

The Need for a Thorough Pre-Filing Investigation Prior to Filing Any Patent Litigation



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ALTHOUGH A PATENT OWNER is required by Fed.R.Civ.P. 11 and 35 U.S.C. § 285 to conduct an investigation of its patent infringement claims prior to filing a lawsuit, the realities of patent litigation dictate the need for a more thorough pre-filing investigation than that required by Rule 11 and Section 285.

This article explains why patent owners should conduct thorough pre-filing investigations and describes how such investigations should be undertaken.

A PRE-FILING INVESTIGATION SHOULD EXCEED THE MINIMUM REQUIREMENTS SET FORTH BY FED.R.CIV.P. 11 AND 35 U.S.C. § 285

Rule 11 and Section 285 set forth the minimum requirements for a pre-filing investigation. According to Rule 11 and Section 285, the patent owner need only conclude that, based on a non-frivolous

claim construction, the accused device or method meets the limitations of at least one claim of the asserted patent.^{1,2} In other words, a patent owner *can* legitimately file a patent lawsuit without first: (1) considering other non-frivolous claim constructions for which there would be no infringement; (2) searching for non-cited prior art, including § 102(e) prior art;³ or (3) investigating any invalidity or unenforceability defense (as a patent is presumed valid).

Given the stakes involved in any patent litigation, including the cost to the patent owner, the purpose of a pre-filing investigation should not be to merely “survive sanctions,” it should be to ensure that there are no “show stoppers,” *i.e.*, facts which would create a likelihood of the patent either: (1) being construed in an overly broad or narrow manner; (2) not being infringed by the target defendant; or (3) being held invalid for any one of the possible available defenses.

Additionally, other realities of patent litigation, discussed below, render the performance of a more thorough pre-filing investigation advisable. For example, in three recent decisions the Federal Circuit addressed the acts required for infringement of method claims.⁴ In light of these recent cases, a patent owner should now more carefully consider whom it sues for patent infringement, because whether a defendant has committed acts of infringement may depend upon the specific role of the defendant or the nature of the asserted claim(s).

Additionally, the influential Patent Local Rules of the Northern District of

California require the patent owner to provide infringement contentions ten days after the Initial Case Management Conference, disclosing, among other things, the identity of each accused device or method and identifying, in a claim chart, where each limitation of each asserted claim is found in each of the accused devices or methods.⁵ Thus, a thorough pre-filing investigation is often necessary in order for the patent owner to comply with these early disclosure rules.

CONDUCTING A THOROUGH PRE-FILING INVESTIGATION

Determine the Patents and the Claims to Assert

When deciding to file a patent lawsuit, the patent owner often is faced with a number of choices, such as: (1) which patents from a portfolio of patents to assert; (2) which claims to assert; and (2) which defendant or category of defendants to sue.

Where Possible, Limit the Number of Asserted Patents and Claims

Patent owners need to be extremely cognizant of the patents and claims which they choose to assert. Because the realities of patent litigation often require early disclosure of a patent owner's infringement contentions,⁶ it is imperative that the patent owner assert patents and claims for which a detailed claim chart can be prepared, even without receiving discovery from the accused infringer, thereby demon-

strating a legitimate infringement case (both that the claims limitations are met and, as discussed later, that the acts of infringement are being performed.) The patent owner should avoid asserting other, more speculative patents or claims, as it may lose valuable credibility if there is any obvious weakness in any asserted patent or claim, even though the infringement case for other asserted patents or claims may be strong.

Additionally, as the number of patents or claims asserted increases, the amount of time, expense, and proof needed to litigate the case also increases. Each claim may present a unique set of facts, and for each asserted claim the patent owner will likely have to: (1) obtain the discovery necessary to prove infringement; (2) obtain the necessary expert opinions on infringement and invalidity; and (3) defend against all invalidity defenses. Although the patent owner may initially assert multiple patents or claims, when it is ultimately time to try the case, the patent owner will, in all likelihood, only present some of the asserted claims to the jury, both to streamline the presentation and to prevent jury confusion. Thus, it makes sense to limit the number of patents or claims initially asserted, as only a few claims will likely be presented to the jury at trial.

