Freedom to Operate Opinions in the US
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Outline

› What is an FTO?
› What use is an FTO?
› Who might need an FTO?
› A decade of declining US patent value
› FTO as insurance against adverse litigation outcomes
› FTO as negotiation and risk assessment tool
› What makes an FTO “competent”?
› Summary
What is an FTO?

› A written reasoned assessment of whether a US court, properly considering the facts and the law, would be likely to rule that certain actions—e.g., manufacturing, selling or offering to sell a given product within the US; performing a given process within the US, importing a given product or component into the US—do not infringe a valid claim of one or more specified US patents.

› FTO can assess non-infringement or invalidity or both.
Infringement rulings made in US district courts

▷ 94 possible district courts, *generalist* civil and criminal courts with differing procedures for and familiarity with patent cases

▷ Majority of patent cases heard in a handful of districts (Del., ED Tex., N.D. Cal.)
District court infringement ruling: costs $2 to 5 million, takes 2 to 5 years

- Patent owner (or potential infringer seeking declaration of invalidity or non-infringement) files *complaint*, followed by reply, motions to dismiss, fact and expert discovery, summary judgment motions, etc.
- **Judge** alone *determines meaning of the claims* ("Markman ruling")
- **Judge**, usually with aid of jury findings, *rules* on *patent infringement/validity* and *compensatory damages*
- **Judge** can *also rule* to halt infringing activities ("permanent injunction") and/or award *punitive damages* (e.g., for willful infringement) and/or *attorneys’ fees* (e.g., for litigation misconduct)
- Final decision appealable to **Federal Circuit** in Washington D.C.
Infringement rulings also possible at the USITC ("Section 337 proceedings")

- If ITC decides to take case, holds trial-type hearing to determine meaning of the claims, assess patent validity and compare claims to allegedly infringing products
- If patent found valid and infringed, ITC can exclude infringing products from US but cannot award damages
- Section 337 proceedings are relatively quick, 18 months, but as expensive as district court (~ 50 initiated per year)
- ITC final decisions appealable to Federal Circuit
Patent invalidity determinations at USPTO

- AIA-created Patent Trial and Appeal Board ("PTAB")
  - Inter Partes Review ("IPR") ~ 1,400 filings/year
  - Covered Business Method ("CBM") ~ 50 filings/year
  - Opposition-like Post-Grant Review ("PGR") ~ 40 filings/year
- Ex Parte Reexamination ("EPR") ~ 300 filings/year
Patent invalidity determinations at USPTO

- Compared to court (and ITC), USPTO interprets claims more broadly, i.e., tends to capture more prior art, and requires lower burden of proof to invalidate.

- Therefore, if patent likely to be ruled invalid in court (or ITC), even more likely to be ruled invalid at USPTO.

- IPR, CBM, PGR final decisions appealable to Federal Circuit.

- EPR appealable to PTAB and, then, Federal Circuit.
What use is an FTO?

>- FTO that court (ITC) is likely to rule that certain actions *do not infringe* any claim of one or more US patents can effectively eliminate *potential infringer’s* risk of liability for *indirect or extraterritorial infringement*, since liability would require potential infringer to have *knowledge of infringement*

>- FTO that court is likely to rule that certain actions do not infringe any *valid* claim of one or more specified US patents, in the event of an award of compensatory damages, can effectively eliminate *adjudged infringer’s exposure to enhanced damages*

>- Reduces *value* of potentially infringed patent in license negotiations and increases value of potential infringers enterprise in investment, joint venture, acquisition, etc., negotiations
Who needs an FTO? A potential infringer

- **Direct**: makes, uses, offers to sell or sell within US, or imports into US, patented invention § 271(a)

- **Indirect**: *actively induces*, § 271(b), or *knowingly contributes*, § 271(c), to direct infringement by others

- **Extraterritorial**: supplies or causes to be supplied from US, *component(s)* used to practice patented invention outside US, § 271(f), or imports into US *product made by process patented in US*, § 271(g)
Direct infringement: § 271(a)

- **No knowledge** by infringer of patent or infringement required

- **makes**
- **uses**
- **offers to sell or sells**
  within the US patented invention

- **offers to sell or sells**
  within the US patented invention

- **imports into the US patented invention**
Offering for sale or selling: performance inside US

