

Topics in Intellectual Property: Litigation with Non-Practicing Entities

**Robert A. McFarlane, Partner
Hanson Bridgett LLP
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The Nature of Patent Rights

- A grant from the federal government of a right to exclude others from
 - Making
 - Using
 - Selling
 - Offering to sell
 - Importing
- The patented invention as defined by the claims
- For 20 years from date of application

Non-Practicing Entities

- **Patent Trolls**
 - **Companies that do not “practice” inventions**
 - Typically no on-going business operations
 - **Acquire patents or patent portfolios**
 - **Business model is to “monetize” patent estates**
 - **Licensing and Litigation**

Patent Litigation

- **Difficult to resolve with early dispositive motions**
- **Limited possibility of early motion practice**
 - **Transfer venue**
 - **Standing**
- **Patent local rules require extensive disclosures regarding**
 - **Infringement**
 - **Invalidity**
 - **Claim construction**

Patent Litigation

- **Potentially expensive**
 - **Dependent on expert witnesses**
- **Complex issues abound**
 - **Infringement**
 - **Does the accused infringer practice the claimed invention?**
 - **Validity**
 - **Was the claimed invention actually novel and non-obvious?**

Patent Litigation

- **Remedies**
 - Reasonable royalty damages
 - Lost profits damages (unlikely in troll cases)
 - Permanent injunction (also unlikely in troll cases)

Initial Review

- **Evaluate potential exposure**
- **Evaluate possibility of indemnification**

Know Your Troll

- **Litigation strategies should be informed by patentee's track record**
 - **Patentee's profile**
 - **Patent holding company (e.g., Acacia Research)**
 - **Single portfolio players (e.g., Arrival Star)**
 - **Individual inventor**

Know Your Troll

- **Patentee's past litigation behavior**
 - Volume settlements
 - Progressive strategies
 - Focused aggressive litigation against high-value targets

Consider Cooperation

- **Joint Defense Groups**
 - **Share expenses**
 - **Share knowledge**
 - **Coordinate defense efforts**

Initial Litigation Strategies

- **Identify potential points of leverage**
- **Provide “something new”**
 - invalidating prior art
 - Original non-infringement position
- **Demonstrate low exposure**
- **Consider initial motion practice**
- **Initiate early business negotiations**

Robert A. McFarlane



Rob McFarlane is a litigation partner and registered patent attorney who practices in San Francisco, California. He is the chair of Hanson Bridgett's Technology Practice, and his practice focuses on patent litigation, trade secret and other intellectual property and technology-related disputes and counseling.

He is a Stanford-educated engineer and has litigated patent infringement matters in courts throughout the country involving a wide range of technologies, including semiconductor fabrication and power technologies, microprocessor design, computer hardware and memory devices, optics and optoelectronics, circuits, textile chemistry, oil exploration and refining, optical character recognition maritime operations, and consumer products.

Rob teaches patent law as an adjunct professor at Golden Gate University School of Law and has lectured on copyright law in the LLM program jointly offered by Santa Clara University School of Law and Korea's Seoul National University.

Prior to joining Hanson Bridgett in 2011, Rob was a litigation partner with Townsend and Townsend and Crew LLP where he practiced as a patent litigator and was later Chair of IP and Patent Litigation at San Francisco-based Carroll, Burdick and McDonough LLP.

THANK YOU