Other realities of patent litigation warrant limiting the number of asserted patents and claims. For example, judges have become loathe to construe too many claim terms and some judges even place limits on the number of claim terms which may be included in a claim construction hearing.⁷ In its newly revised Patent Local Rules, the Northern District of California has imposed a requirement, not found in its prior rules, that the parties meet and confer to limit the number of claim terms in dispute and jointly identify the 10 terms "likely to be most significant to resolving the

parties' dispute, including those terms for which construction may be case or claim dispositive."⁸

Consider Whether Claims Should be Modified in Continuation Patents or Reissues

Having decided to limit the number of patents and claims to be asserted, the patent owner should next determine which claims present the best opportunity to prevail. When considering which patent claims to assert, the patent owner should not only consider the claims in their current form but should also consider whether claim language could be improved, or new claims obtained, through a continuation application (if one is pending) or a broadening reissue (if within the two-year time period of 35 U.S.C. § 251).

The benefits of a continuation or reissue application include: (1) being able to improve claim language, if necessary; (2) modifying claims to cover known accused devices or to avoid newly-discovered prior art; or (3) adding claims relating to previously unclaimed features described in the specification.

Some potential downsides of continuation or reissue applications include the fact that they are likely to be open to the public and that the Patent Office duty of candor applies. Patent owners may be uncomfortable with any public scrutiny of their pending patent applications. Further, if the patent owner learns of or the accused infringer supplies potentially harmful prior art that was not previously considered by the examiner, the patent owner must submit that prior art to the Patent Office. Additionally, the examiner or patent owner may make harmful statements in prosecuting new claims, which may be used against the patent owner in subsequent litigation.

Another consideration when deciding whether to rely on continuation or reissue claims is the amount of time that it may

take to prosecute such claims to issuance in the Patent Office. Prosecuting continuation or reissue applications often takes a substantial amount of time, during which time the term of any continuation or reissue patent will be reduced.⁹

Consider Continuity Data and Effective Filing Dates of Claims

When considering which patent claims to assert, the patent owner should investigate whether the patent issued from one or more parent patent applications. If so, then the patent owner should ensure that, during prosecution, all proper continuity data was cited. If not, then a later-filed application may not be entitled to an earlier filing date.¹⁰ As a result, if the patent is only entitled to a later filing date, then any references, including the patent owner's own activities, which otherwise would not be prior art if an earlier filing date were available, may in fact be prior art.¹¹

Similarly, if the patent being considered: (1) was issued from a "continuation-in-part"¹² patent application, or any application in the chain of applications was a "continuation-in-part" application; or (2) was issued from an application which claims the benefit of a provisional patent application, then the patent owner must determine the effective filing date of each patent claim. The effective filing date of any claim in such a patent would be the earliest filing date of the application for which such claim finds full support (*i.e.*, for which the written description requirement of 35 U.S.C. § 112, ¶ 1 is met).¹³ Again, the determination of the proper filing date may affect the scope of available prior art.

Consider Whether the Patent Owner Is Practicing Any of the Claims

Another consideration when deciding which claims to assert is whether

the patent owner is practicing its own claims, and, if so, which claims. The type and/or amount of the remedy for patent infringement may depend upon which claim(s) are asserted. For instance, lost profit damages under 35 U.S.C. § 284 are available only when the claim that has been infringed is also being practiced by the patentee.¹⁴ Otherwise, if the claim being infringed is not being practiced by the patentee, then only reasonable royalty damages under Section 284 are available.

In addition, whether a permanent injunction can be obtained may depend upon whether the asserted claim is being practiced by the patent owner, because a patent owner is more likely able to prove irreparable harm and prove that monetary damages are inadequate in a case where the claim(s) being infringed are being practiced by the patent owner than in a case where they are not.¹⁵

If the patent owner is practicing one or more of its claims and the infringement occurs when the accused device is imported into the United States, then the patent owner may wish to consider the availability of the International Trade Commission (ITC) as a possible venue.¹⁶ ITC rules, however, require that the business being protected be a "domestic industry." This means, in the case of patent infringement, that the patent owner must be practicing its patent in the United States.¹⁷