Agreement negotiated outside the US for delivery to the US can be an infringing offer to sell or sale under § 271(a) Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc., 617 F.3d 1296 1308-12 (Fed. Cir. 2010)
Offering for sale or selling: performance outside US

Agreement negotiated *inside the US* for products to be manufactured, ordered, invoiced and shipped *outside the US* not an *infringing* offer or sale under § 271(a)

*Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 831 F.3d 1369, 76-81 (Fed. Cir. 2016)
Indirect infringement: actions outside US

Direct: makes, offers to sell or sells patented invention § 271(a)

Indirect: actively Induces, § 271(b), by contracting B to import patented invention knowing of possible infringement

Direct: imports patented invention into US, § 271(a)

Indirect: actively Induces, § 271(b), by contracting B to sell patented invention knowing of possible infringement

Indirect: imports component especially adapted for use in patented invention into US, knowing of possible infringement § 271(c)
Indirect infringement: actions outside US

Hong Kong company contracting with **US retailers** to sell deep fat fryers it **knows infringe** is active inducement under § 271(b)

*Global-Tech, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2064 (2011)
Extraterritorial: supply of components to outside US

Supplies or *causes to be supplied* from US *substantial portion of components* of *patented invention* and *actively induces* infringing combination outside US § 271(f)(1)

Supplies or *causes to be supplied* from US *especially adapted component* of *patented invention*, not staple article of commerce suitable for substantial noninfringing use, *knowing* so adapted and *intending* infringing combination outside US § 271(f)(2)
Supply of especially adapted component outside US: patent owner can recover lost overseas profits

A patent owner may recover *lost overseas profits* for infringement under § 271(f)(2). *WesternGeco LLC v. ION Geophysical Corp.*, No. 16-1011 (S.Ct., June 22, 2018)
Extraterritorial: product by process

Imports into the US product made outside US by process patented in US, unless product (1) materially changed by subsequent processes or (2) trivial and nonessential component of another product US § 271(g)
Extraterritorial: product by process

“Product” is manufactured physical article, not intangible information produced or transmitted by patented process – See *NTP, Inc.*, 418 F.3d 1282

Chemical is “materially changed” if “significant change in the compound’s structure and properties” – *Eli Lilly & Co. v. Am. Cynamid Co.*, 82 F.3d 1568, 1583 (Fed. Cir. 1996)
US patent law always evolving

- Statutes provide **broad framework**, gaps filled by court decisions and USPTO regulations (not binding on courts)
US patent law evolves as courts resolve actual disputes

US Court of Appeals for the Federal Circuit – three-judge panel or, important cases, “en banc”, all active judges – usually has final say
US patent law evolves as courts resolve disputes

*US Supreme Court* can *elect* to hear patent appeals from Federal Circuit – typically no more a handful each year
US patent law evolves as courts resolve disputes

- **District Courts**: generalist criminal and civil courts of limited jurisdiction that may hear only actual disputes—no advisory opinions—including patent cases

- **Federal Circuit**: specialist in patent appeals—from District Courts, USPTO/PTAB and ITC—with rulings binding parties and applicable reasoning binding District Courts, USPTO/PTAB and ITC

- **Supreme Court**: generalist court that can elect to hear patent appeals from the Federal Circuit, with rulings binding on parties and reasoning binding Federal Circuit and District Courts, USPTO/PTAB and ITC
Decade of Declining US Patent Value

2006: More difficult to obtain permanent injunctions against infringers

2007: Licensee in good standing allowed to challenge validity of licensed patent

2010 to 2014: Creation of broad exceptions to patent eligible subject matter

2012: USPTO begins IPR and CBM proceedings

2016: Infringement cases displaced from courts favored by patent owners

2016: Limits on design patent damages
2006: More Difficult to Obtain Permanent Injunctions Against Infringers


A patent owner seeking a permanent injunction must demonstrate: (1) irreparable injury; (2) inadequacy of legal remedies such as monetary damages; (3) balance of hardships favors injunction; and (4) no disservice to public interest from injunction. eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006)

eBay decision intended result, fewer permanent injunctions for Non-Practicing Entities (“NPEs”), but also unintended consequences, medical device and other health-related companies also strongly affected. Clugston & Kim, 99 J. Pat. & Trademark Off. Soc’y 249, 35 (2017)
2007: Licensees in Good Standing Allowed to Challenge Validity of Licensed Patent


> **Licensee allowed to challenge validity of the licensed patent in court without** first terminating license agreement and **being liable for infringement.** MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 137 (2007)

> After MedImmune, licensees may need to add **“no challenge” and “penalty challenge”** clauses in agreement. Server & Singleton, 3 Hastings Sci. & Tech. L. J. (2011)
2010 to 2014: Judicially Created Exceptions to Patent Eligible Subject Matter

US patent eligible subject matter constitutes “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” §101.


