stay proceedings until the grant of the patent (Article L. 615-5 IPC)
- In the case of an action for infringement of a French patent which covers the same invention as a European patent designating France, not yet granted (an application), or for which an opposition has been filed (or could be filed), the Court must stay proceedings (Article L. 614-15 IPC)
- In the case of an action for infringement of a European patent designating France, not yet granted (an application), or for which an opposition has been filed or could be filed, the Court has the choice to stay or not proceedings

M:\TBO\80003\2005\Patent infringement litigation

19

2.4. How can the infringement be proved?

- The infringement can be proved by any means

M:\TBO\80003\2005\Patent infringement litigation

20

■ The search and seizure

- ◆ An *ex parte* procedure
- ◆ Enables the bailiff to enter into the premises of any person which detains evidence of the infringement and to perform the authorized investigations; he can be accompanied by any person(s) skilled in the art chosen by the patentee
- ◆ The plaintiff has to serve a writ of summons on the alleged infringer within 15 days after the seizure was carried out, otherwise the seizure will be declared null and void

M/TBO/80003/2005Patent infringement litigation

21

■ Investigations usually authorized in a *saisie-contrefaçon*:

- ◆ Description of the accused device or product
- ◆ Seizure of samples
- ◆ Copy of technical, accounting and financial documents

M/TBO/80003/2005Patent infringement litigation

22

- Inversion of the burden of proof in the case of the infringement of a process patent (Article L. 615-5-1 IPC):
« Where the subject matter of the patent is a process for the manufacture of a product, the Court may order the defendant to prove that the process used to manufacture an identical product is different from the patented process. Where the defendant fails to provide such proof, any identical product manufactured without the consent of the owner of the patent shall be presumed to have been manufactured by the patented process in the following two cases:
a) the product manufactured using the patented process is new;
b) there is a strong probability that the identical product has been manufactured using the patented process, but the owner of the patent has been unable, in spite of reasonable effort, to establish what process has in fact been used.
In the production of proof to the contrary, due regard shall be had to the legitimate interests of the defendant regarding the protection of his manufacturing and trade secrets.»

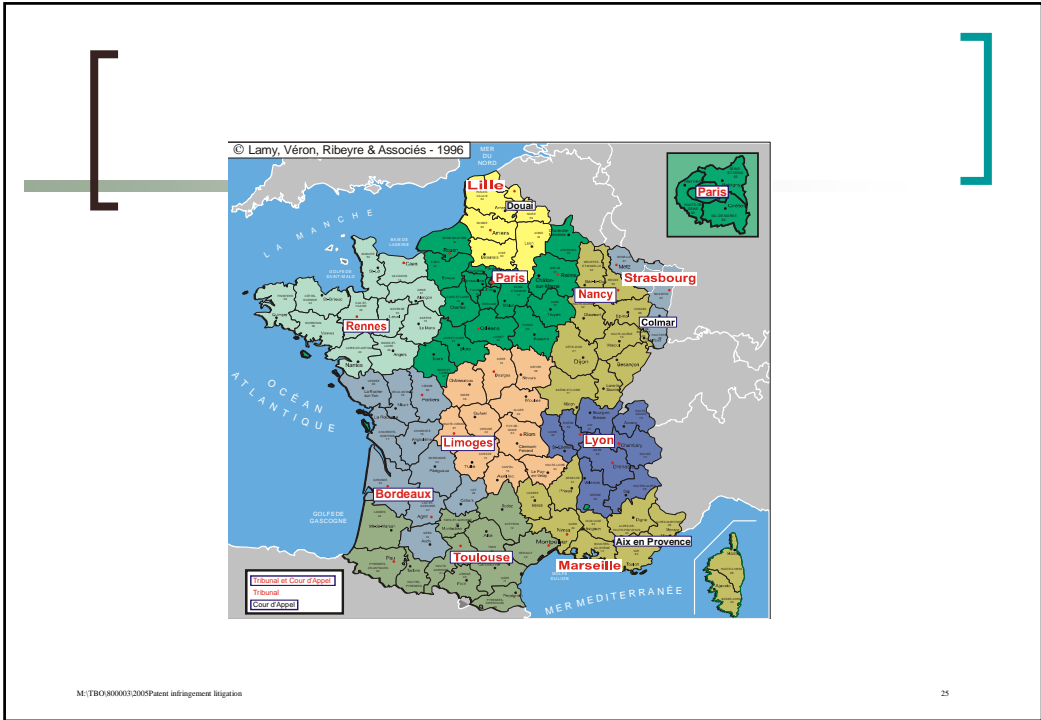
M:\TBO\80003\2005Patent infringement litigation