A significant concern for the patent owner who is practicing any of its patented claims is patent marking. If a patent owner, or a licensee of the patent owner, is making, offering for sale, or selling within the United States any patented article, and it did not properly mark such article with the patent number, then no damages are recoverable for the time period prior to the defendant being provided with actual notice of the patent.¹⁸ Thus, when determining which patents to assert, if a patent containing

system or apparatus claims is asserted and the patent owner or its licensee is practicing any of those claims, then the patent owner should determine whether the products sold were properly marked. If some or all of the products have not been marked, then it may be advisable to send early notices of infringement to increase the possible damages period.¹⁹

Consider Whether to Assert System and/or Method Claims

When considering which claims to assert, the patent owner should not only evaluate whether the limitations of the claims are met by any particular device, but should also consider whether the particular target defendant(s) are performing the required acts of infringement (*i.e.*, making, using, or selling in the United States,²⁰ inducing others to infringe,²¹ or selling a component for use in an infringing device or process that is a non-staple article of commerce suitable for substantial non-infringing use.²²)

Based on three recent cases from the Federal Circuit, whether a target defendant is performing the acts of infringement may very well depend on whether the claim being asserted is a system claim or a method claim. Thus, if the patent owner is contemplating asserting any method claims, it should try to ascertain whether the target defendant is itself individually performing all of the steps of the claim in the United States. Otherwise, based on these recent cases, it may be much more difficult to prove infringement.

United States vs. Foreign Activities

The decision whether to assert a particular system claim or a method claim may depend upon whether any of the accused activities of the target defendant occur outside of the United States. Whereas a system claim may be infringed by a defendant's system hav-

ing an element(s) located in a foreign country, a method claim can never be infringed when one or more steps are performed in a foreign country.

In *NTP, Inc. v. Research in Motion, LTD*,²³ the accused infringer, Research in Motion, operated a communication system for handheld portable email devices (the ubiquitous Blackberry) in which one of the components of the system (an interface switch) was located in Canada. NTP asserted both system claims and method claims against RIM. Although RIM's system and services met all of the limitations of both the system and method claims, respectively, the court held that RIM infringed only the system claims and not the method claims.²⁴

With respect to system claims, the court held that the requirement of 35 U.S.C. § 271(a) that the infringement occur within the United States could be met where the accused "use" occurred in the country, *i.e.*, where the United States is the place at which the system "as a whole is put into service, *i.e.*, the place where control of the system is exercised and beneficial use of the system obtained."²⁵ Because the control and beneficial use of RIM's operation was largely within the United States (*i.e.*, where end users sent and received emails), the court held that RIM infringed NTP's system claims. With respect to the method claims, however, the court held that an accused process is not "used" within the United States unless each step of the process is performed in this country.²⁶ Because certain steps of RIM's process took place in Canada, the court held that RIM was not liable for infringement of the method claims under 35 U.S.C. 271(a).

Joint Infringement

When considering whether to assert a method claim, the patent owner should also consider whether a single target defendant is practicing all of the steps of the method or whether more than one

entity is collectively performing the steps of the claim.²⁷

In *BMC Resources, Inc. v. Paymentech, L.P.*,²⁸ BMC accused Paymentech of infringing two of its method claims for processing debit transactions without a personal identification number (PIN). Paymentech did not perform all of the steps of these claims; however, BMC contended that the cumulative acts of Paymentech, together with a debit network and a financial institution, constituted infringement. The Federal Circuit disagreed, noting that "the law imposes vicarious liability on a party for the acts of another in circumstances showing that the liable party controlled the conduct of the acting party."²⁹ Because Paymentech did not control the conduct of third-party financial institutions or debit networks, it could not be said to perform each step of the method claims, as required for a finding of infringement. The Federal Circuit noted that, in some circumstances, parties could avoid infringement by entering into arms-length agreements, but stated that this possibility is insufficient to override concerns over expanding the rules governing direct infringement.³⁰

Thus, if more than one entity is collectively performing the steps of a method claim, the patent owner must prove both that the alleged infringer controlled the conduct of the other entity(ies) and that the limitations of the claim are met by the joint activities of the relevant entities.

