IP in a World of Change:

Europe and Brexit;

United States and its exit from the TPP:

Where does IP Protection come in?

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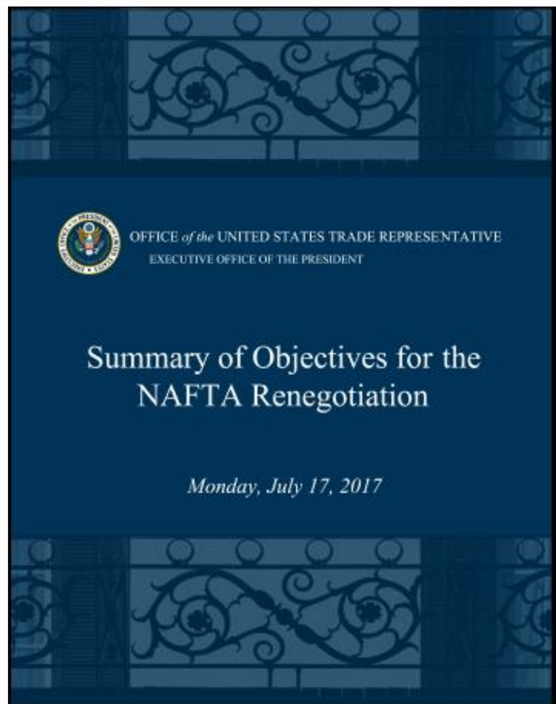
21 August 2017

XXXVII
CONGRESSO INTERNACIONAL DA PROPRIEDADE INTELECTUAL DA ABPI
INTERNATIONAL CONGRESS ON INTELLECTUAL PROPERTY - ABPI

Pre-Trump US Trade/IP Policy

Trump US Trade/IP Policy

US Intentions Regarding NAFTA


OFFICE of the UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT

Summary of Objectives for the NAFTA Renegotiation

Monday, July 17, 2017

US Intentions Regarding TPP

US Intentions Regarding WTO

During 2016 campaign:

"We're going to renegotiate or we're going to pull out," he said in July [2016]. "These trade deals are a disaster. You know, the World Trade Organization is a disaster."

After election:

[T]he Trump Administration has identified four major priorities: …. (3) use all possible sources of leverage to encourage other countries to open their markets to U.S. exports of goods and services, and provide adequate and effective protection and enforcement of U.S. intellectual property rights; ….

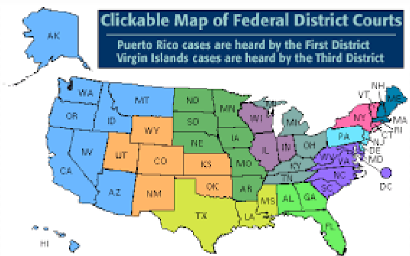
THE PRESIDENT'S 2017 TRADE POLICY AGENDA, 1 March 2017

You have been a kind and attentive audience. Thank you very much. Any questions?

Você tem sido um público amável e atento. Muito obrigado. Alguma pergunta?

(brincadeira)

Recent & Future Developments in US Patent Law and Patent Litigation



Where can U.S. patent infringement lawsuits be filed?

International "exhaustion" of U.S. patent rights

The AIA "on sale" bar

PLUS: 2018 Predictions!

Where can U.S. patent infringement lawsuits be filed?

- 28 United States Code (U.S.C.) § 1400(b) states restricts where patentees may file patent infringement actions:
  - (b) Any civil action for patent infringement may be brought in the judicial district **where the defendant resides**, ***or*** **where the defendant has committed acts of infringement and has a regular and established place of business**.

Why location of patent infringement lawsuit matters

94 judicial districts in US

- No “specialized” judicial patent courts

But …..

- Some courts and US district judges LIKE patent cases, and
- Some judges DO NOT LIKE patents, patent cases, or patent lawyers

Why location of patent infringement lawsuit matters

Most importantly, local court rules **and JURIES** in some judicial districts tend to favor patentees

Where patent infringement lawsuits could be filed until 1990

- U.S. Supreme Court interpreted 28 U.S.C. § 1400(b) in 1957 in *Fourco Glass Co. v. Transmirra Products Corp.*, 353 U.S. 222, and held that a domestic corporation **resides only in its state of incorporation**

Where patent infringement lawsuits could be filed after 1990

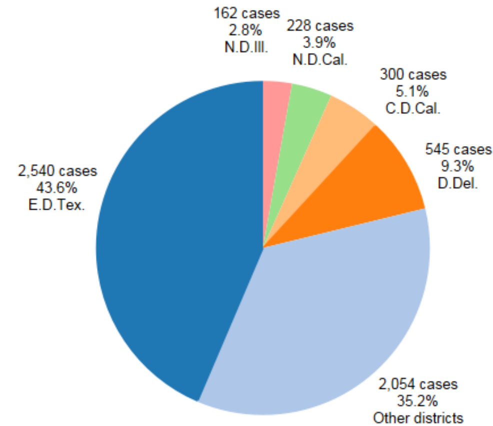
- Following legislative changes to the general civil venue statute, in 1990 the CAFC re-interpreted § 1400(b) and held that a corporation (domestic or foreign) **resides any place where it is subject to the court's exercise of personal jurisdiction over it**

Result of CAFC's *VE Holding* decision

- From 1990 until a few months ago, both domestic and foreign corporations could be sued virtually any place in the U.S. where they did business, or even merely made sales

Patentee's favorite venues for filing patent infringement lawsuits

- 2015 result of CAFC's 1990 decision (*VE Holding Corp. v. Johnson Gas Appliance Co.*):



Where can patent infringement lawsuits be filed today?