23

2.5. Which Court is the best suited?

M:\TBO\80003\2005Patent infringement litigation

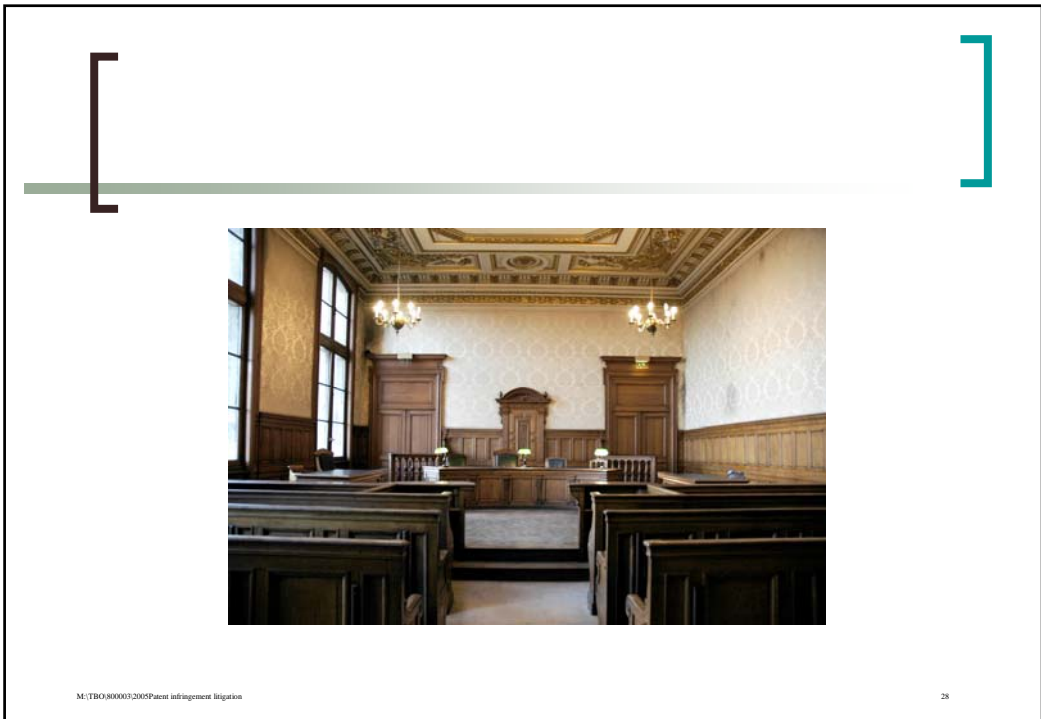
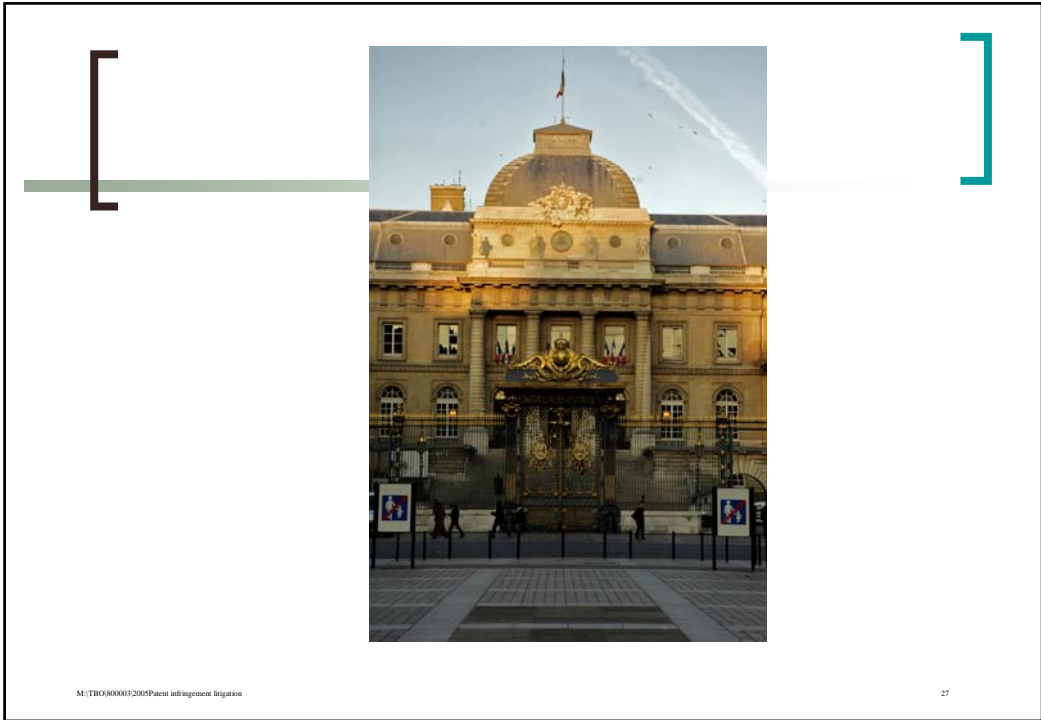
24