Indirect Infringement

Method claims directed to the use of a product are often only directly infringed by end-user customers. It is generally impractical to sue end-user customers, and therefore any enforcement of the method claim must usually be made against a manufacturer or retailer selling the product to the end-user customer. However, such manufacturers or retail-

ers would only be indirect infringers of these method claims and potentially liable only for inducing or contributory infringement.³¹

For example, proving inducing infringement under 35 U.S.C. § 271(b) requires proof of both: (1) direct infringement by the end-user customer; and (2) acts of inducement.³² In *DSU Medical Corp. v. JMS Co., Ltd.*,³³ the Federal Circuit made clear that inducing infringement requires that the inducer have an affirmative intent to cause direct infringement,³⁴ *i.e.*, that the inducer have knowledge of the patent and the specific intent to encourage another's infringement.³⁵ The jury in *DSU* found that such specific intent to infringe was lacking based on credible opinions of counsel finding no infringement and the Federal Circuit affirmed.³⁶ Thus, an alleged inducer who receives a credible legal opinion that there is no infringement may be found to lack the requisite intent to cause direct infringement even though it had explicit knowledge of the patent(s). Prior to *DSU*, some had contended that inducement only required proof of actual intent to cause the acts of the third party that constitute direct infringement.³⁷

Consider All Possible Favorable and Unfavorable Claim Constructions

As most patent litigation turns on the outcome of the court's construction of the claim terms, to perform a thorough pre-filing investigation a patent owner must consider not only those claim constructions which would be favorable to proving infringement, but also those which would not.

It is often very difficult to predict a court's claim construction ruling. The relevant appellate decisional law in this area is constantly changing, as claim construction rulings are regularly issued by the Federal Circuit. But a range of

reasonable, potential claim constructions can usually be determined.

Claim construction starts with the intrinsic patent evidence, which will be in the patent owner's possession prior to initiating any litigation. Thus, the claims, the specification, and the file history can be carefully reviewed and analyzed for special definitions, statements distinguishing prior art, and statements encompassing the invention as a whole, as opposed to an individual embodiment. System claims should be studied for any limitations requiring that the elements be interconnected or operated in any special manner. Method claims should be examined for any limitations with respect to the order in which the steps of the claims must be performed.

All possible indefiniteness challenges to the claim terms should also be considered, especially if the claim term is one which is construed as a means-plus-function term pursuant to 35 U.S.C. § 112, ¶ 6.³⁸

At this pre-filing stage, it may also be desirable to have the input and expertise of a consulting technical expert, as an expert can often suggest meanings for claim terms understood by persons of ordinary skill in the art, but which may not be apparent to the litigation attorney.

Consider All Possible Defenses

The patent owner should consider all possible defenses, applying the various possible claim constructions. For example, the patent owner should conduct prior art searches to locate potential Section 102(e) patents and other references not previously considered by the patent examiner. Although these references will likely have to be produced during the litigation, it is valuable for the patent owner to be aware of them prior to filing any action, as knowledge of the prior art will allow the patent

owner to better investigate and develop its infringement, invalidity, and claim construction contentions prior to filing the litigation.

Other potential invalidity defenses should also be considered in view of the potential claim constructions, such as: (1) enablement;³⁹ (2) written description;⁴⁰ (3) best mode;⁴¹ and (4) inventorship.⁴²

Any potential inequitable conduct issues should also be considered, including a review of the patent prosecutor's and inventor's files for any prior art that they may have known of, but did not submit to the Patent Office. The file history of the patent should also be reviewed to determine that all of the maintenance fees have been paid and in the proper amount. This requires determining whether the inventor's status as a small entity has not changed, or if it has (by licensing to a large entity, for example), that the proper change in status has been filed with the Patent Office and all subsequent fees have been paid in the large entity amount. If the fees have been paid in the wrong amount, this can be easily fixed by payment of the proper fees with the appropriate statement.⁴³

Lastly, the patent owner bears the burden of proving ownership. Usually, there is no issue as to the owner of the patent, as the assignment from the inventors to a corporate owner will be recorded with the Patent Office. If this is not the case, then the proper ownership documents must be located prior to filing any lawsuit, or the proper owner of the appropriate patent rights must be located.

Study the Accused Device or Method

The patent owner should determine that the accused device(s) or method(s) meets all of the claim limitations of each to-be-asserted claim under at least one reasonable construction (this is more

stringent than Rule 11, which only requires infringement under a *non-frivolous* claim construction).⁴⁴ For each possible construction which results in infringement, the patent owner should also consider whether there is a potential design around that the accused infringer could readily implement to avoid infringement and possibly minimize its exposure.