- U.S. Supreme Court recently decided *TC Heartland LLC v. Kraft Foods Group Brands LLC*; held that its 1957 *Fourco Glass* case still controls interpretation of where a domestic corporation **resides** for venue purposes under 28 U.S.C. § 1400(b)
- CAFC's *VE Holding* decision overruled

New battlegrounds in patent infringement forum shopping

- What is a “regular and established place of business”?
- Where can non-U.S. corporations be sued?

If non-U.S. corporation is sued ….

- Regarding non-U.S. corporations, the general venue statute, 28 U.S.C. § 1391(c)(3) states:
  - "a defendant not resident in the United States may be sued **in any judicial district**, and the joinder of such a defendant shall be disregarded in determining where the action may be brought with respect to other defendants."

If non-U.S. corporation is sued ….

Issues:

- If U.S. subsidiary (or any other domestic company) is co-defendant, suit must be filed only where venue is proper as to U.S. company
- Infringing acts must be those of the non-U.S. corporation
- Non-U.S. corporation must be subject to court's exercise of personal jurisdiction over it

Patent infringement venue – current events, future predictions

- EDTX is doing everything imaginable to maintain its #1 position as top patent court in United States
  - Procedurally blocking venue challenges
  - Exceptionally broad interpretation of "regular and established place of business"

Patent infringement venue – current events, future predictions

- Prediction: CAFC will overrule EDTX venue decisions that defy logic and common sense
- Impact: cost, complexity, unpredictability of patent litigation will increase more for patentees than for defendants, thus the amount of litigation will decrease over time

International “exhaustion” of U.S. patent rights

- Impact of U.S. Supreme Court’s May 2017 decision in *Impression Products, Inc. v. Lexmark International, Inc.*

“Exhaustion” of U.S. patent rights, generally

- Until early 1990s, once a patented item was sold by or under authority of the patentee, all patent rights as to the specific item sold were said to be “exhausted”
- Exhaustion rule or “first sale doctrine” -- feature of English (and subsequently American) law since the 17th century
  - specific expression of the general principle against “restraints on alienation”: “*My property is mine, and I can do whatever I please with it.*”

Use of patent rights to control post-sale activities

- In 1992, CAFC mixed patent law and contract law concepts to condone use of patent infringement law to control subsequent use and/or sale of patented goods after the first sale had already occurred
  - Allowed violation of “single-use restriction” for medical device to be treated as patent infringement
- Centuries-old first sale doctrine was no longer valid in US patent law

"First sale doctrine" revived

- In *Impression Prods., Inc. v. Lexmark Int'l, Inc.*, U.S. Supreme Court restored the general principle that the first sale of a patented item that is authorized by the patent owner exhausts all further patent law rights
- "[T]he purpose of the patent law is fulfilled … when the patentee has received his reward for the use of his invention"

“First sale doctrine” revived

- The patentee’s “reward” is set by the patentee himself, either as the price of the patented invention if he is also the manufacturer, or by the royalty or other payment by his licensees upon their manufacture and sales of the patented item

International "exhaustion" of U.S. patent rights

- Supreme Court also ruled that exhaustion of US patent rights occurs upon sales authorized by the patentee **anywhere in the world**, not only in the U.S.

Impacts of international "exhaustion" of U.S. patent rights

- For patented inventions sold at one price in one country and at a lower price in a second country, the different prices may converge to a degree necessary to discourage purchase in the second country followed by export and resale in the first country

Impacts of international "exhaustion" of U.S. patent rights

- A patentee might stop selling altogether in all but the country where the highest prices may be charged
- Challenging issues relating to pharmaceuticals may require further legislative and/or administrative action.

Impacts of “exhaustion” of U.S. patent rights on reusable items

- For reusable goods, initial selling prices may rise
- Patentees may try to alter business models to completely eliminate the “first sale” of reusable items, making all transactions “licenses” in which title never passes to the “licensee”
  - Similar to distribution of software, firmware, other technology products

The AIA “on sale” bar

- AIA 35 U.S.C. § 102(a)(1) bars patentability of an invention that is:
  - “patented, described in a printed publication, or in public use, on sale, **or otherwise available to the public** before the effective filing date of the claimed invention”

The AIA "on sale" bar

- CAFC's May 2017 decision in *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.* is the first appellate discussion of significance of added language **or otherwise available to the public**

The AIA “on sale” bar

- Pre-AIA jurisprudence did not contain any requirement that details of a claimed invention must be publicly disclosed inn the terms of sale for that sale to constitute an invalidating “on sale” bar

The AIA "on sale" bar

- Trial court and amici, including the U.S., asserted that public sales of "secret" subject matter – sales that do not disclose the claimed invention itself – were eliminated from the scope of invalidating prior art by the AIA, as indicated by added language

AIA "on sale" bar = Pre-AIA "on sale" bar

- CAFC ruled that AIA did not make any "sweeping change" to "on sale" jurisprudence
- The "on sale" bar is essentially the same as it ever was

- Determination of meaning and scope of "**or otherwise available to the public**" language is left for future cases

And now…

2018 Predictions

2018 Predictions

Supreme Court will decide that IPR/PGR/CBMR is unconstitutional and will void the entire system

No other logical reason why they accepted the appeal

2018 Predictions

STRONGER Patents Act of 2017,

which primarily seeks to limit availability and expand the estoppel effects of IPR/PGR,

will not become law while the Supreme Court is considering eliminating IPR/PGR entirely.

Plus, the US Congress is completely paralyzed

2018 Predictions

EDTX efforts to maintain #1 patent court status by broad interpretation of venue law will be rejected by CAFC

The district court's 25-year local business development program for Marshall TX and Tyler TX has been a great success, but it is finished

Obrigado

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