■ Tribunal de Grande Instance of Paris

M:\TBO\80003\2005Patent infringement litigation

26





M/TBO/80003/2005Patent infringement litigation

29

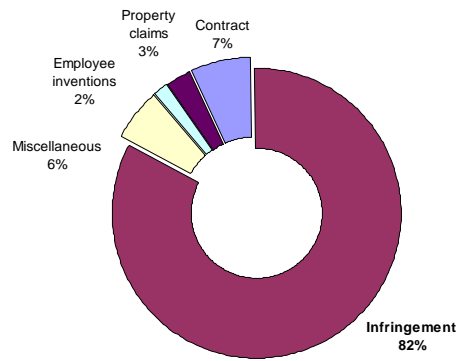
Statistics 1990-1999 : number of decisions handed down

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total	Average
Paris T.G.I.	101	96	89	92	111	99	118	119	120	133	1078	108
Paris C.A.	59	68	52	55	49	43	51	53	45	43	518	52
Cour de Cassation	12	22	17	23	30	23	12	11	13	13	176	18
Total	172	186	158	170	190	165	181	183	178	189	1772	177

M/TBO/80003/2005Patent infringement litigation

30

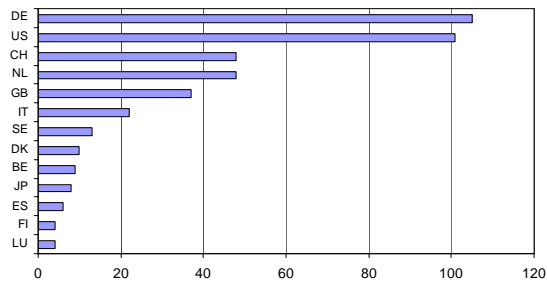
Nature of cases



M:/TBO/80003/2005Patent infringement litigation

31

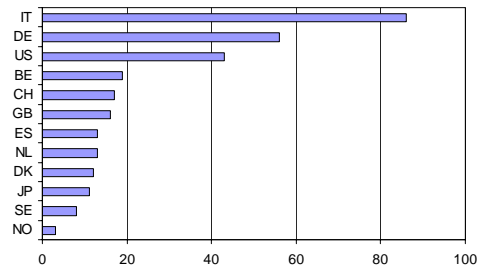
Nationality of plaintiffs



M:/TBO/80003/2005Patent infringement litigation

32

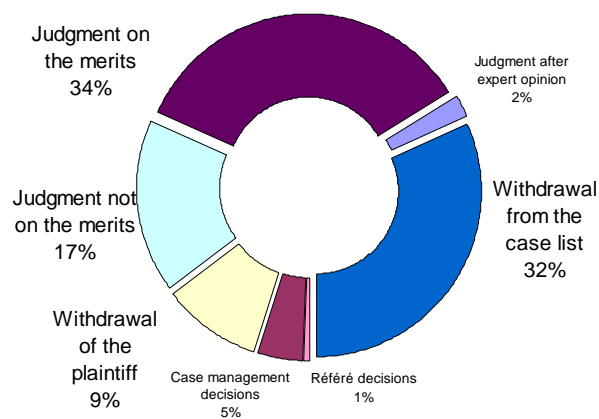
Nationality of defendants



M:\TBO\80003\2005\Patent infringement litigation

33

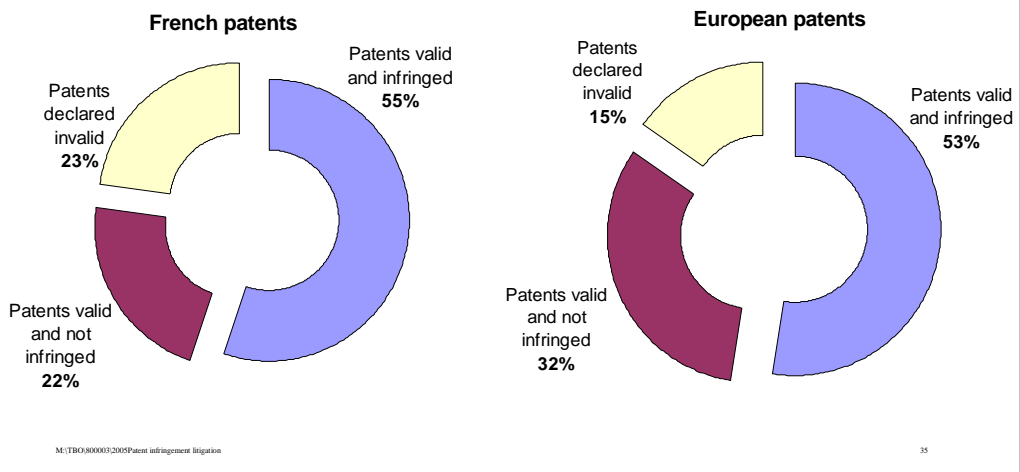
Nature of judgments of the Tribunal de Grande Instance of Paris