In order to determine infringement, the patent owner must obtain as much information as he or she can with respect to the accused device or method. Often the accused product can easily be purchased and operated or reverse engineered, or a method of use can be readily witnessed or otherwise determined.

In some other cases, however, the accused device cannot be obtained or the accused method cannot be observed. In such a case, the patent owner could request information from the accused infringer to determine whether infringement exists. This was the approach taken by the plaintiff in *Hoffman-La Roche, Inc. v. Invamed, Inc.*⁴⁵ The patent in *Hoffman-La Roche* was for a process for manufacturing a drug. As the plaintiff had no ability to determine the process being employed by the defendant to manufacture its generic drug, either by witnessing the process itself or by testing the product, the plaintiff wrote to the defendant prior to filing a lawsuit asking the defendant for information that would confirm or deny that the process being used was within the scope of the patent.⁴⁶ The defendant could not provide this information due to confidentiality agreements. Therefore, in their patent infringement complaint, the plaintiff stated facts explaining that it had requested this information, that the information was not provided, and that, on information and belief, there is no known analytical technique which could be used to determine from the drug itself as the manner in which it was made.⁴⁷

After the complaint had been filed, the parties entered into a confidentiality agreement and the plaintiff was able to determine from the information provided by the defendant that there was no infringement, and therefore the plaintiff voluntarily dismissed the lawsuit.⁴⁸ The defendant then moved for sanctions under Rule 11 and Section 285. The Federal Circuit affirmed the district court's denial of sanctions under both Rule 11 and Section 285, stating that "[i]t is difficult to imagine what else Roche and Syntex could have done to obtain facts relating to Torpharm's alleged infringement of their process patents."⁴⁹

Plaintiffs seeking to assert process patents can also remind potential infringers of 35 U.S.C. § 295 when seeking pre-filing information. Pursuant to Section 295, in cases involving infringement of a process patent based on the sale of a product made by the process, the burden of proving infringement can shift from the patentee to the accused infringer, where the court finds that: (1) the plaintiff made a reasonable effort, but was unable to determine if the process was actually used to produce the product; and (2) a substantial likelihood exists that the product was made by the patented process. A potential infringer may be more cooperative with a patent owner if they are reminded that, if they are uncooperative, they may bear the burden of disproving infringement at trial.

Another issue when studying the accused device or process is whether to exclusively rely on marketing or sales literature. A patent owner should be skeptical of such literature, as it is often written by marketing or sales personnel, not engineers.

Lastly, remember that the attorney should not unduly rely on his or her client and should confirm all infringement information.⁵⁰

The patent owner should memorialize its pre-filing investigation in a detailed claim chart. This claim chart would not be produced in discovery, as it would be protected by the attorney-client privilege (if shared with the client) and attorney work product doctrine.

This chart should include: (1) the various potential claim constructions; (2) the portions of the specification and file history and any extrinsic evidence (dictionaries, technical articles, prior art, potential expert testimony, etc.) which would support each potential construction; (3) the identity of each accused device or method and the identity of the portion(s) of the accused device or method where each claim limitation (as construed) is found; and (4) if necessary, the identity of the defendant and the act or acts which comprise the infringement (*i.e.*, whether direct, inducing, or contributory) and where the act occurred, *i.e.*, whether within the United States or not.

The claim chart could be periodically updated as more information is learned. It can also be used to prepare a "litigation" claim chart to be provided to the defendant either in licensing discussions or as a local rule disclosure or interrogatory response.

CONCLUSION

As the above demonstrates, a thorough pre-filing investigation is essential before filing any patent litigation. Not only does it ensure compliance with applicable statutes and rules, it also makes sure that your case is sound and provides a valuable head start to the litigation process. The steps outlined here can be summarized in the following checklist:

Pre-filing investigation checklist:

- » Consider which patents/claims to assert.
- » Continuation or reissues possible or necessary?
- » Is the patent owner practicing the patent(s) and, if so, is marking required and complied with?
- » Is the continuity data correct and what are the effective filing dates of each claim?
- » Is the patent owner going to assert system and/or method claims and does this affect whether there is a direct or indirect infringer, whether there are foreign vs. domestic activities, or whether there is joint infringement?
- » Study the patents to develop potential claim constructions for key terms (both sides).
- » Use those potential constructions to determine if a design around is possible.
- » Consider all possible invalidity challenges.
- » Study the accused device or process.
- » Prepare a confidential, "work product" claim chart. *