Under Alice-Mayo test, claim encompassing an exception is patent eligible if it contains significantly more than the exception.
2010 to 2014: Judicially Created Exceptions to Patent Eligible Subject Matter

“[T]hese four decisions…have injected tremendous legal uncertainty…undermining the ability of inventors, universities, venture capitalists, and companies to make long-term investment decisions in R&D.” Madigan & Mossoff, 24 GEO. MASON L. REV. 939, 946-47 (2017)

Identify thousands of applications found not patent eligible in US but patentable in Europe and China. Id. at. 953-59

Biotechnology and high-technology sectors particularly badly affected, reportedly driving away US investment and R&D
2012: USPTO PTAB begins IPR and CBM proceedings

- AIA-created PTAB “death squads killing property rights”: CBMs, ~ 100% invalidation; IPRs “only” ~ 70%
- With IPRs in 80% of district court cases, can increase cost ($250k per party per IPR) and prolong resolution
- Despite “raised or reasonably could have raised” bar on any future USPTO and court validity challenges by same party, IPRs allow serial attacks on same patent
- Patent owner often must overcome multiple IPRs to reach infringement ruling
2016: Infringement cases removed from courts favored by patent owners

- Patent infringement against US corporations must be brought in (1) in state of incorporation or (2) where it committed acts of infringement and has a regular and established place of business. TC Heartland LLC v. Kraft Foods Group Brands LLC, 137 S.Ct. 1514, 1516-17 (2017)
- Limits patent owners’ from choosing patent-friendly districts, e.g., E.D. Tex.
- Increases case load in D.Del. (common state of incorporation)
2016: Limits on design patent damages

- Apple D618,677:
Reversing the Decline?


2018: USPTO proposed PTAB rule change (83 FR 21221-26, 9 July 2018): (1) apply same claim construction standard as courts/ITC and (2) will consider earlier PTAB/court/ITC claim constructions
Reversing the Decline

〉 2018: Trump-appointee USPTO director Andrei Iancu promises further PTAB reform and revised §101 guidance after Berkheimer (2 Aug 2018 PPAC)
Reversing the Decline

› 2018: Supreme Court requires PTAB to render judgement on all contested patent claims in IPR. SAS Institute, Inc. v. Iancu, No. 16-969 (April 24, 2018)

› 2016: Supreme Court returns decision to award punitive damages for willful infringement and attorneys’ fees to discretion of district judges. Halo Electronics, Inc. v. Pulse Electronics, Inc., 136 S.Ct. 1923, 1933 (2016)
Competent and timely FTO that reasonably informs potential infringer that he is unlikely to be ruled to infringe a valid patent removes potential infringer’s “knowledge of infringement” as required for enhanced damages award and liability for indirect and certain extraterritorial infringement.
Punitive damages for *willful* patent infringement

- Historically, punitive damages recoverable in cases of *willful* or *bad-faith* infringement. *Halo v. Pulse*, 136 S.Ct. 1923, 1930 (2016)
- “The sort of conduct warranting enhanced damages has been variously described in our cases as *willful*, *wanton*, *malicious*, *bad-faith*, *deliberate*, *consciously wrongful*, *flagrant*, or — indeed — *characteristic of a pirate*.” *Id.* at 1932 citing *Seymour v. McCormick*,16 How. 480, 488 (1854).
- “[T]he *court shall award* the claimant *damages adequate to compensate for the infringement*, but [not] less than a reasonable royalty…together with interest and costs as fixed by the court…[and] *may increase the damages up to three times*.” § 284

www.pv.eu
Willful infringement: 1983 to 2007

“[P]otential infringer [with] actual notice of another's patent rights…has an affirmative duty to exercise due care to determine whether or not he is infringing [including] to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity.” Underwater Devices, Inc. v. Morrison-Knudsen Co., 717 F.2d 1380, 1389-90 (Fed. Cir. 1983) overruled Knoerr-Bremse v. Dana Corp., 383 F.3d 1337, 1345-46 (Fed. Cir. 2004) (en banc) and In re Seagate, 497 F.3d 1360, 1371 (Fed Cir. 2007) (en banc)

Great for patent attorneys! Bad for potential infringer! must seek “competent legal advice from counsel”, also disclose?
Willful infringement: 2007 to June 22, 2016

“A patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent….must also demonstrate that this objectively-defined risk…was either known or so obvious that it should have been known to the accused infringer.”