M:\TBO\80003\2005\Patent infringement litigation


34

Outcome of the decisions for patent infringement



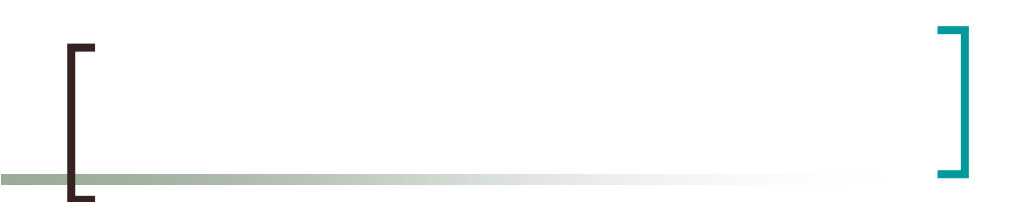
2.6. Typical defence

- Patent invalidity

- 
- The patent is not infringed
 - ◆ No reproduction of the invention
 - ◆ Exception of prior personal possession (L. 613-7 IPC)
 - ◆ Exception for acts done for experimental purposes (L. 613-5 b IPC)
 - ◆ Exception for acts done privately and for non-commercial purposes (L. 613-5 a IPC)
 - ◆ Exhaustion of rights (L.613-6 IPC)
 - ◆ Exception of good faith (for the distributor)

M:\TBO\80003\2005Patent infringement litigation

37

- 
- Procedural arguments (nullity of the *saisie-contrefaçon*)

M:\TBO\80003\2005Patent infringement litigation

38

2.7. The different stages of the proceedings

M/TBO/80003/2005Patent infringement litigation

39

Cour de Cassation
(legal issues only)

Court of Appeal
(*de novo* on the merits)
Paris, Lyon, Douai, Rennes, Nancy, Colmar,
Limoges, Bordeaux, Toulouse, Aix-en-Provence

Tribunal de Grande Instance
Paris, Lyon, Lille, Rennes, Nancy, Strasbourg,
Limoges, Bordeaux, Toulouse, Marseille

M/TBO/80003/2005Patent infringement litigation

40

2.7.1. The first instance proceedings (at least 2 years)

Plaintiff

Writ of summons
Filing the writ
Production of exhibits
First written pleadings
and exhibits
Second written
pleadings
and exhibits

Defendant

Formal appearance filed by a
lawyer
First written pleadings and
exhibits
Second written pleadings
and exhibits
Etc.

The Judge managing the case closes the exchange
and sets the date of the oral hearing

M/TBO/80003/2005Patent infringement litigation

41

The oral hearing

- Rarely more than an afternoon!
- The speech of the plaintiff's lawyer
- The speech of the defendant's lawyer

M/TBO/80003/2005Patent infringement litigation

42

First instance judgment

- In infringement cases, the first instance judgment usually decides only the validity and the infringement issues
- Regarding damages, it sets a provisional award and appoints an expert for gathering the elements necessary for the calculation of damages

M/TBO/80003/2005Patent infringement litigation

43

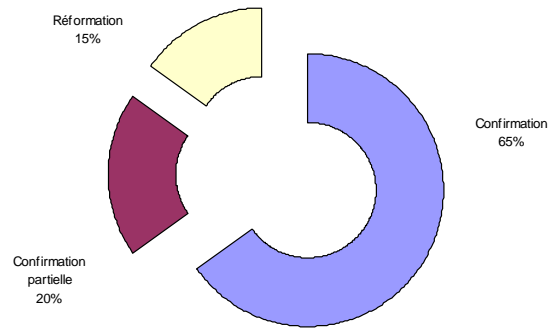
2.7.2. The appeal proceedings (about 2 years)

- The appeal suspends the enforcement of the first instance judgement except for provisional measures and unless otherwise decided
- Exchange of pleadings and exhibits similar to procedure before the first instance Court
- Possibility of bringing additional exhibits, including additional prior art
- The Court of Appeal decides *de novo*