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Endnotes

1. Rule 11 imposes a duty on attorneys to certify by their signature that the pleading is well-grounded in fact, has a basis in law, and is not filed for

an improper purpose. In the context of a patent infringement complaint, to meet Rule 11, the attorney must, before filing the complaint, have: (1) made a non-frivolous interpretation of the pertinent claim(s) of the patent(s) in issue, and; (2) compared the accused device or method with the construed patent claims. See *Antonious v. Spalding & Evenflo Cos., Inc.*, 275 F.3d 1072, 1074 (Fed. Cir. 2002). However, Rule 11 does not impose a requirement that the patentee obtain and thoroughly deconstruct a sample accused product, if the product is difficult to obtain or difficult to deconstruct. See *Intamin, Ltd. v. Magnetar Technologies, Corp.*, 483 F.3d 1328, 1338 (Fed. Cir. 2007).

2. Section 285 provides that, in exceptional cases, a court may award reasonable attorneys fees to the prevailing party. The Federal Circuit has held that, when applied to the filing of a patent lawsuit, an exceptional case is demonstrated where "both the litigation is brought in subjective bad faith and the litigation is objectively baseless." *Serio-US Industries, Inc. v. Plastic Recovery Technologies Corp.*, 459 F.3d 1311, 1322 (Fed. Cir. 2006), citing *Professional Real Estate Investors v. Columbia Pictures Indus.*, 508 U.S. 49, 60-61, 113 S. Ct. 1920, 123 L. Ed. 2d 611 (1993).
3. 35 U.S.C. § 102(e) defines as prior art United States patents which have an effective filing date that is prior to the filing date of the patent-in-issue, but which have an issue date that is subsequent to the issue date of the patent-in-issue. By definition, there may be Section 102(e) prior art patents which could not have been considered by the patent examiner during prosecution of the patent-in-issue but which are available as prior art during subsequent litigation.
4. *NTP, Inc. v. Research in Motion, LTD.*, 418 F.3d 1282 (Fed. Cir. 2005); *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007); and *DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293 (Fed. Cir. 2006).
5. See N.D. Cal. Patent L.R. 3-1(b) and (c) (effective March 1, 2008). For all cases filed on or after March 1, 2008, these disclosures, often made before any discovery has occurred, are deemed the patent owner's final contentions, as the rules now prohibit

the patent owner from making any amendments to these disclosures without first obtaining leave of court upon a timely showing of good cause. See N.D. Cal. Patent L.R. 3-6 (effective March 1, 2008):

Amendment of the Infringement Contentions or the Invalidity Contentions may be made only by order of the Court upon a timely showing of good cause. Non-exhaustive examples of circumstances that may, absent undue prejudice to the non-moving party, support a finding of good cause include: (a) a claim construction by the Court different from that proposed by the party seeking amendment; (b) recent discovery of material, prior art despite earlier diligent search; and (c) recent discovery of nonpublic information about the Accused Instrumentality which was not discovered, despite diligent efforts, before the service of the Infringement Contentions. The duty to supplement discovery responses does not excuse the need to obtain leave of court to amend contentions.

For cases filed prior to March 1, the patent owner could amend the Rule 3-1(c) and (d) sections of its "Preliminary Infringement Contentions" without leave of court simply by serving "Final Infringement Contentions." See N.D. Cal. Patent L.R. 3-6 (prior to March 1, 2008).