_In re Seagate_, 497 F.3d 1360, 1371 (Fed Cir. 2007) (en banc) overruled by _Halo v. Pulse_, 136 S.Ct. 1923, 1933 (2016)

Objective standard very difficult to meet, in part, because accused infringer can create objective defenses after the fact, including at trial
**Willful infringement: after June 22, 2016**

- “The *subjective willfulness* of a *patent infringer*, intentional or knowing, *may warrant enhanced damages*, without regard to whether his infringement was objectively reckless.” *Halo v. Pulse*, 136 S.Ct. 1923, 1933 (2016)

- Enhanced damages “should generally be reserved for *egregious cases typified by willful misconduct*”. *Id.* at 1934

- “Willful misconduct *does not mean* that a court may award *enhanced damages simply because the evidence shows infringer knew about the patent and nothing more….Willful is a word of many meanings whose construction is *often dependent on the context* in which it appears.” 136 S.Ct. at 1936 (concurrence)
FTO and willful infringement

- *Willful patent infringement*, in support of an enhanced damages award, may be *found by jury*, but *judge* ultimately decides whether to enhance compensatory damages, or whether to dismiss an allegation of willful infringement even before it reaches a jury.

- *A timely and competent FTO* – by eliminating potential infringer’s knowledge of infringement” – *may preclude a finding of willful infringement* and, therefore, enhanced damages, *in the event the potential infringer has become an actual infringer* liable for compensatory damages.
Apparent increase in *willful* infringement rulings immediately post-*Halo*

A competent and timely FTO can persuade a US judge not to enhance a compensatory damage award

  - non-infringement *opinion of counsel* obtained before infringement suit filed deemed “highly probative of good faith” of alleged willful infringer
  - willfulness allegations *dismissed before trial*
An incompetent FTO may not persuade a US judge

- *Arctic Cat, Inc. v. Bombardier Rec Prods, Inc.* (S.D. Fla., July 2016) – jury finding of willful infringement upheld by judge – having *employee patent agent* review *some but not all claims* not sufficient to overcome presumed intent to infringe

- * Dominion Resources v. Alstom Grid*, (E.D. Pa. October, 2016) – jury finding of willful infringement upheld by judge – having allegedly infringed patents *reviewed by non-experts* not sufficient to overcome presumed intent to infringe
FTO and *willful* infringement: context matters

» "[F]ailure of an infringer to obtain the advice of counsel ... *may not be used to prove that the accused infringer willfully infringed.*“ § 298 (response to *Underwater Devices*).

» “It may well be expensive to obtain an opinion of counsel (…tens of thousands of dollars…)…. [A]n owner of a small firm, or a scientist, engineer, or technician working there, might, without being ‘wanton’ or ‘reckless,’ reasonably determine that its product does not infringe a particular patent, or that that patent is probably invalid…. *I do not say that a lawyer's informed opinion would be unhelpful…consulting counsel may help draw the line between infringing and noninfringing uses.*” *Id.* at 1936-37.
Willful infringement: *Halo Electronics v. Pulse Electronics*
Willful infringement: *Halo Electronics v. Pulse Electronics*

› July 2002: Halo writes to Pulse offering license to H patents:

› “We are writing on behalf of Halo ... to notify you of certain surface mount packaging patents the company has recently acquired, copies of which are enclosed for your reference. *Halo is interested in licensing these patents*, and would like to solicit your company's interest in entering into negotiations for the license of these patented technologies.” *Halo v. Pulse*, 810 F. Supp.2d 1173, 1181-82 (D. Nev. 2011)
Willful infringement: *Halo Electronics v. Pulse Electronics*

August 2002: Halo writes to Pulse again:

“There is reason to believe that *surface mount products manufactured by [Pulse Electronics]...may possess features similar to those embodied in the patented devices described in Halo's patents previously provided to you.* rather Halo has not yet reached any conclusive determinations as to whether your company's products are covered by its patents; *Halo is devoting its energy to working out suitable arrangements with companies that would benefit from licensing Halo's patented technologies.*” *Id.* at 1182
Willful infringement: *Halo Electronics v. Pulse Electronics*

- Pulse’s *reported* actions responsive to Halo’s license requests:
  - *Pulse engineer*, based on *around two hours reviewing* Halo patents, concludes all *three Halo patents are invalid* in view of certain Pulse products
  - Pulse does *not* seek opinion of counsel on validity of Halo patents
  - Pulse does *not* consciously decide that continued sale of Pulse products permissible in view of Halo patents
  - Pulse continues to sell surface mount products identified in Halo letters

Willful infringement: *Halo Electronics v. Pulse Electronics*

- **March 2007**: H sues P for patent infringement in District of Nevada
- **November 2012**: Jury finds high probability that P willfully infringed H patents
- **August 2016**: Fed. Cir. sets forth standard for awarding enhanced damages, remands back to District of Nevada
- **September 2017**: District of Nevada denies H motion for enhanced damages…
Willful infringement: *Halo Electronics v. Pulse Electronics*

“Finally, even a jury's finding of egregious or willful conduct does not require an award of enhanced damages…I do not find that Pulse's infringement was *so egregious and unusual* that enhanced damages are needed here. True, *Pulse's defense strategies were questionable* (and the infringement verdict against it reflects that). But there is *significant evidence suggesting that at the relevant times when it infringed, Pulse believed that Halo's patents were invalid or not infringed.*” *Halo v. Pulse*, 281 F.Supp.3d 1087, 1094 (D.Nev. 2017)
Willful infringement: *Halo Electronics v. Pulse Electronics*

> “Pulse relies, in part, on two opinion letters it obtained in 1999 and 2003 — during the time that it was infringing Halo's patent. These opinion letters concluded that Pulse's products did not infringe Halo's patent and that Halo's patent was invalid. They are thus powerful evidence that Pulse was not intentionally infringing Halo's patent. Pulse notified Halo about these opinion letters early in the case, but Pulse did not disclose their contents because they were privileged and not yet relevant.” *Id.* at 1092
Indirect infringement – intent matters

Contributory infringement under § 271(c) requires knowledge of the existence of the patent and that the acts committed infringe the patent – Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 488 (1964)

“induced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement” – Global-Tech Appliances, 131 S.Ct. at 2066

Liability also possible for “willful blindness”: (1) subjective belief that there is a high probability that induced act constitute infringement (2) deliberate actions to avoid learning of that fact – Id. at 2069-71
Indirect infringement – FTO can negate intent

Accused indirect infringer’s belief that his actions do not result in patent infringement can be sufficient to defeat an accusation of indirect infringement Commil v. Cisco, 135 S.Ct. 1920, 1928 (2015)

In contrast, belief that the allegedly infringed patent is not valid cannot defeat allegation of indirect infringement – Id.
“Supplying from US” – intent matters

Supplying or causing to be supplied from US:

- substantial portion of components of patented invention and actively inducing combination outside US § 271(f)(1) or
- especially adapted component of patented invention, not staple article of commerce suitable for substantial noninfringing use, knowing so adapted and intending infringing combination outside US § 271(f)(2)

Tracks indirect infringement language in § 271(b) and (c)
“Supplying from US” – FTO can negate intent

Following *Commil*, potential infringer facing allegation of supplying or *causing to be supplied* from US *substantial portion of components* or *especially adapted component* for *infringing combination outside US* in violation of § 271(f):

- **Can negate** § 271(f) infringement allegation with *non-infringement FTO*
- **Cannot negate** § 271(f) infringement allegation *with solely invalidity FTO*
FTO as negotiation and risk assessment tool

A *written* reasoned assessment that a court (or ITC) is likely to rule that certain identified actions do not infringe any valid claim of one or more specified US patents allows potential infringer to:

- Though vast majority of ~ 2,000,000 active patents will never be enforced in court (or ITC), or see damages award for infringement, FTO allows potential infringer to:
  - *assess* infringement risk
  - *mitigate* infringement risk with work around
FTO as negotiation and risk assessment tool