M/TBO/80003/2005Patent infringement litigation

44

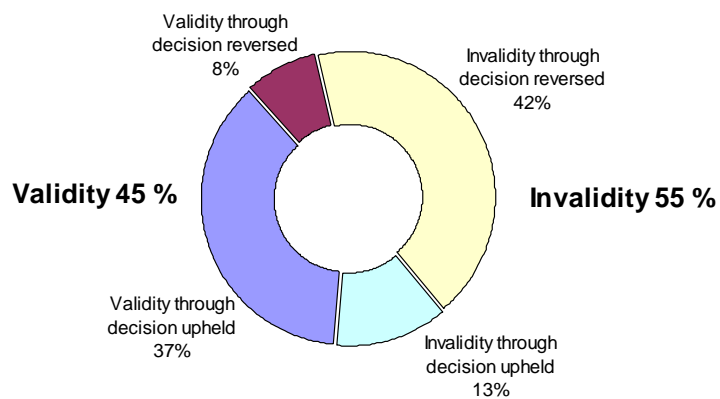
Appeal: decisions upheld / overruled



M:/TBO/80003/2005Patent infringement litigation

45

Appeal: for or against the patent?



M:/TBO/80003/2005Patent infringement litigation

46

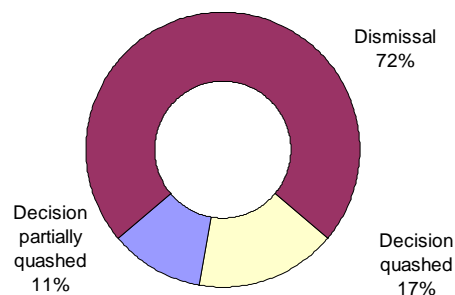
2.7.3. Proceedings before the *Cour de Cassation* (about 2 years)

- Does not suspend the enforcement of the Court of Appeal decision
- Decides only in law
- Three possibilities :
 - ◆ the appeal is held non admissible because it lacks interest
 - ◆ the appeal is admissible but dismissed: the decision of the Court of Appeal is final
 - ◆ the appeal is admissible and admitted : the decision of the Court of Appeal is quashed and the case is remanded to another Court of Appeal to be decided *de novo* again

M:\TBO\80003\2005Patent infringement litigation

47

Cassation: dismissal / decisions quashed (for patent cases)



- N.B. : the report of the *Cour de Cassation* for 2004, all matters considered, mentions 33% of appeals not admissible, 33% of appeals admissible but dismissed, 25% of appeals admissible and admitted

M:\TBO\80003\2005Patent infringement litigation

48



2.8. Remedies

M/TBO/80003/2005Patent infringement litigation

50

Permanent injunction

- Order prohibiting the defendant from proceeding with the acts which infringed
- Under penalty
- Until expiration of patent

N.B.: *Moratorium*: delay the launch of a new product (ECJ, July 9, 1997, Generics BV v. Smith Klein & French)

M/TBO/80003/2005Patent infringement litigation

51

Compensation:

- Damages only: no account on profits possible
- If the patentee does not work his patent: damages amount to a lost royalty
- If the patentee/licensee work the patent: damages amount to lost profit
- Combination of lost profit and lost royalty when the patentee/licensee work the patent but would not have made the sales of the infringer but for the infringement
- Any other proven damages: springboard effect, *moratorium*, lost profit on ancillary products, etc.

M/TBO/80003/2005Patent infringement litigation

52

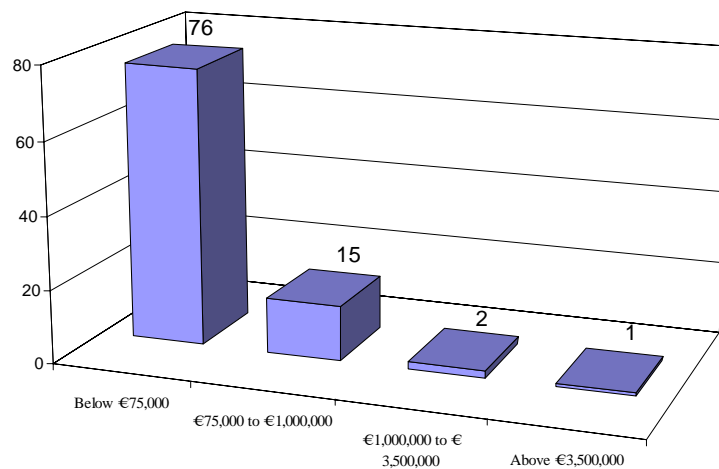
Calculation of the lost profit

- The number of infringing sales
- The number of sales lost by the plaintiff (P)
- The incremental profit margin per unit of the plaintiff (M)
- The profit lost by the plaintiff = $P \times M$