6. In addition to the Northern District of California requirement that final infringement contentions be provided early in the litigation, accused infringers often will request that the patent owner provide detailed claim charts regardless of the jurisdiction, either prior to formal litigation being served or in initial discovery. It often is difficult for a patent owner to refuse this request, because accused infringers are fully aware of the requirement that the patent owner perform at least a minimal pre-filing investigation and the accused infringer may use the patent owner's refusal to provide such information to bolster its argument to the court that the patent owner's case is frivolous.
7. For example, Judge Phyllis Hamilton in the N.D. Cal. limits the parties to 10 claim terms for construction, without leave of court. Standing Order for Patent Cases, available at <http://www.cand.uscourts.gov/cand/judges.nsf>

8. See N.D. Cal. Patent L.R. 4-1(b) (effective March 1, 2008).
9. Pursuant to 35 U.S.C. § 154(a)(2), the term of a patent shall be 20 years from the filing date "or if the application contains a specific reference to an earlier filed application or applications under section 120, 121, or 365(c) of this title, from the date on which the earliest such application was filed."
10. See 35 U.S.C. § 120 ("No application shall be entitled to the benefit of an earlier filed application under this section unless an amendment containing the specific reference to the earlier filed application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section.")
11. See, e.g., *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 2008 U.S. App. LEXIS 7827 (Fed. Cir. April 11, 2008).
12. See *Go Medical Industries PTY, LTD. v. Inmed Corp.*, 471 F.3d 1264, 1270 (Fed. Cir. 2006) ("A continuation-in-part application 'contains subject matter from a prior application and may also contain additional matter not disclosed in the prior application.' *Augustine*, 181 F.3d at 1302. New subject matter does not receive the benefit of the earlier priority date. *Id.*")
13. See *Tronzo v. Biomet, Inc.*, 156 F.3d 1154, 1158 (Fed. Cir. 1998) ("For a claim in a later-filed application to be entitled to the filing date of an earlier application under 35 U.S.C. § 120 (1994), the earlier application must comply with the written description requirement of 35 U.S.C. § 112, ¶ 1 (1994).")
14. See, e.g., *Shockley v. Arcane*, 248 F.3d 1349, 1362 (Fed. Cir. 2001) ("To recover lost profits, 'a patent owner must prove a causal relation between the infringement and its loss of profits.' *BIC Leisure*, 1 F.3d at 1218. In other words, the burden rests on the patentee to show a reasonable probability that 'but for' the infringing activity, the patentee would have made the infringer's sales. *Water Tech. Corp. v. Calico Ltd.*, 850 F.2d 660, 671, 7 U.S.P.Q.2D (BNA) 1097, 1106 (Fed. Cir. 1988).")
15. Pursuant to *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), to obtain a permanent injunction, a plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. A plaintiff who does not practice its own invention may be unable to demonstrate the first or second factors. In lieu of a permanent injunction, a court may order an "ongoing royalty." "In most cases, where the district court determines that a permanent injunction is not warranted, the district court may wish to allow the parties to negotiate a license amongst themselves regarding future use of a patented invention before imposing an ongoing royalty. Should the parties fail to come to an agreement, the district court could step in to assess a reasonable royalty in light of the ongoing infringement." *Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293, 1315 (Fed. Cir. 2007).
16. ITC actions have certain benefits not available in district court actions, such as: (1) faster resolution; (2) a greater chance for immediate preliminary relief; (3) the availability of "general exclusion orders," in which both the accused infringer(s) and any other infringer is enjoined from importing infringing products; and (4) the *eBay* factors need not be proven for injunctive relief. See <http://www.patentlyo.com/patent/2007/11/itc-section-337.html>. There are, however, drawbacks to ITC actions. The ITC has no power to award damages. Further, ITC rulings do not have collateral estoppel effect in subsequent district court actions. *Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996).
17. See, e.g., *Alloc v. ITC*, 342 F.3d 1361, 1375 (Fed. Cir. 2003) ("A requirement of a patent-based section 337 action is that a domestic industry 'relating to the articles protected by the patent...exist[] or [be] in the process of being established.' 19 U.S.C. § 1337(a)(2). To determine whether an industry relates to the protected articles (the 'technical prong' of the domestic industry requirement), the

Commission examines whether the industry produces articles covered by the asserted claims. The test for satisfying the 'technical prong' of the industry requirement is essentially same as that for infringement, *i.e.*, a comparison of domestic products to the asserted claims. *Corning Glass Works v. United States Int'l Trade Comm'n*, 799 F.2d 1559, 1563 (Fed. Cir. 1986)."