- Non-infringement FTO minimizes risk of liability for indirect and certain extraterritorial infringement.
- Non-infringement or invalidity FTO in the event of an award of compensatory damages, can effectively eliminate risk of enhanced damages.
- *Reduces value* of potentially infringed patent in licensing negotiations.
- *Adds value* to potential infringer’s enterprise, can be useful when negotiating for investment, joint venture, acquisition, etc.
What makes an FTO "competent"

- Not merely conclusory – “I can assure you that your product does not infringe” and nothing more
- Shows appreciation of US court procedure, that opinion is an informed analysis of risk, not a guarantee of non-infringement
- Provides reasoning grounded in relevant US law – claim construction taking account of plain language, description and prosecution history; element by element comparison with allegedly infringing product or invalidating prior art – with sufficient detail to support conclusions
- Claim charts, though not strictly required, helpful
- US qualified lawyer, though not strictly required, helpful
AIA v. pre-AIA law

› US patents arising from applications **filed** (or deemed filed):

› **before March 16, 2013** – *pre-AIA* “first-to-invent” - complicated definitions of prior art involving, e.g., invention date, one-year grace period, US v. non-US activities

› **on or after March 16, 2013** – *AIA* “first-inventor-to-file” – notionally simpler but expands prior art universe (e.g., foreign priority filings for use as “secret” prior art)
AIA v. pre-AIA law

› AIA v. pre-AIA can be dispositive,
› Meaning of AIA prior art is a work in progress: *Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc.*, 855 F.3d 1356 (Fed. Cir. 2017) cert. granted June 25, 2018, Supreme Court to decide (sometime before June 2019) whether AIA considers a “secret sale” to be prior art:
  › Whether, under the Leahy-Smith America Invents Act, an *inventor’s sale of an invention to a third party that is obligated to keep the invention confidential qualifies as prior art* for purposes of determining the patentability of the invention.
Relevant US law: claim interpretation

Terms in the claims are given their customary and ordinary meaning, interpreted in view of the description and the complete record of the USPTO proceedings, including cited prior art (the "prosecution history"). Phillips v AWH. Corp., 425 F.3d 1303, 1317 (Fed. Cir. 2005) (en banc)

Claims interpreted from viewpoint of hypothetical person having ordinary skill in the art relying on:

- **Primary sources** – claims, description and prosecution history
- **Secondary sources** – expert and inventor testimony, technical publications, dictionaries, etc.
Relevant US law: claim interpretation

- Applicant’s statements during prosecution may be considered a “clear and unmistakable disavowal of scope”. *Purdue Pharma, LLP v. Endo Pharm, Inc.*, 438 F.3d 1123, 1136 (Fed. Cir. 2006)

- For example, explicit statements made to overcome prior art cited in rejection by examiner, that data transmission and reception in the claimed invention occurs over a standard telephone line bars later assertion of claims against data transmission and reception across a packet switching network – *Microsoft Corp. v. Multi-Tech Sys., Inc.*, 357 F.3d 1340, 1349 (Fed. Cir. 2004)
Relevant US law: claim interpretation

Narrowing amendments during prosecution – e.g., made in order to overcome rejection over prior art – can confine amended claims to literal scope when later asserted against infringers, by removing any possibility of infringement under doctrine of equivalents (“prosecution history estoppel”) – Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 535 U.S. 722 (2002)
Relevant US law: claim interpretation

Statements to USPTO and “foreign patent offices in counterpart filings may be relevant to…demonstrate the **ordinary meaning** of a claim term.” *Starhome GmbH v. AT&T Mobility LLC*, 743 F.3d 849, 858 (Fed. Cir. 2014)

*Conflicting statements* in related applications to *foreign* and *US patent offices* may demonstrate *inequitable conduct*, remove all value from US patent family – *Therasense v. Becton, Dickinson and Co.*, 649 F.2d 1276 (Fed. Cir. 2011) (en banc)
Conclusions

- A *competent* and *timely* FTO is a valuable tool for assessing risk exposure in US market.
- A *competent* and *timely* FTO can *insure against enhanced damages* (up to 3X) and liability for indirect and certain extraterritorial infringement (*non-infringement* FTO only).
- Even if US litigation never occurs, a *competent* and *timely* FTO can be useful in *license negotiations* and when negotiating for investment, joint venture, acquisition, etc.
- A *competent* and *timely* FTO can *add value* to potential infringer’s enterprise.
Questions

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