M/TBO/80003/2005Patent infringement litigation

53

Most of the awarded damages are below € 75,000



M/TBO/80003/2005Patent infringement litigation

54

Damages: top 15

CIBA GEIGY, RHONE-POULENC AGROCHIMIE v. INTERPHYTO	FRF 40 333 800	€6 148 848
PRODEL v. RENAULT AUTOMATION	FRF 33 000 000	€5 030 818
VAN DER LELY v. MACCHINE AGRICOLE REMAC	FRF 15 600 000	€2 378 205
ISOVER SAINT-GOBAIN v. FIBRA VER, TICTOR	FRF 11 000 000	€1 676 939
VAN DER LELY v. QUIVOGNE	FRF 9 500 000	€1 448 266
DOUBLET v. ALTRAD DEVELOPPEMENT, SELECT ETEM	FRF 8 606 000	€1 311 976
THOMANN v. THOMANN	FRF 7 720 818	€1 177 031
NOELMARQUET v. DELAMARE	FRF 6 800 000	€1 036 653
SAMEX v. PLYMOUTH	FRF 6 500 000	€990 919
GACHOT v. MECAFRANCE	FRF 4 741 806	€722 884
HK INDUSTRIES v. FICHET BAUCHE	FRF 4 716 000	€718 950
STEP v. COSTER	FRF 4 436 760	€676 380
COLOPLAST v. HOLLISTER	FRF 3 837 176	€584 974
HERRIAU v. FRANQUET, MATROT, MOREAU	FRF 3 680 990	€561 163
VISKASE v. VISCOFAN	FRF 3 608 000	€550 036
Average	FRF 10 938 757	€1 667 603

M/TBO/80003/2005Patent infringement litigation

55

Damages US courts : top 15

POLAROID / EASTMAN KODAK	\$873 000 000	973 395 000 €
DIGITAL / INTEL	\$700 000 000	780 500 000 €
CORDIS - JOHNSON & JOHNSON / BOSTON SCITC	\$324 000 000	361 260 000 €
CORDIS - JOHNSON & JOHNSON / MEDTRONIC	\$270 000 000	301 050 000 €
HA WORTH / STEELCASE	\$211 000 000	235 265 000 €
EXXON CHEMICAL / MOBIL CHEMICAL	\$170 000 000	189 550 000 €
VISKASE / AMERICAN NATIONAL CAN	\$165 000 000	183 975 000 €
GUIDANT / ST JUDE MEDICAL	\$140 000 000	156 100 000 €
EXXON CHEMICAL / LUBRIZOL	\$129 000 000	143 835 000 €
PROCTER & GAMBLE	\$125 000 000	139 375 000 €
X-IT/PRODUCTS / WALTER KIDDE	\$116 000 000	129 340 000 €
3M / JOHNSON & JOHNSON	\$107 000 000	119 305 000 €
VISKASE / AMERICAN NATIONAL CAN	\$102 000 000	113 730 000 €
FONAR / GENERAL ELECTRIC	\$98 000 000	109 270 000 €
SOUTHERN CLAY PRODUCTS / SUED-CHEMIE	\$78 000 000	86 970 000 €
Average	\$240 533 333	268 194 667 €

M/TBO/80003/2005Patent infringement litigation

56

Ancillary remedies (average)

- Publication 3 journals
- Total cost of publication 6.000 €
- Costs 3.600 €
(maximum 45.800 €)

M/TBO/80003/2005Patent infringement litigation

57

Counterclaims for abusive proceedings

- Counterclaim raised in 212 cases
- Admitted in 38 cases

M/TBO/80003/2005Patent infringement litigation

58

3. Foreign patent litigation

M/TBO/80003/2005Patent infringement litigation

59

3.1. UK

- The means of evidence are very different:
 - ◆ disclosure
 - ◆ testimony
 - ◆ experts' declaration
- The oral hearing is very different
- Statistics are unfavourable to the patentee (from October 2003 to September 2004: 9 decisions handed down by the High Court of Justice; 5 patents held valid, 2 of which held infringed, 3 appeal decisions; 2 patents held valid and infringed)
- Fast
- Expensive

M/TBO/80003/2005Patent infringement litigation

60

3.2. Germany

- The validity of the patent and its infringement are not examined in the same proceedings
- The case law is favourable to the patentee
- Reasonably fast for easy cases but courts often appoint experts in more difficult cases thus ending in long procedure
- Reasonable costs

M:\TBO\80003\2005\Patent infringement litigation

61

3.3. The Netherlands

- A procedural system similar to the French one
- Procedures relatively fast
- Evolution of the cross-border injunctions practice
- Reasonable costs

M:\TBO\80003\2005\Patent infringement litigation

62

3.4. U.S.A.

- A procedural system derived from the British one
- A large discovery
- *Treble* damages
- Very high costs