18. See 35 U.S.C. § 285(a).
19. As with the sending of any notice letter, the patent owner should be aware of the possibility that an accused infringer, even those to whom only licenses have been offered, could file a declaratory judgment action for non-infringement or invalidity of the patent. See *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372 (Fed. Cir. 2007). Thus, patent owners should consider whether to seek stand-still agreements with accused infringers or file, but not serve, a lawsuit against that accused infringer prior to providing the written notice of infringement. If filing a lawsuit, of course, the patent owner should have, at a minimum, already performed its Rule 11 pre-filing investigation.
20. See 35 U.S.C. § 271(a).
21. See 35 U.S.C. § 271(b).
22. See 35 U.S.C. § 271(c).
23. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005).
24. *Id.*
25. *NTP*, 418 F.3d at 1317, citing *Decca Ltd. v. U.S.*, 544 F.2d 1070, 1083 (Ct. Cl. 1976).
26. *NTP* at 1318.
27. The Northern District of California amended its Patent Local Rules to require that, in cases where the infringement claim involves joint infringement, the patent owner must describe in its Disclosure of Asserted Claims and Infringement Contentions "the role of each such party in the direct infringement." N.D. Cal., Pat. L. R. 3-1(d) (effective March 1, 2008).
28. *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007).
29. *Id.* at 1379.
30. *Id.* at 1381.
31. The Northern District of California amended its Patent Local Rules to require that, in cases in which the infringement claim involves indirect infringement, the patent owner must describe in its Disclosure of Asserted Claims and Infringement Contentions "an identification of any direct infringement and a description of the acts of the alleged indirect infringer that contribute to or are inducing that direct infringement." N.D. Cal., Pat. L. R. 3-1(d) (effective March 1, 2008).
32. Similarly, proving contributory infringement under 35 U.S.C. § 271(c) requires proof of both: (1) direct infringement by the end-user; and (2) knowledge by the manufacturer or retailer "that the combination for which its components were especially made was both patented and infringing" and that the product has "no substantial non-infringing uses." See *Cross Med. Prods. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1312 (Fed. Cir. 2005).
33. *Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293 (Fed. Cir. 2006).
34. The court also stated that, while proof of intent is necessary, direct evidence is not required; circumstantial evidence may suffice. *Id.* at 1306, quoting *Water Technologies Corp. v. Calco, Ltd.*, 850 F.2d 660, 668 (Fed. Cir. 1988).
35. *Id.* at 1306.
36. *Id.* at 1307.
37. *Id.* at 1305. See also *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 909 F.2d 1464 (Fed. Cir. 1990).
38. Pursuant to Section 112, ¶ 6, means-plus-function claim terms are construed to cover the structures disclosed in the specification for performing the claimed function(s) and equivalent structures. Careful attention must be paid to the corresponding structure, as failure to include such structure in the specification or link any particular structure to the claimed function will be a potential ground of indefiniteness, and thus invalidity, of such claim. See, *e.g.*, *Biomedino, LLC v. Waters Technologies Corp.*, 490 F.3d 946, 950 (Fed. Cir. 2007); *Med. Instrumentation & Diagnostics Corp. v. Elekta AB*, 344 F.3d 1205, 1211 (Fed. Cir. 2003).
39. 35 U.S.C. § 112, ¶ 1.
40. *Id.*
41. *Id.* Violations of the best mode requirement will often not be apparent from the intrinsic patent documents. The inventors will need to be interviewed and their files reviewed to understand whether the best mode requirement

may have been violated.

42. Like the best mode requirement, improperly named inventors or omitted inventors will not be apparent from the intrinsic patent documents, making inventor interviews and file reviews necessary.
43. See 37 C.F.R. 1.28(c) and M.P.E.P. § 509.03.
44. The patent owner should also determine the identity of *all* accused infringing devices or methods. N.D. Cal. Pat. L.R. 3-1(b)-(c) requires that the patent owner identify in its Disclosure of Asserted Claims and Infringement Contentions each accused instrumentality by name or model number, and, for each accused instrumentality identify the claims it is accused of infringing, including where each limitation of each asserted claim is found in each accused device.
45. *Hoffman-La Roche, Inc. v. Invamed, Inc.*, 213 F.3d 1359 (Fed. Cir. 2000).
46. *Id.* at 1361.
47. *Id.*
48. *Hoffman-La Roche* at 1362.
49. *Hoffman-La Roche* at 1364.
50. *Judin v. United States*, 110 F.3d 780 784 (Fed. Cir. 1997).

California Model

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