M/TBO/80003/2005Patent infringement litigation

63

4. Cross-border litigations

M/TBO/80003/2005Patent infringement litigation

64

The courts having jurisdiction

EC Regulation No 44/2001, derived from Brussels and Lugano Conventions, enables to sue before the Court:

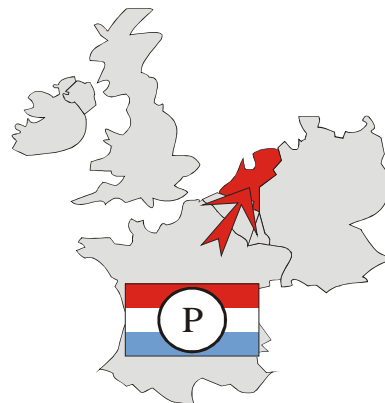
- ◆ Where the defendant is domiciled (Art. 2)
- ◆ Of the place where the harmful event occurred (Art. 5-3)
- ◆ Where one of the defendants is domiciled in matters involving a plurality of defendants domiciled in various Member States (Art. 6-1)

M/TBO/80003/2005Patent infringement litigation

65

Art. 2, domicile of the defendant

- Example: litigation outside France concerning a French right
 - the holder (for example Dutch) of a French patent may sue
 - a Dutch company
 - in a Dutch Court
 - for infringement of its French patent

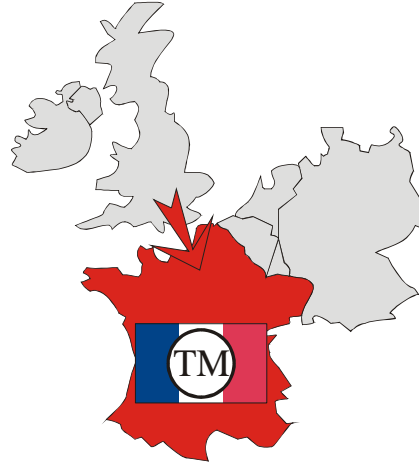


M/TBO/80003/2005Patent infringement litigation

66

Art. 5 -3°, place of the harmful event

- Example: litigation in France concerning a French right
 - the holder (for example French) of a French patent may sue
 - a British company
 - in a French Court
 - for infringement of the French patent

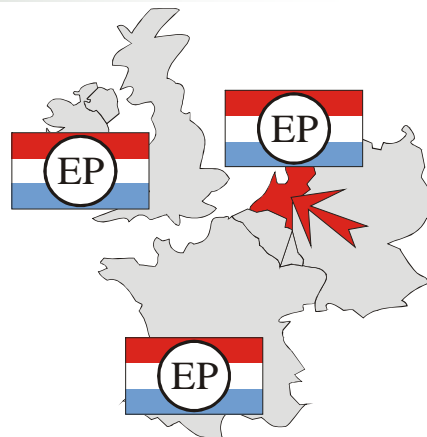


M/TBO/80003/2005Patent infringement litigation

67

Art. 5-3°, place of the harmful event

- 2nd example: rights covering several countries
 - ◆ can the holder (for example Dutch) of a European patent covering several countries (F, GB, NL)
 - ◆ sue a German company
 - ◆ in a Dutch Court
 - ◆ for infringement of this European patent?

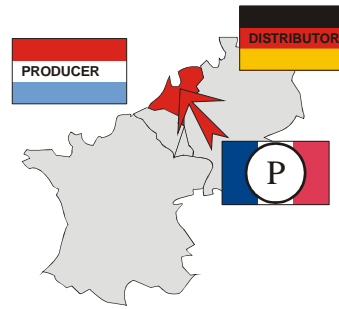


M/TBO/80003/2005Patent infringement litigation

68

Art. 6-1°, domicile of one of the defendants

- The holder (for example French) of a German patent can sue
- a Dutch company (producer) and a German company (distributor)
- in a Dutch Court
- for infringement of the German patent

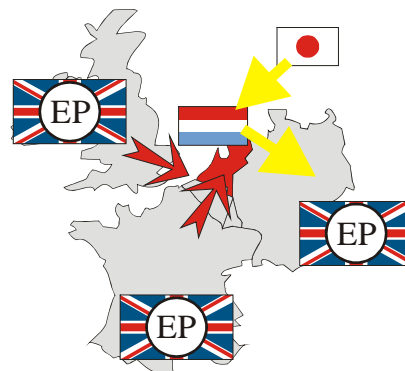


M/TBO/80003/2005Patent infringement litigation

69

Art. 6-1°, domicile of one of the defendants

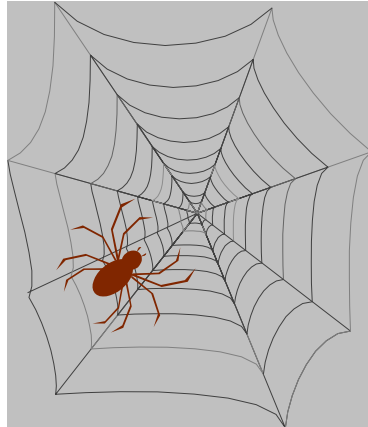
- May the holder (for example British) of a European patent covering several countries (DE, GB, FR) sue
- a Japanese company (producer) and its European distributors (British, which supply the UK, French, which supply France, Dutch, which supply Germany)
- in a Dutch Court
- for infringement of the European patent in Germany, UK and France?



M/TBO/80003/2005Patent infringement litigation

70

The case law restriction: the spider in the web



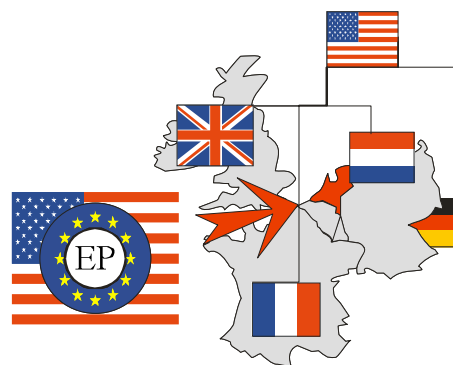
Cour of Appeal of the Hague,
April 23, 1998, *Expandable Grafts
Partnership v. Boston Scientific*

M/TBO/80003/2005Patent infringement litigation

71

The spider in the web

Question :
May the holder (US) of a European
patent covering most of the
European countries sue
a US company (producer) and its
European distributors (Dutch, which
supply the Netherlands, French,
which supply France, etc.)
in a Dutch Courts
for infringement of the European
patent in these countries?
Answer:
Only if the Dutch company is "*the
spider in the web*"



M/TBO/80003/2005Patent infringement litigation

72

The spider in the web

Reference for a preliminary ruling by the Hoge Raad der Nederland
December 19, 2003
Roche and Hoffmann La Roche v. Primus and Goldenberg

A. Is there a connection, as required for the application of point 1 of Article 6 of the Brussels Convention, between a patent infringement action brought by a holder of European patent against a defendant having its registered office in the State of the court in which the proceedings are brought, on the one hand, and against various defendants having their registered offices in Contracting States other than that of the State of the court in which the proceedings are brought, on the other hand, who, according to the patent holder, are infringing that patent in one or more other Contracting States?

B. If the answer to Question A is not or not unreservedly in the affirmative ...

M/TBO/80003/2005Patent infringement litigation

73

Limitation related to the validity issue

Exception

Article 22 (4) of the Regulation (Art. 16 (4) of the Convention)

« The following courts shall have exclusive jurisdiction, regardless of domicile:

4° in proceedings concerned with registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place.»

M/TBO/80003/2005Patent infringement litigation

74

- The exception implementation
- Art. 25 (Art. 19 of the Convention), English version

*“Where a court of a Member State is **seized of a claim which is principally concerned** with a matter over which the courts of another Member State have exclusive jurisdiction by virtue of Article 22, it shall declare of its own motion that it has no jurisdiction. »*

M/TBO/80003/2005Patent infringement litigation

75

The GAT v/ LuK case

The *Oberlandesgericht* Düsseldorf requested on January 6, 2003 the Court of Justice of the European Communities if Article 22 (4) (Art. 16-4 of Brussels Convention) had for effect that a court seised with an infringement action should declare of its own motion it has no jurisdiction when the defendant alleged the invalidity of the patent at stake

M/TBO/80003/2005Patent infringement litigation

76

The GAT v/ LuK case

Pleadings by the Advocate-general Geelhoed presented on September 16, 2004:
Article 16-4 of the Convention applies « *when the respondent in a proceedings for infringement or the plaintiff in a non-infringement proceedings, maintains that the patent is invalid or null* »

M/TBO/80003/2005Patent infringement litigation

77

The latitude given by Article 31 (Art. 24 of the Convention): *provisional and protective measures*

Article 31 (Art. 24 of the Convention)
« *Application may be made to the courts of a Member State for such provisional, including protective, measures as may be available under the law of that State, even if, under this Regulation, the courts of another Member State have jurisdiction as to the substance of the matter*»

M/TBO/80003/2005Patent infringement litigation

78

5. The alternative dispute resolutions (A.D.R.)

- Mediation
- Arbitration
- For further information concerning WIPO Arbitration and Mediation Center:
<http://arbiter.wipo.int>

The end

Thank you for your attention